Annual Report

1 October 2022 to 30 September 2023

Deutsche Konsum REIT-AG

Corporate key figures

	01/10/2022 – 30/09/2023	01/10/2021 – 30/09/2022	Variance	%
Income statement (TEUR)				
Rental income	79,722	74,390	5,332	7.2
Net rental income	48,249	47,444	805	1.7
EBIT	–116,895	68,010	–184,906	<-100
Financial result	–13,887	–7,624	–6,264	82.2
Net income	–180,992	60,387	–241,379	<-100
FFO	33,131	41,115	–7,984	–19.4
FFO per share (in EUR)	0.94	1.17	-0.23	–19.4
aFFO	11,146	22,546	–11,400	–50.6
aFFO per share (in EUR)	0.32	0.64	–0.32	–50.6
Earnings per share. undiluted (in EUR)	–5.15	1.72	–6.87	<-100
Earnings per share. diluted (in EUR)	–3.58	1.22	–4.80	<-100
Recurring costs ratio (in %)	4.8	4.2	0.6	14.3

	30/09/2023	30/09/2022	Variance	%
Balance sheet key figures (TEUR)				
Investment properties	989,014	1,030,959	–41,945	–4.1
Total assets	1,030,178	1,181,814	–151,636	–12.8
Equity	316,400	514,300	–197,900	–38.5
Total debt	638,067	636,667	1,400	0.2
Finance key figures				
(net) Loan-to-Value (LTV) (in %)	61.6	49.7	11.8	23.8
Average interest rate of loans (in %)	2.54	1.63	0.91	55.5
Average interest rate of loans. bonds and convertible bonds (in %)	2.81	1.98	0.82	41.6
Average remaining duration of loans (in years)	3.1	3.2	–0.1	–1.5
Interest cover ratio (ICR). multiple	3.0	5.2	–2.2	–43.0
Real estate key figures				
NAV	348,103	514,300	–166,196	–32.3
NAV per share (in EUR)	9.90	14.63	–4.73	–32.3
EPRA NTA per share (in EUR)	7.64	10.98	–3.33	–30.4
REIT equity ratio	35.0	48.9	–14.0	–28.6
Share information				
Shares issued (pieces)	35,155,938	35,155,938	0	0.0
Average number of shares within the reporting period (pieces)	35,155,938	35,155,938	0	0.0
Market cap (in EUR)	201,795,084	298,825,473	–97,030,389	–32.5
Share price (in EUR)	5.74	8.50	–2.76	–32.5
Dividend per share in the reporting period (in EUR)	0.12	0.40	–0.28	–70.0
Portfolio key figures				
Number of assets	184	175	9	5.1
Rental space (in sqm)	1,082,924	1,048,312	34,612	3.3
Annualised rent (in TEUR)	79,197	73,249	5,948	8.1
Initial yield (in %)	10.0	10.0	0.0	0.0
Vacancy rate (in %)	11.7	11.7	0.0	–0.5
WALT (in years)	5.0	5.2	–0.2	–3.3

Cover photo and backcover photo: Local retail centre Linden-Center,
Lindenallee 25, 18437 Stralsund

Content

Photo: Discounter
Schmiedeberger Markt 1–4, 01744 Dippoldiswalde

1. To our shareholders

Dear Shareholders,
Dear Sir or Madam,

We can look back on an eventful financial year 2022/2023, in which we faced a number of different challenges for the first time in our still relatively young Company history.

The financial year was characterised by the continuing uncertainty of the overall global economic situation, which was influenced in particular by the Russian-Ukrainian war and the associated economic and political consequences. In addition, issues such as spiralling energy prices, shortages of commodities, supply bottlenecks and the lack of skilled workers were omnipresent across all sectors of society. After a decade of very low interest rates, the ECB's change in interest rate policy led to significant distortions throughout the property sector and a cautious approach by most players on the investment market. A decline in transactions across all properties was particularly noticeable in the 2023 calendar year. DKR has also postponed its planned acquisitions for the 2022/2023 financial year, partly due to this challenging overall situation.

DKR's operating business proved to be stable as usual in this difficult environment. Due to the predominantly non-cyclical local retail tenant structure and inflation-protected rental income, DKR's existing portfolio proved to be a comparatively resilient investment vehicle in the overall situation. This development also underpins the importance of bricks-and-mortar retail.

The following should be noted for the past financial year 2022/2023:

DKR was able to increase its rental income by 7.2% year-on-year from a good EUR 74.4 million to EUR 79.7 million, which is primarily attributable to acquisitions in the previous year and rent increases due to value protection clauses. Funds from operations ("FFO") fell in turn by a good 19.4% to EUR 33.1 million, which is primarily due to the significant decline in the financial result. The leverage ratio ("LTV") was 61.6% on the reporting date due to the devaluation of the property portfolio and thus temporarily above the target value; the (fully diluted) EPRA NTA amounted to EUR 7.64 per share on the reporting date.

The existing portfolio was expanded by a total of nine properties compared to the previous year – with twelve acquisitions and three sales – and comprises 184 retail properties with a total annual net cold rent of EUR 79.7 million as at the reporting date. The weighted average remaining lease term ("WALT") across the portfolio is at a solid level of 5.0 years.
As in the property sector as a whole, the significant change in the interest rate environment over the course of the financial year and a standstill in the transaction market led to a decline in valuation in the annual portfolio valuation for the first time since DKR was founded. As a result, the portfolio book value fell by around 9% compared to the previous year and totalled EUR 995.4 million on the valuation date.

In addition to this usually solid performance in the operating business, we had to deal with two issues in the financial year that are unfortunately less pleasing and which also had a noticeable negative impact on the share price.

On the one hand, the responsible tax office in Potsdam, Brandenburg, is questioning the Company's REIT status, which was obtained in 2016. In this context, we have received tax assessments that provide for back payments in the low double-digit million range for the period from 2016. We remain firmly convinced that the tax authorities' arguments are legally incorrect and are therefore seeking a court ruling on the matter. As such a legal dispute will drag on for several years, we have decided, as a precautionary measure, to uncover all tax risks and have therefore prepared these financial statements for the first time without taking into account the tax exemption under the REIT Act, which the Berlin-Brandenburg tax office is currently refusing to grant.

On the other hand, in the financial year, attention focussed on the loan framework agreement with our founding and main shareholder, Obotritia Capital KGaA. After we decided to terminate the loan agreement in spring 2023, our claim was not settled when it fell due in September 2023. In December 2023, we were able to reach an agreement with Obotritia – to this end, Obotritia agreed to staggered partial repayments at short notice and also provided a collateral package that is essentially based on real estate and largely covers the loans. In return, DKR has granted Obotritia a deferral until 30 June 2025 at the latest. For reasons of prudence, we have decided to recognise a significant value adjustment on the loan receivable in the annual financial statements in order to take account of the risks in the valuation of the collateral.

The upcoming challenge is now the refinancing of maturing bonds in 2024. We have been working on this issue for some time and are confident that we will find a sustainable refinancing solution in the near future, given our continued solid equity base, the large portfolio of currently unencumbered properties and an extensive pool of potential lenders.

Finally, despite the current challenges, we would like to thank you for your trust and wish you a relaxing holiday season and all the best for the coming year.

With kind regards,

Alexander Kroth
Member of the
Management Board (CIO)

Christian Hellmuth
Member of the
Management Board (CFO)

Potsdam, December 2023

2. The share

International financial markets display high volatility

After several years of significant price gains, the national German indices in some cases recorded significant losses in the calendar year 2022 – after the MDAX marked new all-time highs shortly before and the DAX shortly after the turn of the year, prices fell noticeably over the course of the year due to a variety of political and macroeconomic upheavals. The DAX ended 2022 with a loss of 12.4%, the MDAX fell by almost 28.5% and the SDAX by 27.4%. This means that a significant part of the gains that the leading indices had recorded since the "Corona crash" in March 2020 was lost again.

In the course of the year 2023, a differing picture emerged: On the one hand, energy prices, which had skyrocketed in the previous year, gradually returned to normal, albeit at a rather high level. As a result, inflation also gradually moved away from its partly double-digit highs, which were reached at the turn of the year.

On the other hand, the US Federal Reserve (FED) and its European counterpart, the ECB, continued their extremely tight monetary policy of the previous year and announced several interest rate steps to combat the high inflation rates. As a result of these measures, the interest rate level, which has risen sharply in the meantime, burdened the business and the valuation of growth stocks as well as stocks that have a balance sheet structure with a higher level of debt capital due to their business model – such as real estate companies. In addition, the stock markets were repeatedly dominated by concerns about a possible recession.

Even the "spectre" of a new financial crisis circulated on the markets in the spring of 2023: After the collapse of several US regional banks, the large bank Credit Suisse was in danger of running into payment difficulties. This could only be prevented by an "emergency takeover" of Credit Suisse by its competitor UBS, engineered by the Swiss government. Initially there was considerable nervousness in the banking sector worldwide, but the situation gradually returned to normal in the course of the year.

Despite this complex overall situation, the German stock markets were relatively stable overall – on 30 September 2023, the DAX, MDAX and SDAX were 10.5%, 3.8% and 8.0% above their levels at the end of 2022.

DKR share price continues to develop unsatisfactorily

The significant rise in interest rates in combination with high construction costs and an intermediate multiplication of energy prices clouded the profit outlook for real estate companies significantly and, also in view of the expected recession, led to a continued difficult situation for real estate stocks on the capital market. In the course of the 2023 calendar year, however, the broad real estate stock market gradually stabilised, so that the sector-wide index STOXX Europe 600 Real Estate was only a good 5% lower on the balance sheet date of 30 September 2023 than at the beginning of the year.

Operationally, DKR's portfolio was once again very stable. The Company continued to have no significant rent losses, was able to manage its portfolio in a way that added value and noticeably increased its portfolio rents in the wake of CPI-linked lease clauses. As in previous years, existing leases were extended and new leases were concluded in the financial year; in addition, in a few cases non-strategic properties were disposed of on the market at significantly higher prices than their book value. However, DKR's share price unfortunately developed contrary to the operating business in the reporting period: while the Company's share price was still able to largely follow the trend of the broad real estate stock market in the first half of the financial year, the share price development increasingly decoupled from the comparative indices, particularly in the second half of the financial year.

By the end of the financial year, DKR's share price had fallen noticeably, and at the end of the reporting period on 30 September 2023, the share was quoted at EUR 5.74, well below the level at the beginning of the financial year (30 September 2022: EUR 8.50).[1] Thus, the share price was significantly below the EPRA NTA of EUR 7.64 per share, which reflects the intrinsic value of the share on a fully diluted basis. The share price has increased by a total of EUR 2.24 or 64.0% since the beginning of the listing on 15 December 2015.

The market capitalisation was around EUR 200 million. This means that DKR continues to be the largest listed investor in the local retail property niche in Germany and is therefore also the focus of broad investor groups.

Share price performance of Deutsche Konsum REIT-AG (Xetra)

Key figures of the DKR share

EUR	30/09/2023	30/09/2022	%
Number of shares issued in units	35,155,938	35,155,938	0.0
Closing price at the end of the financial year[2]	5.74	8.50	–32.5
Market capitalisation in EUR million	201.8	298.8	–32.5
Average Xetra daily volume in units[3]	18,862	7,246	160.3
Highest price during the financial year	8.70[4]	15.35[5]	
Lowest price during the financial year	5.40[6]	7.92[7]	

[1] Closing prices Xetra each.
[2] Closing prices Xetra from 30 September 2023 and 30 September 2022.
[3] In the financial year 2022/2023 or 2021/2022.
[4] Variable price Xetra on 3 October 2022.
[5] Variable price Xetra on 27 and 28 October 2021 and on 1 November 2021.
[6] Variable price Xetra on 19 and 20 July 2023.
[7] Variable price Xetra on 30 September 2022.

Photo: Local retail centre Haff-Center
Haffring 24, 17373 Ueckermünde

Dividend payment at EUR 0.12 per share

On 13 July 2023, the Annual General Meeting followed the dividend proposal for the past financial year 2021/2022 and approved a dividend distribution of EUR 0.12 per share, which corresponded to a 70% reduction in the distribution compared to the previous year's dividend (EUR 0.40 per share). In times of rising interest rates and in view of upcoming refinancings, it was the declared goal of the Management Board to proceed cautiously and to maintain sufficient liquidity in the Company. DKR distributed a total of TEUR 4,219 to its shareholders.

Shareholders and Annual General Meeting

The shareholder structure is characterised by institutional national and international investors with a predominantly long-term investment strategy. As of 30 September 2023, the free float was 40.84%[8] respectively 46.08%[9].

The Annual General Meeting of Deutsche Konsum REIT-AG took place on 13 July 2023 in Berlin. Almost 77% of the share capital was represented (share capital of the Company at the time of convening the Annual General Meeting: 35,155,938 shares). All items on the agenda were passed with a large majority.

Information on the Supervisory Board elections is provided in the Chapters “3. Corporate Governance Statement” and “4. Report of the Supervisory Board” of this Annual Report. Information on the Compensation System can be found on the Company's website https://www.deutsche-konsum.de/en/ in the “Investor Relations” section under the menu items “Corporate Governance” and “Compensation System Management Board & Supervisory Board”.

Investor relations

DKR continued to be present in major investor media in the 2022/2023 financial year and was thus able to increase its perception on the capital markets. On the Investor Relations pages of the homepage, interested parties can find press releases, financial reports and investor presentations in addition to mandatory announcements under capital market law, such as ad hoc announcements.

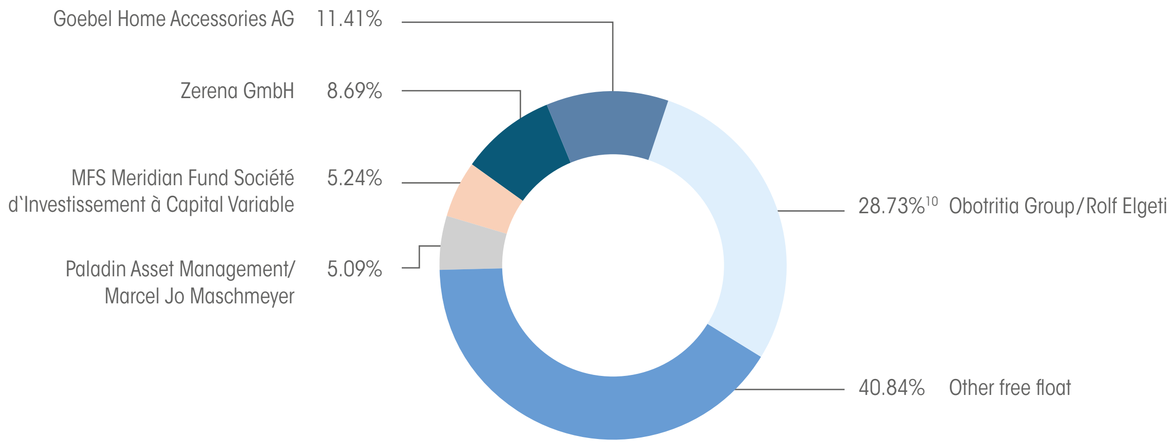
[8] Free float pursuant to the German REIT Act.
[9] Free float as defined by “Guide to the DAX Equity Indices”.

The DKR share at a glance

As of	30 September 2023
ISIN	DE000A14KRD3
Security Identification Number	A14KRD
Ticker symbol	DKG
First day of trading	15/12/2015
Number of shares	35,155,938
Share capital	EUR 35,155,938.00
Trading venues	XETRA, Frankfurt, Berlin and Johannesburg/South Africa (JSE Limited)
Market segment	Regulated Market
Transparency level	Prime Standard

Shareholder structure

Total number of voting rights attributable to the respective shareholder:



As of 30 September 2023

Free float pursuant to German REIT Act: 40.84%.
Free Float as defined by "Guide to the DAX Equity Indices": 46.08%.

[10] Obotritia Group: 27.94%.

3. Corporate Governance Statement

In the following, the Supervisory Board and Management Board of Deutsche Konsum REIT-AG (the "Company") report on the Company's corporate governance and corporate management in accordance with § 289f of the German Commercial Code (HGB).

First, the current Declaration of Compliance of the Management Board and the Supervisory Board of Deutsche Konsum REIT-AG dated 12 December 2023 is presented. This is followed by a description of the working methods of the Management Board and the Supervisory Board as well as their composition. In addition, the corporate governance of the Company is presented, and the concept of diversity is discussed.

3.1. 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 (the "Company") 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 28 April 2022, published in the official section of the Federal Gazette on 27 Juni 2022, with the following exceptions since issuing the last Declaration of Compliance on 22 September 2022, as well as the supplement to the Declaration of Compliance issued on 25 November 2022:

Recommendation A.1 GCGC – Opportunities and risks arising from social and environmental factors:
The Management Board is currently addressing the opportunities and risks for the Company associated with social and environmental factors, as well as the ecological and social impact of the Company's activities, in order to systematically identify and assess these. In this context, a concept is being developed to ensure that environmental and social objectives are appropriately taken into account in the Company´s corporate strategy and corporate planning alongside long-term economic goals. It is planned to fully comply with recommendation A.1 in the future.

Recommendation A.2 (former A.1) GCGC – Consideration of diversity in the filling of management postitions:
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.3 GCGC – Sustainability-related objectives in the internal control system and risk management system:
The Company is currently developing a concept to cover sustainability-related objectives in the internal control and risk management systems in the future and to include the recording and processing of sustainability-related data. It is planned to fully comply with recommendation A.3 in the future.

Recommendation A.4 GCGC - "Whistleblowing System":
The Company currently has only 20 employees (including two members of the Management Board), so that in view of the size of the Company, the Management Board saw no need in the past to develop and disclose a so-called whistleblowing system. The Management Board still sees no need for the development and disclosure of a whistleblowing system. The effort required to set up, implement and maintain this formalised system of measures was and is out of proportion to the potential benefits in view of the size of the Company.

Recommendation B.1 GCGC – Consideration of diversity in the composition of the Management Board:
The Supervisory Board does currently not follow the recommendation to consider diversity when appointing members of the Management Board. The Company is of the opinion that professional aptitude and knowledge of the Company are decisive 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 (41 to 43 years), the Company does currently not consider long-term succession planning to be required.

Recommendation 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 specified targets for its composition or developed a competence profile for that function and does not intend to specify such targets or develop a competence profile in the future. As no competence profile is (or will be) developed, this also does not include any expertise of supervisory board members on sustainability issues that are significant for the Company. 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 expedient. By resolution of 15 September 2020, the Supervisory Board set 16.67% as the target for women's quota in the Supervisory Board for the period up to 30 September 2025.

By resolution dated 21 July 2023, the Supervisory Board set a target of 20% for women`s quota on the Supervisory Board. With the reduction of the Supervisory Board to five members and the election of Ms Lubitz at the Annual General Meeting on 13 July 2023, the proportion of women on the Supervisory Board is now 20%, thus reaching the target figure.

Recommendation C.10 GCGC - Independence of the Chairman of the Supervisory Board:
Mr Elgeti had been Chairman of the Management Board of Deutsche Konsum REIT-AG since December 2015, resigned from office at the end of the last Annual General meeting and had been the Chairman of the Supervisory Board until 13 November 2023. The "cooling-off period" foreseen by section 100 (2) no. 4 of the German Stock Corporation Act (AktG) was not complied with, as the election as a member of the Supervisory Board was held upon the proposal of shareholders holding more than 25% of the voting rights in the Company. In the opinion of the Supervisory Board, these circumstances establish a lack of independence of Mr Elgeti. However, during the term of Mr Elgeti as Chairman of the Supervisory Board the Supervisory Board had been of the opinion that Mr Elgeti's experience and competence made it reasonable to make his skills available to the Company within the framework of his activities on the Supervisory Board (until 13 November 2023 as a Chairman of the Supervisory Board).

Recommendations D.2 and D.4 (former D.5) GCGC – Supervisory Board committees:
In view of its small number of members, the Supervisory Board has so far refrained from forming committees not required by law and thus did not follow recommendations D.2 and D.4 (formerly D.5) GCGC in the past financial year. On 21 July 2023, a committee consisting of the members Achim Betz, Antje Lubitz and Sebastian Wasser was formed to avoid conflicts of interest in connection with the loan to Obotritia Capital KGaA. The Supervisory Board does not consider it necessary to form further committees at this time and continues to address the topics at hand in its entirety.

Recommendations on section G.I GCGC – Compensation of the Management Board:
The Management Board's compensation system complies with the GCGC with the exception of the points listed 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 10 March 2022 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, most of the variable compensation for a financial year is only paid out if a minimum target is also achieved in the three following financial years. The Company is therefore of the opinion that an additional variable compensation in shares is not necessary in order to set corresponding incentives.

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.

Potsdam, 12 December 2023

For the Supervisory Board	For the Management Board	
Sebastian Wasser Chairman of the Supervisory Board	Alexander Kroth Member of the Management Board	Christian Hellmuth Member of the Management Board

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

Photo: Discounter, Dorfstraße 25, 16727 Oberkrämer

3.2. Functioning of the Management Board and Supervisory Board

Management structure with three bodies

The Management Board and the Supervisory Board work closely together to ensure a responsible management and control of the Company through good corporate governance.

An essential element of corporate governance is the separation of corporate governance and corporate control, which is pursued through a clear division of tasks and responsibilities between the Management Board and the Supervisory Board. In addition, the Annual General Meeting constitutes the third corporate body, through which the shareholders are involved in fundamental decisions of the Company.

The Management Board

The Management Board manages the Company within its own responsibility and represents it in transactions with third parties. It is bound to the Company's interest with the goal of creating sustainable value. It develops the strategic direction of the Company, coordinates it with the Supervisory Board and ensures its implementation. The Management Board also ensures appropriate risk management and controlling in the Company.

The members of the Management Board, irrespective of their joint responsibility for the Company, are responsible for individual areas of responsibility. They cooperate collegially and keep each other informed about important processes and measures in their areas of responsibility. The board has adopted rules of procedure.

The Management Board of Deutsche Konsum REIT-AG is appointed by the Supervisory Board in accordance with § 6 no. 2 of the Articles of Association. The Supervisory Board also determines the total number of members of the Management Board and whether there should be a chairman or spokesman. The members of the Management Board are appointed for a maximum of five years. Reappointments are allowed.

The Supervisory Board does not currently follow recommendation B.1 GCGC to take diversity into account when appointing members of the Management Board. The Company is of the opinion that professional aptitude and knowledge of the Company are decisive as prerequisites for the appointment, so that the aforementioned requirements are not expedient to achieving the objective. For this reason, the Company has set 0% as the target for women‘s quota on the Management Board for the period until 30 September 2025 by resolution of 15 September 2020. This target has been achieved in the past and is currently being achieved.

Until the Annual General Meeting 2023, which took place on 13 July 2023, the Management Board of Deutsche Konsum REIT-AG consisted of Mr Rolf Elgeti, Mr Alexander Kroth and Mr Christian Hellmuth, and thus of three persons. With effect from the end of the Annual General Meeting 2023, Mr Elgeti resigned from the Management Board, so that the Management Board now consists of Mr Alexander Kroth and Mr Christian Hellmuth. The contracts of Mr Kroth and Mr Hellmuth were extended in 2023 for another three years until 30 June 2026.

The two Management Board members Alexander Kroth (CIO) and Christian Hellmuth (CFO) are responsible for the core responsibilities of Investment and Finance. The CIO's responsibilities include acquisitions and sales as well as asset and property management. The CFO is responsible for corporate finance, accounting/controlling, treasury, investor relations and risk management. The CIO and CFO also manage and control the external service providers for their respective areas of responsibility. In addition, the areas of strategy, legal/compliance and human resources have been transferred to the mutual responsibility of the CIO and CFO following the resignation of the former CEO Mr Elgeti.

The CVs of the members of the Management Board are published under https://www.deutsche-konsum.de/en/ in the category “Company” under the menu item “Management Board”.

The Supervisory Board and the Management Board agree on annual targets and regularly review their implementation.

The Management Board is self-responsible for measures for further education or refresher training of competences and knowledge.

In item B.2, the GCGC recommends that a long-term succession planning should be conducted by the Supervisory Board. The Company does not comply with this recommendation, as it currently does not consider long-term succession planning to be required in view of the current age of the members of the Management Board (at the time the Declaration of Compliance was issued (12 December 2023): 41 to 43 years).

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

D&O insurance was taken out for the members of the Management Board, having regard to § 93 (2) German Stock Corporation Act (AktG).

The compensation of the CEO, Rolf Elgeti, was made in the form of a fixed compensation via an allocation agreement with Obotritia Capital KGaA. The compensation system for Management Board members Alexander Kroth and Christian Hellmuth is based on short and long-term compensation incentives. Detailed information on the compensation of the Management Board is contained in the Compensation Report 2021/2022 pursuant to § 162 of the German Stock Corporation Act (AktG), which can be viewed on the Company's website at https://www.deutsche-konsum.de/en/ in the “Investor Relations” section under the menu items “Corporate Governance” and “Compensation Report” and which was approved by the Annual General Meeting on 13 July 2023. Pursuant to § 120a (1) of the German Stock Corporation Act (AktG), the Annual General Meeting of 10 March 2022 approved the resolution on the compensation system for the Management Board adopted by the Supervisory Board pursuant to § 87a (1) of the German Stock Corporation Act (AktG). Subsequently, the Supervisory Board determined the compensation system of the Management Board. Details of the Management Board‘s compensation system can also be found on the Company‘s website at https://www.deutsche-konsum.de/en/ in the “Investor Relations” section under the menu items “Corporate Governance” and “Compensation System Management Board & Supervisory Board”. In accordance with § 26j EGAktG (Introductory Act to the German Stock Corporation Act), employment contracts concluded in the past (some of which do not yet fully comply with the compensation system that has now been established) shall continue to apply for the time being.

Consideration of diversity in the filling of management positions

The Management Board currently does not follow the recommendation A.2 (former A.1) GCGC 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 currently cannot follow this recommendation. Even though the Company was and is of the opinion that § 76 (4) of the German Stock Corporation Act (AktG) has no practical application in this particular case due to the lack of management positions to be filled, the Company has, as a purely precautionary measure and by resolution of 15 September 2020, set a target of 30% for the period until 30 September 2025 for the participation of women in management positions in the event that – contrary to the current opinion of the Company – management positions below the Management Board were to be filled. Since, in the opinion of the Company, there are no management positions below the Management Board, the Company cannot provide any information on the current achievement of such target figure. For Deutsche Konsum REIT-AG, the decisive criterion when filling management positions is gender-independent the qualification and aptitude.

The Supervisory Board

The central tasks of the Supervisory Board are to advise and supervise the Management Board. The five-member Supervisory Board of Deutsche Konsum REIT-AG works based on rules of procedure, which it has imposed on itself. Overall, the members of the Supervisory Board have the necessary knowledge, skills and professional experience to perform their duties properly.

All members of the Supervisory Board are elected by the shareholders at the Annual General Meeting. In the financial year 2022/2023, the Supervisory Board of Deutsche Konsum REIT-AG initially consisted of Mr Hans-Ulrich Sutter (Chairman), Mr Achim Betz (First Deputy Chairman), Mr Kristian Schmidt-Garve (Second Deputy Chairman), Ms Cathy Bell-Walker, Mr Johannes C. G. (Hank) Boot and Mr Nicholas Cournoyer, and thus six persons. During the financial year, four Supervisory Board members resigned their mandates for personal reasons (Ms Bell-Walker as of 11 November 2022, Mr Schmidt-Garve as of 13 July 2023, Mr Cournoyer as of 5 May 2023 and Mr Sutter as of 13 July 2023).

The Audit Committee consisted of Mr Achim Betz (Chairman), Mr Hans-Ulrich Sutter (Deputy Chairman) and Ms Cathy Bell-Walker from 1 January 2022 to 11 November 2022, and thus of three persons. Following the resignation of Ms Bell-Walker from the Supervisory Board, the tasks of the Audit Committee were continued by the remaining committee members until the Annual General Meeting on 13 July 2023. After the 2023 Annual General Meeting, the Supervisory Board confirmed Mr Achim Betz as Chairman of the Audit Committee. Ms Antje Lubitz (Deputy Chair) and Mr Rolf Elgeti were newly elected to the committee. The main task of DKR's Audit Committee is to monitor the accounting process, the effectiveness of the Internal Control System, the Risk Management System and the Internal Audit System as well as the audit of the Financial Statements. The Committee reports to the Supervisory Board.

The Annual General Meeting, which took place on 13 July 2023, resolved to reduce the size of the Supervisory Board to five members. At the same time, it elected Mr Rolf Elgeti, Ms Antje Lubitz and Mr Sebastian Wasser as new members of the Supervisory Board.

The term of office of the Supervisory Board members Achim Betz and Johannes C.G. (Hank) Boot ends at the end of the Annual General Meeting that resolves on the discharge of the Supervisory Board members for the financial year ending on 30 September 2023. The term of office of the Supervisory Board members Rolf Elgeti, Antje Lubitz and Sebastian Wasser ends at the end of the Annual General Meeting that resolves on the discharge of the Supervisory Board members for the financial year ending on 30 September 2024.

All members of the Supervisory Board have expertise and experience in the field of auditing and in the application of accounting principles, which also applies in particular to the members of the Audit Committee: Due to his studies in business administration as well as his extensive work as a former Board member of various companies as well as an analyst, Mr Rolf Elgeti has extensive knowledge and experience in the field of accounting, in the application of accounting principles and internal control and risk management systems as well as experience and competence in the field of auditing. As a business graduate, tax consultant and certified public accountant, Mr Achim Betz also has expertise in the field of accounting as well as extensive knowledge and years of experience in the field of auditing. Due to her training as an accountant, her studies to become a real estate economist as well as her extensive activities as an accountant, in controlling as well as a managing director, Mrs Antje Lubitz has extensive competences in the field of accounting. In addition, the Supervisory Board Members are currently successively acquiring competences in the context of sustainability reporting, which will be obligatory in the future.

The CVs of the members of the Supervisory Board are published under https://www.deutsche-konsum.de/en/ in the category “Company” under the menu item “Supervisory Board”.

At present, no representatives of employees are members of the Supervisory Board of Deutsche Konsum REIT-AG. In the opinion of the shareholder representatives being part of the Supervisory Board and the Audit Committee, all shareholder representatives are to be considered independent.

The Supervisory Board does not intend to set specific targets for its composition or to develop a competence profile for the entire Supervisory Board. As there is no competence profile, this also does not include any expertise of supervisory board members on sustainability issues that are significant for the Company and the status of meeting the profile requirements can consequently not be disclosed in the form of a qualification matrix. Diversity rules shall neither be specified in the objectives for the composition of the Supervisory Board. The Company is of the opinion that professional aptitude and knowledge of the Company‘s field of business are decisive as prerequisites for filling the position, so that the aforementioned requirements are not considered to be expedient. Since 5 March 2020, the actual level of female representation on the Supervisory Board was 16.67%. By resolution of 15 September 2020, the Supervisory Board set 16.67% as the target for women‘s quota on the Supervisory Board for the period until 30 September 2025. This target was achieved in the past until Ms Bell-Walker resigned from the Supervisory Board on 11 November 2022. By resolution dated 21 July 2023, the Supervisory Board set a target of 20% for female representation on the Supervisory Board. With the reduction of the Supervisory Board to five members and the election of Ms Antje Lubitz at the Annual General Meeting on 12 July 2023, the proportion of women in the Supervisory Board is now 20%, thus reaching the target figure.

In view of its small number of members, the Supervisory Board refrained from forming non-statutory committees in the 2022/2023 financial year and thus did not follow recommendations D.2 and D.4 (formerly D.5) GCGC. On 21 July 2023, the supervisory board formed a committee to assess the Company's outstanding claims against Obotritia Capital KGaA, of which Mr Elgeti is not a member to avoid possible conflicts of interest due to his position as general partner of Obotritia Capital KGaA.

By resolution of 15 September 2020, the Supervisory Board set an age limit for the Supervisory Board members of 80 years.

Resolution proposals as well as information on the issues to be discussed are made available to the members of the Supervisory Board in due course before the respective meeting. At the request of the Chairman of the Supervisory Board, resolutions may be taken outside of meetings in individual cases. This option is occasionally used in urgent cases. If there is a tie in resolutions, the vote of the Chairman of the Supervisory Board decides.

The Supervisory Board regularly assesses the efficiency of its own task fulfilment in meetings held in person and via telephone. By resolution of 15 September 2020, the Supervisory Board had also introduced a formalised self-assessment system in the 2020/2021 financial year. In this context, all members of the Supervisory Board were asked, among other things, about the efficiency, quality, timeliness and scope of the provision of information, the quality of the exchange with the Management Board, the composition and expertise of the Supervisory Board, the availability of resources and training opportunities, as well as possible compliance violations and conflicts of interest, with the option of anonymous responses also being available. The feedback from the Supervisory Board members confirmed that they considered the work of the Supervisory Board to be effective and efficient.

In January 2018, a D&O insurance policy was concluded for the members of the Supervisory Board of the Company.

In accordance with the Articles of Association, the members of the Supervisory Board receive fixed compensation and reimbursements for out-of-pocket expenses. Detailed information on the compensation of the Supervisory Board can be found in the Compensation Report 2022/2023.

The members of the Supervisory Board ensure that they have sufficient time to carry out their duties. They shall undertake the necessary education and training on their own responsibility. The Company provides appropriate support to the members of the Supervisory Board during their inauguration and 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.

Each year, the Chairman of the Supervisory Board explains the activities of the Supervisory Board in its Supervisory Board Report and verbally at the Annual General Meeting.

Further details on the work of the Supervisory Board and the Audit Committee can be found in the Report of the Supervisory Board, which is part of the 2022/2023 Annual Report.

Cooperation between the Management Board and the Supervisory Board

The Supervisory Board appoints the members of the Management Board, determines their respective total compensation and oversees their management. It also advises the Management Board on the management of the Company. The Supervisory Board approves the Annual Financial Statements. Significant decisions of the Management Board require the approval of the Supervisory Board.

The Management Board ensures regular, timely and comprehensive reporting to the Supervisory Board. In addition, the Chairman of the Supervisory Board is regularly and continuously informed about the business development. Intensive and continuous communication between the Management Board and the Supervisory Board is the basis for efficient corporate management.

The Management Board of Deutsche Konsum REIT-AG regularly participates in the meetings of the Supervisory Board. It reports in writing and orally on the individual agenda items and resolution proposals and answers the questions of the members of the Supervisory Board. If necessary, the Supervisory Board meets without the Management Board.

Conflicts of interest

Conflicts of interest of members of the Management and Supervisory Boards must be disclosed to the Supervisory Board without delay. The Supervisory Board addressed the potential conflict of interest with regard to the existing loan towards Obotritia Capital KGaA in the 2022/2023 financial year and formed a committee, in which Mr Elgeti is not a member, to avoid potential conflicts of interest. In the 2022/2023 financial year, no further conflicts of interest occurred.

3.3. Essential corporate governance practices

Main features of compliance

Deutsche Konsum REIT-AG is committed to responsible and sustainable corporate management of the Company. This includes a trustful cooperation between the Management Board and the Supervisory Board as well as the employees and a high level of transparency in reporting and corporate communications.

The essential basis of Deutsche Konsum REIT-AG's business is to create, maintain and strengthen the trust of tenants, business partners, shareholders and other capital market participants as well as employees. Thus, for the Company, compliance does not only mean complying with the law and the articles of association, but also adhering to internal instructions and self-commitments to implement the values, principles and rules of responsible corporate governance in daily actions.

Compliance Management System

At present, the Company employs only 20 people (including two members of the Management Board), so that in view of the size of the Company, the Management Board saw no need in the past to develop and disclose so-called “whistleblowing”. However, the Management Board still sees no need for the development and disclosure of a so-called “whistleblowing” system. In view of the size of the Company, the effort required to set up, implement and maintain this formalised system of measures was and is out of proportion to the potential benefits.

Organisation and controlling

Deutsche Konsum REIT-AG is headquartered in Germany and is, therefore, subject to the provisions of German stock corporation and capital markets law as well as the provisions of the Articles of Association.

Essentially, Deutsche Konsum REIT-AG manages the Company using the following key figures: EBIT, FFO, LTV, EPRA NTA and cash flow. In doing so, sustainable economic, social and environmental aspects are being considered.

Shareholders and Annual General Meeting

The shareholders of Deutsche Konsum REIT-AG exercise their rights before or during the Annual General Meetings within the scope of the legal and statutory provisions and exercise their voting rights. Each share grants one vote.

The Chairman of the Supervisory Board chairs the Annual General Meetings. Each shareholder is entitled to attend the Annual General Meeting, to speak on the relevant agenda items and to request information on Company matters, insofar as this is necessary for the proper assessment of an item of the Annual General Meeting. The Annual General Meeting decides on all tasks assigned to it by law.

The agenda of the Annual General Meeting and the reports and documents required for the Annual General Meeting are published in easily accessible form by Deutsche Konsum REIT-AG on its website at https://www.deutsche-konsum.de/en/ under "Investor Relations" under the menu item "Annual General Meeting".

To facilitate for its shareholders to exercise their rights and to vote proxy, the Company appoints a representative for the proxy voting, who can also be contacted during the Annual General Meeting.

In principle, the Annual General Meeting takes place within the first eight months of each financial year. The Annual General Meeting of Deutsche Konsum REIT-AG, which passed resolutions on the financial year ended 30 September 2022, was held on 13 July 2023. More than 76% of the share capital was represented (share capital of the Company at the time of convening the Annual General Meeting: 35,155,938 shares). All agenda items were resolved by a large majority.

Stock option plans

There are currently no stock option programs or similar incentive systems at Deutsche Konsum REIT-AG.

Transparent reporting

Through its website, Deutsche Konsum REIT-AG ensures consistent, comprehensive, timely and simultaneous information to shareholders and the interested public about the economic situation and new facts. This information can be accessed via the Investor Relations section of the website at https://www.deutsche-konsum.de/en/ in the "Investor Relations" section.

Reporting on the business and earnings situation is currently carried out in Annual Reports, Quarterly Statements as well as in the Half-yearly Financial Reports, which are available for download on the Company’s website. Important up-to-date information is published via corporate news and ad hoc announcements and is also made available on the Company's website. In addition, pursuant to Art. 19 of the Market Abuse Regulation (MAR), transactions of managers and related parties are publicly disclosed as “Directors’ Dealings” and are also available on the Company’s website.

In accordance with Art. 18 MAR, mandatory insider lists are maintained, and the persons listed on insider lists have been and will be informed of the legal obligations and sanctions that apply.

Significant events and publication dates are maintained and published in the financial calendar, which can be viewed on the Company’s website at any time.

Accounting and auditing

The annual financial statements of Deutsche Konsum REIT-AG are prepared in accordance with IFRS as applicable in the European Union and in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch). After preparation by the Management Board, the Annual Financial Statements are audited by the auditor and finally reviewed and approved by the Supervisory Board. The Audit Committee monitors the quality of the audit. In accordance with the German Corporate Governance Code, the Company aims to publish the Annual Financial Statements within 90 days of the end of the financial year and the mandatory financial information during the year (Quarterly Statements and the Half-yearly Financial Report) within 45 days.

The 2023 Annual General Meeting elected DOMUS AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft as the auditor for the financial year 2022/2023. The audits of DOMUS AG follow German auditing regulations as well as the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) and the International Standards on Auditing. The Chairman of the Supervisory Board is immediately informed by the auditor of any grounds for exclusion or exemption as well as inaccuracies of the Declaration of Compliance that occurred during the audit. The auditor reports without delay all issues and events that arise during the audit and are relevant for the task of the Supervisory Board to the Chairman of the Supervisory Board and is required to inform the Supervisory Board promptly of any possible grounds for exclusion or bias. The auditor has declared to the Audit Committee that there are no circumstances that would give reason to believe that it is biased. The Audit Committee has obtained the required auditor's independence declaration, reviewed the auditor's qualifications and concluded a fee agreement with the auditor. The Audit Committee focused on monitoring the accounting process. The Committee received reports on the further development of the internal control system, the effectiveness of the risk management system and the internal audit. There was a regular exchange of information on the current risk situation and risk management. In view of the Company's economic focus on the real estate sector, the Audit Committee also dealt with the process and the comprehensibility of the content of property valuations by external appraisers.

Opportunity and risk management

An essential element of corporate governance is a risk management that aims to adequately and systematically handle the risks that Deutsche Konsum REIT-AG is exposed to. A comprehensive process was introduced that enables the management to identify, assess and manage risks and opportunities in a timely manner. As a result, unfavourable developments and events become transparent at an early stage and can be analysed and managed in a targeted manner. Further information on risk management is contained in the Opportunity and Risk Report of the Management Report 2022/2023.

Information on the Company's website

Further information is available for download on the Company's website, which can be accessed at https://www.deutsche-konsum.de/en/. Here, among other things, the Compensation Report on the last financial year and the Auditor's Report pursuant to § 162 of the German Stock Corporation Act (in the "Investor Relations" section under the menu items "Corporate Governance" and "Compensation Report"), the applicable Compensation System pursuant to § 87a (1) and (2) sentence 1 of the German Stock Corporation Act as well as the last compensation resolution pursuant to § 113 (3) of the German Stock Corporation Act (in the "Investor Relations" section under the menu items "Corporate Governance" and "Compensation System Management Board & Supervisory Board") as well as the current and older versions of the Corporate Governance Statement are available.

Potsdam, December 2023

For the Supervisory Board	For the Management Board	
Sebastian Wasser Chairman of the Supervisory Board	Alexander Kroth Member of the Management Board	Christian Hellmuth Member of the Management Board

Photo: DIY store, Nuhnenstraße 19, 15234 Frankfurt (Oder)

4. Report of the Supervisory Board

Dear Shareholders,

in the 2022/2023 financial year, the Supervisory Board of Deutsche Konsum REITAG ("DKR") duly fulfilled the duties mandated 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 regularly exercised its right to information by requesting and following up on close reporting from the Management Board on current developments at the Company. The Supervisory Board was directly involved in decisions of fundamental importance to the Company. The Supervisory Board requested regular and comprehensive reports from the Management Board, both in writing and orally, on corporate planning, the course of business, strategic development of the Company's current net assets, earnings and financial position, as well as on the measures taken to stabilise these.

The Chairman of the Supervisory Board was also regularly informed by the Management Board about current developments in the business situation and significant business events outside of formal Supervisory Board meetings. In addition, the Chairman of the Supervisory Board kept in regular contact with the Management Board and discussed issues concerning strategy, planning, business development, risk situation and risk management as well as compliance of the Company.

In the reporting year, Mr Hans-Ulrich Sutter was Chairman of the Supervisory Board until his resignation from the Supervisory Board at the end of the Company's Annual General Meeting on 13 July 2023. Mr Rolf Elgeti held this office for the period from 21 July 2023 to 13 November 2023. At the Supervisory Board meeting on 13 November 2023, Mr Sebastian Wasser was then elected Chairman of the Supervisory Board and has held this office ever since. Mr Achim Betz held the position of Deputy Chairman of the Supervisory Board throughout the reporting period and continues to do so.

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 and assessed the plausibility of all significant business transactions for the Company on the basis of written and verbal reports prepared by the Management Board. In several cases, the Supervisory Board delved 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, particularly the profitability of its equity at the balance sheet meeting.

In addition to exercising its information rights on an ongoing basis, the Supervisory Board also performed its supervisory and increasingly, its formative advisory function towards the Management Board intensively in the 2022/2023 financial year.

During the financial year, the Supervisory Board implemented new approval requirements. It also significantly increased the frequency of its meetings.

Conflicts of interest of members of the Management Board and Supervisory Board, which must be transparently disclosed to the Supervisory Board without delay, were made known to the Supervisory Board. Thus, shareholdings of board members and the associated potential conflicts of interest were disclosed to the members of the Management Board and Supervisory Board. The same applies to legal transactions that DKR had concluded with companies of individual Board members. In the case of legal transactions with potential conflicts of interest, the Supervisory Board pointed out to the Management Board that these must be regularly subjected to a third-party comparison.

The Company provides appropriate support to the members of the Supervisory Board in their inauguration 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

In total, the Supervisory Board held more than 22 meetings in the reporting period, the majority of which were held as virtual meetings (online with video and audio transmission) and one as a face-to-face meeting. The members of the Supervisory Board also regularly exchanged information with each other and with the members of the Management Board outside of meetings.

Where necessary, resolutions were also passed by written procedure. Draft resolutions submitted by the Management Board were approved following a review of extensive documentation and in-depth discussions with the Management Board. If necessary, the Supervisory Board also met without the Management Board. The attendance of the members of the Supervisory Board at meetings in the 2022/2023 financial year is shown in the overview in **Appendix A**.

Focus of the Supervisory Board's deliberations

The Supervisory Board increased its monitoring activities in light of the Company's current asset-, earnings and financial planning, as well as the risks already reported in the 2021/2022 Annual Report. In addition to a significant increase in the frequency of its meetings, the Supervisory Board received regular verbal and written reports from the Management Board on all key issues relating to the Company.

Its monitoring activities focused primarily on the current business situation of the Company, the conclusion and value date of new bank loans as well as the prolongation or increase of existing loans, the monitoring of further payments by DKR, the termination of the loans granted to Obotritia Capital KGaA (“Obotritia loans”), the partial repayment of the Obotritia loans received and the taking of further measures with regard to the repayment amounts still outstanding as at 30 September 2023.

The Supervisory Board's discussions at the individual meetings also focused on the following key topics:

At the meeting to adopt the financial statements on 15 December 2022, which was also attended by the auditor, the Supervisory Board unanimously approved the Company's annual financial statements for the 2021/2022 financial year, which were thus adopted. In addition, the variable Management Board compensation for 2021/2022 was determined on the basis of the achievement of the predetermined target achievement criteria. At this meeting, the

Supervisory Board also reviewed the appropriateness of the Management Board's compensation and its effectiveness in promoting the sustainable and long-term development of the Company. In this context, it determined the level of the target achievement criteria applicable in the following financial year, on which the variable compensation of the Management Board is based. The Management Board and Supervisory Board then discussed the current status of the acquisition pipeline, liquidity planning and the other economic developments of the Company. The Management Board also reported to the Supervisory Board on the current situation of DKR's tax privileges under the provisions of the REIT Act.

Against this backdrop, the Supervisory Board resolved further legal transactions and measures as part of its supervisory duties at its meeting on 15 December 2022 and at its meetings on 14 February 2023, 24 February 2023 and 23 March 2023, the conclusion or implementation of which require the approval of the Supervisory Board within the meaning of Section 111 (4) AktG.

For overriding, weighty reasons in the interests of the Company, the Management Board decided, with the approval of the Supervisory Board (at the meetings on 23 February 2023 and 27 February 2023), to postpone the Annual General Meeting of DKR initially convened for 16 March 2023 and then to convene it for 13 July 2023.

At its meeting on 30 May 2023, the Supervisory Board approved the Management Board's resolution on the utilisation of the balance sheet profits in accordance with Section 170 AktG and the draft notice of the Annual General Meeting to be held on 13 July 2023 on the same day. The Supervisory Board also discussed the other items on the agenda with the Management Board, such as the election of the auditor and the election of the Supervisory Board. The Chairman of the Management Board, Mr Rolf Elgeti, informed the Supervisory Board of his wish to resign from the Management Board and move to the Supervisory Board based on Obotritia's election proposal. According to Section 100 para. 2 no. 4 AktG, there is a statutory exception to the otherwise applicable two-year waiting period when changing from the Management Board to the Supervisory Board if the proposal is made by a shareholder who holds at least 25% of the share capital. The requirements were met so that the corresponding proposed resolution could be included in the invitation to the Annual General Meeting.

At the Supervisory Board meeting on 29 June 2023, the Management Board reported to the Supervisory Board on the countermotion received on 28 June 2023, regarding agenda item 5 and the election proposal of Rocata GmbH regarding Mr Sebastian Wasser as an additional candidate for the Supervisory Board.

The Annual General Meeting on 13 July 2023 elected Mr Rolf Elgeti, Ms Antje Lubitz and Mr Sebastian Wasser as new members of the Supervisory Board. At the same time, following Ms Cathy Bell-Walker (in November 2022) and Mr Nicholas Cournoyer (in May 2023), Mr Kristian Schmidt-Garve and Mr Hans-Ulrich Sutter also stepped down from the Supervisory Board at the end of the Annual General Meeting.

The Supervisory Board was reconstituted at its meeting on 21 July 2023. Due to the departure of Mr Sutter, a new Chairman of the Supervisory Board had to be elected. Mr Rolf Elgeti was elected Chairman of the Supervisory Board. Mr Betz remains the Deputy Chairman of the Supervisory Board.

The Supervisory Board also resolved to form an additional committee (the Conflict Committee), which – in compliance with mandatory limits under stock corporation law, will be given the most extensive and far-reaching powers possible and entrusted with dealing with all issues as conclusively as possible with regard to which individual members currently have conflicts of interest or will have conflicts of interest in the future. The Conflict Committee has a maximum of four members and is quorate as soon as it has three members. The current members are Mr Betz, Mr Wasser and Ms Lubitz, whereby Mr Betz was elected Chairman of the Conflict Committee and Mr Wasser was elected Deputy Chairman of the Conflict Committee. The Supervisory Board also formed an Audit Committee. The Supervisory Board set a target of 20% for the quota of women on the Supervisory Board.

Activities of the Audit Committee in the reporting period

Since 1 January 2022, the Supervisory Board has had an Audit Committee consisting of Mr Achim Betz, Mr Hans-Ulrich Sutter and Ms Cathy Bell-Walker. In November 2022, Ms Cathy Bell-Walker resigned from the Supervisory Board and the Audit Committee, meaning that the Audit Committee consisted of Mr Achim Betz and Mr Hans-Ulrich Sutter until the Annual General Meeting. Mr Hans-Ulrich Sutter's membership of the Supervisory Board and the Audit Committee ended at the end of the Annual General Meeting on 13 July 2023. At the constituent meeting of the newly composed Supervisory Board on 21 July 2023, the following members of the Supervisory Board were elected to the Audit Committee: Mr Achim Betz (as Chairman of the Audit Committee), Ms Antje Lubitz (as Deputy Chairwoman of the Audit Committee) and Mr Rolf Elgeti (as a member of the Audit Committee). The main task of DKR's Audit Committee is to monitor the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system as well as the audit of the financial statements. The committee reports to the Supervisory Board.

The Audit Committee focused on monitoring the accounting process. The committee received reports on the further development of the internal control system, the effectiveness of the risk management system and internal auditing. There was a regular exchange of information on the current risk situation and risk management. In view of the Company's economic focus on the real estate sector, the Audit Committee also dealt with the process and the comprehensibility of the content of the property valuations by external appraisers.

The Audit Committee made a recommendation to the Supervisory Board for the appointment of the auditor DOMUS AG Wirtschaftsprüfungsgesellschaft/Steuerberatungsgesellschaft, Berlin, for the 2022/2023 financial year.

The auditor has declared to the Audit Committee that there are no circumstances that would give rise to the assumption that the auditor is biased. The Audit Committee obtained the required declaration of independence from the auditor, reviewed the auditor's qualifications and concluded a fee agreement with the auditor.

All members of the Audit Committee have expertise and experience in the application of accounting principles and internal control procedures. The Chairman, Mr Achim Betz, fulfils all requirements in accordance with Section 100 (5) AktG in the area of auditing. The Deputy Chairmen, Mr Hans-Ulrich Sutter (until 13 July 2023) and Ms Antje Lubitz (since 21 July 2023), meet all the requirements of Section 100 (5) AktG in the area of accounting. Further details can be found in the corporate governance declaration. The CVs of the Audit Committee members are published at https://www.deutsche-konsum.de in the “Company” section under the menu item “Supervisory Board”.

Corporate Governance and Declaration of Compliance

The Management Board also reports on Corporate Governance at Deutsche Konsum REIT-AG for the Supervisory Board in the Corporate Governance Statement on the Company's website at https://www.deutsche-konsum.de/ in the “Investor Relations” section under the menu item “Corporate Governance” and in the 2022/2023 Annual Report.

Annual audit

The annual financial statements of Deutsche Konsum REIT-AG as at 30 September 2023 prepared by the Management Board, together with the Management Report of the Company, were audited by the auditor appointed by the Annual General Meeting on 13 July 2023 and commissioned by the Supervisory Board, DOMUS AG Wirtschaftsprüfungsgesellschaft/Steuerberatungsgesellschaft, Berlin, and issued with an unqualified audit opinion.

The annual financial statements of Deutsche Konsum REIT-AG and the Management Report of the Company as well as the auditor's reports were made available to all members of the Supervisory Board in good time. The auditor attended the Supervisory Board meeting on 18 December 2023 to approve the financial statements and reported on the key findings of its audit. This also included his comments on the internal control system and risk management in relation to the accounting process. He was also available to the members of the Supervisory Board for additional questions and information. In the run-up to the balance sheet meeting, the members of the Supervisory Board asked the Management Board and the auditor a large number of questions (in particular about the focal points of the audit, the respective audit results and the plausibility check of the audit carried out). These were answered in detail by the Management Board and the auditor. The Supervisory Board approved the results of the audit of the annual financial statements and the Management Report of the Company after detailed discussion on 18 December 2023.

The Supervisory Board carefully examined the annual financial statements and the Management Report of the Company, the proposal on the utilisation of the balance sheet profit (to loss carried forward), and the auditor's reports. No objections were raised. The Supervisory Board then approved the annual financial statements prepared by the Management Board as at 30 September 2023. The annual financial statements are thus adopted. Following its own review and taking into account the earnings performance, the financial position and the requirements of the REIT Act, the Supervisory Board concurred with the Management Board's proposal for the appropriation of profits. Due to the negative annual result, no dividend proposal can be made for the past financial year 2022/2023.

Audit of the report of the Management Board on relationships with affiliated companies (dependent company report)

The Management Board prepared a report on relationships with affiliated companies for the period of control in accordance with Section 312 AktG and submitted it to the Supervisory Board in good time. The Management Board's Report on relationships with affiliated companies was audited by the auditor. The auditor issued the following opinion on the results of its audit:

"Following our mandatory audit and assessment, we confirm that

1. *the factual information in the report is correct*
2. *the consideration paid by the Company for the legal transactions listed in the report was not inappropriately high."*

The audit report was also submitted to the Supervisory Board in good time. The Supervisory Board examined both the dependent company report of the Management Board and the audit report of the auditor, and the auditor attended the Supervisory Board meeting on the dependent company report and reported on the key findings of its audit. Following the final result of the Supervisory Board's review, the Supervisory Board approves the dependent company report of the Management Board and the audit report of the auditor and raises no objections to the final declaration of the Management Board contained in the dependent company report.

Personnel changes in the Management Board and Supervisory Board

The following changes were made to the Management Board and Supervisory Board in the 2022/2023 financial year:

Ms Cathy Bell-Walker, member of the Supervisory Board and the Audit Committee, informed the Management Board and the Supervisory Board of the Company on 11 November 2022 that she would be resigning from office with immediate effect for personal reasons. Mr Nicholas Cournoyer also resigned from the Supervisory Board with effect from 5 May 2023. Mr Hans-Ulrich Sutter and Mr Kristian Schmidt-Garve also stepped down from the Supervisory Board at the end of the Annual General Meeting on 13 July 2023. With the entry of the resolution of the Annual General Meeting on 13 July 2023, the number of Supervisory Board members was reduced from six to five in accordance with the Articles of Association. At the same time, three new members were elected to the Supervisory Board at the Annual General Meeting. Mr Rolf Elgeti, who resigned from his position as Chairman of the Management Board, as well as Ms Antje Lubitz and Mr Sebastian Wasser were elected to the Supervisory Board. Also at the Annual General Meeting, a resolution was passed to adjust the statutory compensation of the Supervisory Board members on the Audit Committee in order to ensure appropriate compensation taking into account the time required in accordance with the German Corporate Governance Code.

With the transfer of Mr Rolf Elgeti from the Management Board to the Supervisory Board, the previous members of the Management Board, Mr Christian Hellmuth and Mr Alexander Kroth, will remain members of the Management Board.

The Supervisory Board would like to thank the Management Board and the employees for their commitment and dedication in the 2022/2023 financial year.

Potsdam, December 2023

For the Supervisory Board

Sebastian Wasser
Chairman of the Supervisory Board

Appendix A:

Meeting	Hans-Ulrich Sutter 4)	Achim Betz	Kristian Schmidt-Garve 4)	Johannes C. G. (Hank) Boot	Nicholas Cournoyer 3)	Rolf Elgeti 5)	Sebastian Wasser 5)	Antje Lubitz 5)
1/11/2022 VM *	x	x	x	x	x			
15/12/2022 PM	x	x	x 1)	x	x			
19/12/2022 VM	x	x	x	x	x			
22/12/2022 VM	– 2)	x	x	x	x			
12/1/2023 VM	x	x	x	x	x			
7/2/2023 VM	x	–	x	x	x			
10/2/2023 VM	x	x	x	x	x			
14/2/2023 VM	x	x	x	x	x			
20/2/2023 VM	x	x	x	x	x			
24/2/2023 VM	x	x	x	x	x			
27/2/2023 VM	x	x	x	x	x			
23/3/2023 VM	x	x	x	x	x			
29/3/2023 VM	x	x	x	x	x			
5/4/2023 VM	x	x	x	x	x			
15/4/2023 VM	x	x	x	x	x			
5/5/2023 Rc								
8/5/2023 VM	–	x	x	x				
23/5/2023 VM	x	x	x	x				
30/5/2023 VM	x	x	x	x				
22/6/2023 VM	–	x	x	–				
29/6/2023 VM	–	x	x	x				
7/7/2023 VM	x	x	x	x				
21/7/2023 VM		x		x		x	x	x
4/9/2023 VM CC		x		–		–	x	x
13/9/2023 VM CC		x		–		–	x	x
18/9/2023 VM CC		x		–		–	x	x
25/9/2023 VM CC		x		x		–	x	x
29/9/2023 VM CC		x		x		–	x	x

*Cathy Bell-Walker took part in the virtual meeting on 1 November 2022. She resigned from the Supervisory Board with effect from 11 November 2022.

1) Virtual participation (online and by telephone).
2) Excused due to illness.
3) Resignation from the Supervisory Board with effect from 5 May 2023.
4) Members resigning at the end of the Annual General Meeting on 13 July 2023.
5) Supervisory Board members newly elected at the Annual General Meeting on 13 July 2023.

VM Virtual meeting
PM Presence meeting
Rc Resolution by circulation
VM CC Virtual meeting of the Conflict Commitee

Photo: Discounter
Karl-Marx-Straße 33, 15890 Eisenhüttenstadt

5. Composition of the Management Board and Supervisory Board

Management Board

Alexander Kroth
CIO
Mr. Kroth is responsible for the areas of acquisition and sales as well as asset and property management.

Christian Hellmuth
CFO
Mr. Hellmuth is responsible for Corporate Finance, Accounting/Controlling, Treasury, Investor Relations and Risk Management.

CIO and CFO also manage and control the external service providers for their respective areas. They work together in the areas of strategy, legal/compliance and human resources.

Supervisory Board

Sebastian Wasser
Chairman of the Supervisory Board,
Managing Director ehret + klein Capital Markets GmbH and related companies

Achim Betz
Deputy Chairman of the Supervisory Board and Chairman of the Audit Committee,
German CPA and Tax Consultant,
Master in Business Administration (Diplom-Kaufmann)

Johannes C. G. (Hank) Boot
CIO, Lotus Family Office

Rolf Elgeti
Member of the Audit Committee,
Master in Business Adminstration (Diplom-Kaufmann), General Partner of Obotritia Capital KGaA

Antje Lubitz
Deputy Chairwoman of the Audit Committee,
Real Estate Economist, Managing Director
3PM Services GmbH

The CVs of the members of the Management Board and Supervisory Board are published under https://www.deutsche-konsum.de/en/ in the category "Company" under the menu items "Management Board" respectively "Supervisory Board".

Photo: Local retail centre Linden-Center
Lindenallee 25, 18437 Stralsund

6. The real estate portfolio

6.1. Investment strategy

Focus on high-yield local supply properties with grocery anchors

DKR's investment focus is on good retail locations with local supply functions throughout Germany. These properties generally have above-average micro-locations, have therefore often been established at the location for many years and ensure the supply of goods and services for daily needs for the residents ("basic retail"). The main rental income is generated by non-cyclical tenants with strong credit ratings, such as large German food retail groups, special-item stores, drugstores and often also medical facilities, which are considered to be largely independent of the economic cycle.

At the same time, these types of retail properties are only slightly threatened by competition from online retailing, as food, drugstore products and DIY products in particular continue to be purchased preferentially from bricks-and-mortar stores in Germany. This is confirmed by empirical studies, according to which the online share of sales in the grocery and drugstore sectors was only 2.4% (2021: 2.2%) and 3.2% (2021: 3.4%) respectively in 2022, a year that was still characterised by COVID-19-related lockdown measures.[1] In the drugstore segment, the online share has even fallen, while the DIY segment is showing a similar trend. In other retail segments, such as electronics, fashion and leisure goods, the online share of total sales has also fallen slightly, but remains at a high level of more than a third in some cases. DKR therefore invests exclusively in basic retail properties.

When acquiring properties, DKR focuses on medium-sized cities and conurbations away from large metropolitan areas, as there is less competition from potential buyers for these acquisition targets. In addition, retail properties with comparatively short remaining lease terms are deliberately purchased – DKR therefore bears the lease extension risk. This enables the Company to achieve attractive initial yields of around 10% with a moderate investment risk. The constant WALT of the entire portfolio over the last few years shows, however, that this risk is manageable and that expiring leases can always be extended again or vacant spaces can be re-let due to the quality of the location. Furthermore, the majority of DKR's rental agreements are now inflation-linked at over 87%, which is why the rental cash flows offer effective protection in an inflationary environment. In addition, the properties are usually acquired individually, as portfolio deals are typically made at much lower acquisition yields or are significantly more expensive.

DKR thus operates as a professional investor and real estate manager in a niche with investment volumes between usually EUR 1 million and EUR 25 million, which on the one hand is too large for private investors and on the other hand too small and unattractive for institutional investors. This enables a mostly low-competition and speedy acquisition process, which has been demonstrated in the sustainable portfolio growth of recent years.

The core of the investment strategy is, on the one hand, the detailed property analysis, in which, among other things, the micro-location, the development opportunities and the lease extension risk of the main leases are assessed. DKR ensures this through its experienced staff and its network in the market. On the other hand, it is particularly advantageous for the seller if acquisitions can be made quickly. DKR achieves this through its independence from external financing in the acquisition process: all properties are initially acquired entirely with equity and are usually refinanced later with external banks through borrowings.

[1] Hahn Group in cooperation with bulwiengesa, CBRE, EHI Retail Institute: Retail Real Estate Report 2023/2024, 18th edition, page 31.

Value creation through active asset management

DKR deliberately acquires properties with development potential ("value-add") with higher vacancy rates and short remaining lease terms, as this enables Deutsche Konsum to exploit value-creation opportunities through active asset management and targeted value-enhancing investments. As a result, DKR now has a variety of properties in its portfolio where the Company has carried out successful revitalisation measures. Significant vacancy reductions and lease extensions have led to a considerable increase in the value of the properties.

DKR is also working on a long-term increase in property values at portfolio level. For example, the equipping of DKR's locations with charging points for electric vehicles is being driven forward in cooperation with the energy supplier EnBW. The Company furthermore plans to install photovoltaic systems on several properties. In the case of three larger properties, the planning is already close to completion – the projects are to be implemented in the near future.

Recycling of capital

In the context of a growing portfolio in combination with the mentioned value creations, individual properties or smaller sub-portfolios can be selectively resold at significantly higher prices. DKR can then reinvest the capital gains generated from these sales in new acquisitions with higher yields in accordance with its investment criteria. In addition, attractive dividend distributions for the Company's shareholders will generally occur.

Transformation of individual retail properties into an institutional asset class

As the property portfolio continues to expand, the individual risks of the different properties are steadily balanced out. On the one hand, an individual risk is spread over a larger totality of properties and, on the other hand, DKR's negotiating position with major tenants improves with each additional purchase, as the number of tenancies with the same retailers increases. In addition, with each subsequent acquisition, DKR can achieve economies of scale in both ongoing administrative and management costs and in borrowing costs.

In the context of this transformation, a highly profitable, low-risk and efficiently financed real estate portfolio of institutional quality is created from individual, non-institutional retail properties, which generates sustainable income that is not taxed at the corporate level and distributed as dividends.

Continuation of growth in accordance with the investment criteria

DKR's goal is to generate further value-creating growth in this asset class while adhering to the investment criteria in a disciplined manner. Thus, with each further acquisition, an increasingly risk-diversified and profitable property portfolio based on non-cyclical rental income is created.

6.2. Development of the real estate portfolio in the 2022/2023 financial year

6.2.1. Closing of acquisitions with a volume of more than EUR 52 million

DKR recorded further growth in the past financial year and was able to complete the acquisition of a total of twelve retail properties with a total rental area of around 46,360 sqm and an annual rent of EUR 4.1 million by the balance sheet date of 30 September 2023 with a completed transfer of benefits and encumbrances. The purchase prices for all acquired properties totalled EUR 52.3 million.

6.2.2. Closing of disposals with a volume of around EUR 10 million

In the course of the 2022/2023 financial year, DKR completed the sale of three investment properties at an average sales yield of 5.7% due to the transfer of benefits and encumbrances. The selling price of the properties with 8,700 sqm of rental space amounted to EUR 9.85 million. In total, the properties sold generated an annual rent of TEUR 600 with a remaining lease term of around 8.1 years and an overall vacancy rate of 10.9%. The transfer of benefits and encumbrances of the properties sold was completed by April 2023.

Deutsche Konsum acquired the properties in 2020 with an average initial yield of 8.7% and an average remaining lease term of 9.4 years. During the investment period, the properties generated rental income of around EUR 1.7 million.

The proceeds from the sale of the properties were reinvested in the operating business. In addition, the released capital was used for the repayment of financial liabilities.

Furthermore, DKR notarised the sale of the vacant property in Trier-Kenn in the past financial year. The transfer of benefits and encumbrances is expected for the 2023/2024 financial year.

Photo: Retail park, Gerichtswiesen 39, 04668 Grimma

6.2.3. Key figures of the portfolio

As of 30 September 2023, DKR's portfolio thus comprises a total of 184 retail properties with a total rental area of around 1,082,924 sqm and an annualised rent of around EUR 79.2 million. The portfolio is valued at around EUR 1.0 billion as of 30 September 2023.

Key operating figures as of 30 September 2023 are as follows:

	30/09/2023	30/09/2022	Difference
Rent/year (EUR million)	79.2	73.2	8.1%
Net rent/sqm/month	6.82	6.60	3.3%
Vacancy rate (%)	11.7	11.7	0.0%
WALT (years)	5.0	5.2	–3.4%
Fair value (EUR million)	995.4	1,050.7	–5.3%
Property value (EUR/sqm)	919	1,002	–8.3%
Valuation factor	12.6	14.2	–11.3%

In a LFL comparison[2], there is a noticeable increase in both the comparable annual net rent and the rent per sqm as well as a significant decrease in the vacancy rate:

	30/09/2023	30/09/2022	Difference
Net rent (EUR million)	70.3	67.7	3.8%
Rent/sqm/month	7.00	6.74	3.8%
Vacancy rate (%)	11.42	11.68	–2.2%
WALT (years)	5.0	5.2	–4.3%

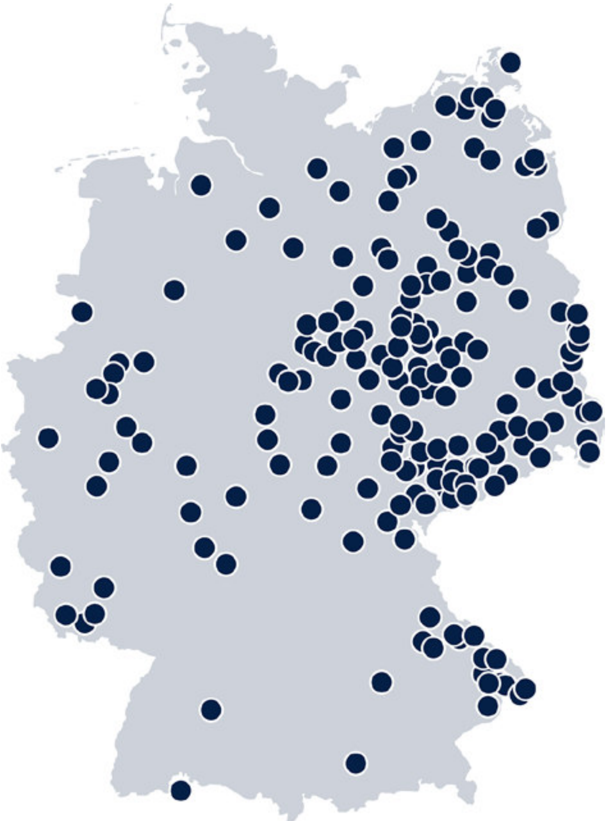
The increase in the comparable annual net rent results primarily from the inflation-related adjustment of rent payments and the re-letting of previously vacant spaces. In some cases, DKR succeeded in re-letting space that had previously been classified as difficult-to-let structural vacancies. For DKR, such leases are very advantageous, since on the one hand additional rental income can be generated and on the other hand an allocation of ancillary costs to the tenants is possible.

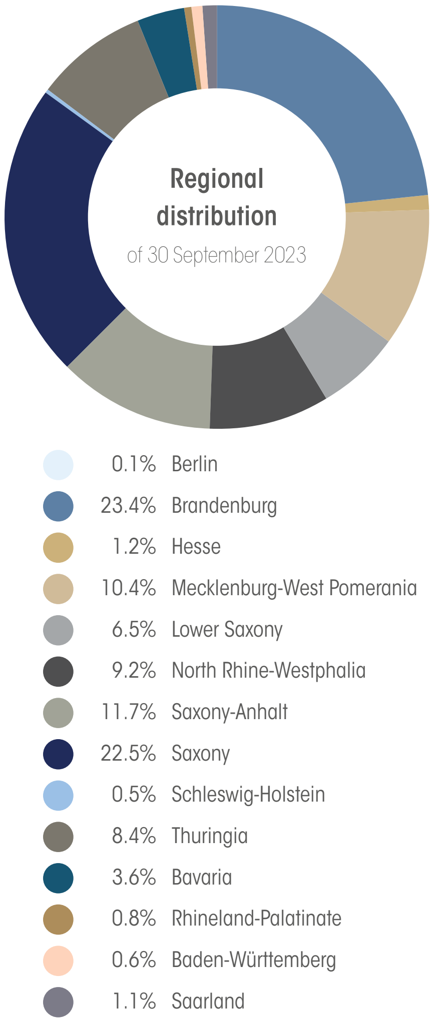
[2] The like-for-like comparison (LFL) compares numerical values and statistics of identical properties at different cut-off dates of a period. Properties that are currently being revitalised are not taken into account.

6.3. Structure of the DKR portfolio

Regional distribution

The regional real estate portfolio of DKR is distributed as follows (according to annual rents) as of 30 September 2023:





	Rental space				Annualised rent			
	30/09/2023		30/09/2022		30/09/2023		30/09/2022	
	sqm	%	sqm	%	TEUR	%	TEUR	%
West German States	239,008	22.1	237,851	22.7	18,634	23.5	17,492	23.9
East German States	843,916	77.9	810,461	77.3	60,563	76.5	55,757	76.1
	1,082,924	**100.0**	**1,048,312**	**100.0**	**79,197**	**100.0**	**73,249**	**100.0**

A large part of the portfolio is currently spread across Eastern German locations, which is partly due to the fact that DKR has managed the Company's development from Potsdam. In addition, there are still more properties in these locations that can meet DKR's high yield requirements, but still house the well-known, large tenants with strong credit ratings and often have a lower construction age, as they were only built in the post-reunification period. From DKR's point of view, this leads to a significantly better risk/return profile. Since the investment market in Western and especially Southern Germany is much more developed, the property prices in these areas are generally higher and therefore less likely to meet DKR's minimum target return requirements.

The proportion of rents from western German locations fell slightly from around 23.9% to around 23.5% in the past financial year 2022/2023. Although a total of two properties were acquired in the former West Germany, the Company sold the same number of properties in western Germany as part of the capital recycling.

However, due to its increased name recognition and the growth of its network, DKR is increasingly gaining access to properties in Western Germany that meet its investment and yield requirements.

The majority of the properties are located in secondary locations away from the major German cities, which is advantageous in several regards. On the one hand, these properties have not yet been in the focus of large institutional or international investors, which means that they can be purchased at comparatively attractive yields. On the other hand, these properties are little affected by e-commerce, which gives the locations additional stability.

Within the framework of DKR's investment strategy, however, it is irrelevant in which federal state or city a property is located if the micro-location of the property is already established for Basic Retail and will also perform well for the foreseeable future.

Focus on retail parks and local retail centres

The real estate portfolio of DKR is divided into the following property categories as of 30 September 2023:

	Quantity	Rental space		Annualised rent	
		sqm	%	TEUR	%
Retail parks	29	384,554	35.5	28,275	35.7
Hypermarkets	10	210,089	19.4	14,934	18.9
Local retail centres	46	261,069	24.1	19,450	24.6
DIY stores (stand-alone)	15	101,442	9.4	7,008	8.8
Discounter	78	100,687	9.3	6,397	10.6
Wholesale markets	6	25,083	2.3	1,133	1.4
	184	**1,082,924**	**100.0**	**79,197**	**100.0**

The biggest property groups in DKR's portfolio are retail parks, hypermarkets, and local retail centres, which generally have a non-cyclical and defensive tenant mix consisting of food retailers, drugstores and often also medical services. This also applies to smaller discount stores, which are usually also food-anchored and numerous in DKR's portfolio. Furthermore, DKR currently holds fifteen DIY stores that are operated for many years by large DIY chains with strong credit ratings.

Vacancy

The vacancy rate of the real estate portfolio as of 30 September 2023 is around 11.7%. As part of its investment strategy, DKR also deliberately acquires properties with a significant vacancy rate if the Company believes this can be reduced. DKR always calculates the purchase price based on the existing reliable rents, which is why a vacancy share acquired in a property is rather a “free option” that can lead to an increase in initial yields in the event of a subsequent vacancy reduction. Consequently, the acquisition of new properties with vacancy shares naturally always results in a vacancy base in the overall portfolio. In addition, some properties have a structural (space) vacancy due to their structural conditions.

The majority of the vacant spaces are attributable to a selection of properties where revitalisation measures are currently being carried out or have recently been carried out and within which there is temporarily a higher vacancy rate.

Furthermore, there are also structural vacancies at various properties. These are usually spaces that are difficult to let due to their location within a property or a lack of local demand. For instance, windowless, unfavourably cut, fragmented or poorly accessible spaces represent this. Furthermore, there are also areas to be mentioned here that were constructed on the basis of urban planning specifications of the time that did not meet actual requirements and for which there was no sustainable demand.

From an economic point of view, however, structural vacancies are almost insignificant because, on the one hand, they do not cause any running costs and, on the other hand, due to their characteristics, they could only be let at significant discounts compared to the market rent. In this respect, the economic vacancy of the DKR real estate portfolio, which results from the ratio of rental income to the vacant space that can potentially only be let at lower rents, is significantly lower than the physical vacancy. This is reflected in the “EPRA vacancy rate”, which is currently 6.0%.

In this respect, the existing vacancies can be viewed in a differentiated manner: On the one hand, the “investment portfolio” with a usually low vacancy rate despite structural vacancies and, on the other hand, the “revitalisation portfolio” in which DKR makes sustainable investments in the properties and their rental space, which leads to temporarily higher vacancy rates.

30/09/2023	Investment portfolio	Revitalisation portfolio	DKR’s overall portfolio
Total rental space (sqm)	924,467	158,457	1,082,924
Total vacant space (sqm)	77,055	49,527	126,583
Thereof structural vacancy (sqm)	51,979	–	51,979
Total vacant space (%)	8.3	31.3	11.7
Structural vacancy (%)	5.6	–	4.8

6.4. Value-enhancing investments in the existing portfolio (Capex)

In line with its investment approach and portfolio strategy, DKR also deliberately purchases properties in need of revitalisation, some of which have significant vacancy rates and shorter remaining lease terms, as these offer significant potential for value creation. In order to exploit the value creation potential of the properties, DKR carries out revitalisation work on individual properties. This usually involves redesigning space, changing the tenant structure, and optimising the distribution of spaces within a property. Furthermore, a fresh and renewed look makes the appearance of the properties much more attractive. This makes it possible to significantly reduce vacancies and extend tenancy agreements.

DKR does not carry out speculative improvement measures. As a matter of principle, modernisation or expansion measures on a property are only implemented when new tenancy agreements have been concluded with the property's anchor tenants – often at improved conditions for DKR – or completely new tenants have been acquired. With such selective investments in the real estate portfolio, an overall return comparable to DKR's typical acquisition returns can often be achieved.

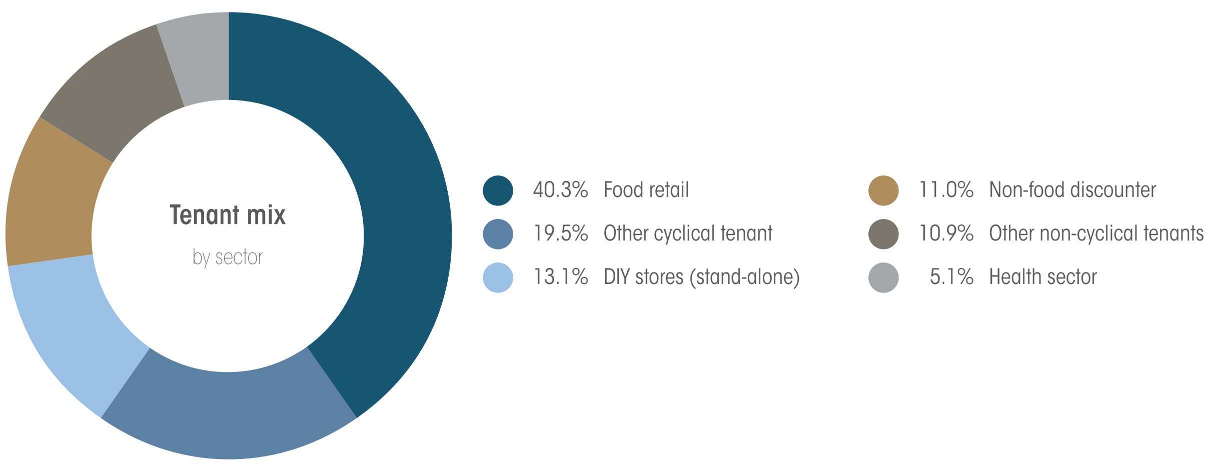
A number of revitalisations have been successfully completed in recent years. In the financial year the Company invested a total of EUR 22.0 million in capex measures in its portfolio. The investments were made in particular in the properties in Stralsund, Ueckermünde ("Haff-Center"), Grimma ("PEP"), Angermünde, Plauen and Stendal III.

DKR is also planning value-creating investments in its portfolio in the new financial year 2023/2024. A particular focus will most likely be on the properties in Leipzig ("Portitz-Treff") and Grevenbroich ("Coens-Galerie"). The planned revitalisation measures are already being partially implemented.

6.5. Tenant mix

Focus on credit-worthy tenants with non-cyclical goods and services

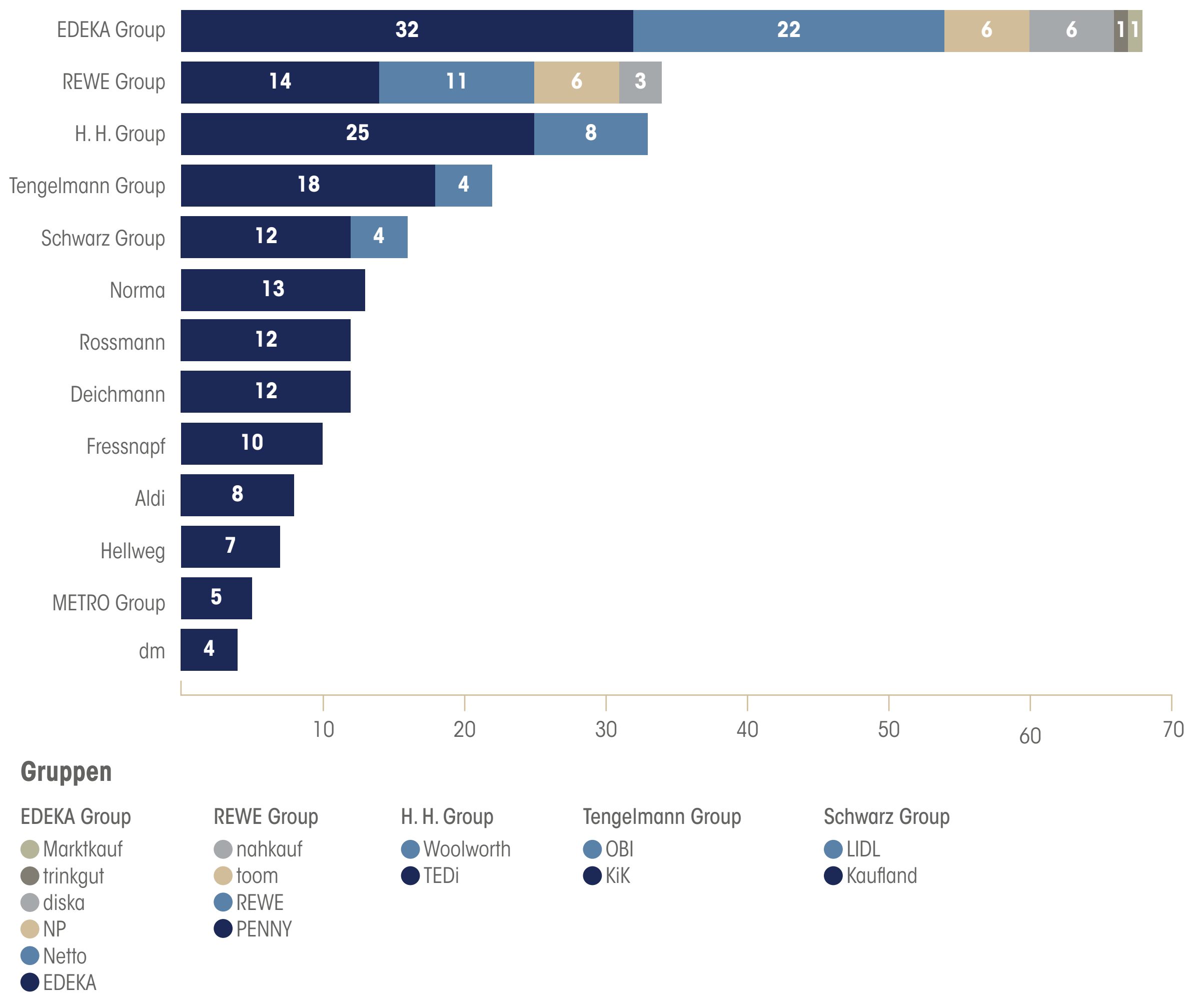
The strongest tenant group in the DKR portfolio are food retail chains such as EDEKA, REWE, METRO, the Schwarz Group, NORMA and ALDI with around 40.3% of the annualised total rents. The other main non-cyclical tenant groups are DIY stores, retail discounters, tenants from the healthcare sector and other non-cyclical retail stores for everyday goods and services.



6.6. Several tenancies with the same tenants improve the negotiating position of DKR

DKR deliberately acquires retail properties with the same well-known retail chains when building up its portfolio. This enables a better and more efficient balance of interests with regard to lease extensions, to necessary expansion and extension investments or to standardise leases and work processes. The number of tenancies with the same retail groups is shown below.

Number of leases with major corporations and their retail brands as at 30 September 2023:



Residual lease term (WALT)

The average residual lease term (WALT) of the portfolio is approximately 5.0 years as at 30 September 2023. The proportions of the annual rent according to WALT are distributed as follows:

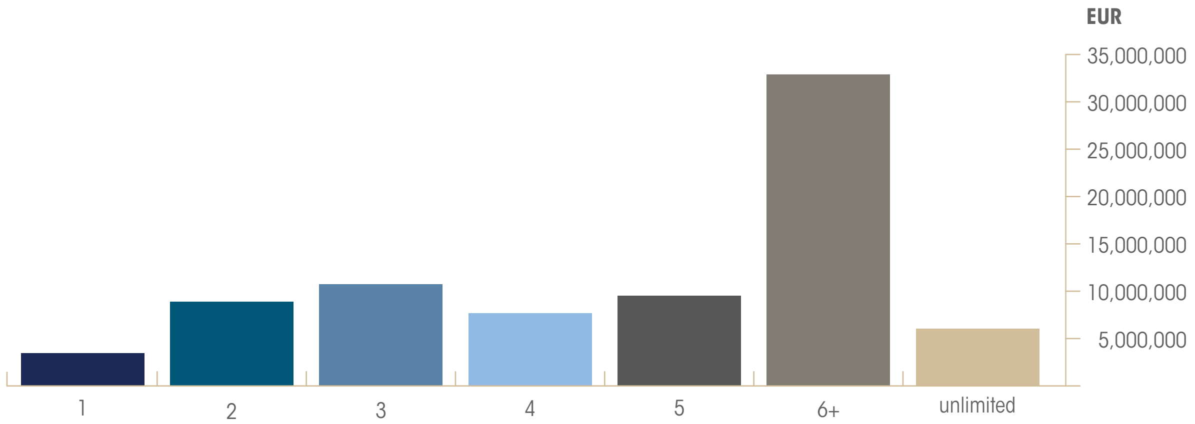


Photo: Retail park, Sielower Chaussee 38, 03044 Cottbus

6.7. Property portfolio in detail as of 30 September 2023

	City		Street	Rental space	Vacancy 30/09/2023	Vacancy 30/09/2022
				sqm	%	%
1	32547	Bad Oeynhausen	Mindener Straße 67 / Alter Rehmer Weg 22	4,591	0.0	0.0
2	06749	Bitterfeld – BiTZ Bitterfelder-Fachmarkt-Zentrum	Brehnaer Staße 34	19,698	15.9	14.7
3	99094	Erfurt	Gothaer Landstraße 22	20,501	0.0	0.0
4	19288	Ludwigslust – Lindencenter	Am Marstall 2	14,354	2.8	0.0
5	17087	Altentreptow I	Fritz-Reuter-Straße 13	4,170	6.9	4.7
6	15890	Eisenhüttenstadt I	Gubener Straße 42	1,253	2.7	2.7
7	06231	Bad Dürrenberg	Ostrauer Straße 5	3,384	0.0	0.0
8	01662	Meißen	Berghausstraße 7	6,228	0.0	0.0
9	09427	Ehrenfriedersdorf	Gewerbegebiet an der B95	6,506	0.0	0.0
10	08626	Adorf	Karlsgasse 28	5,435	0.0	0.0
11	16348	Wandlitz	Bahnhofstraße 35-36	1,608	0.0	0.0
12	18337	Marlow	Carl-Cossow-Straße 64	1,046	0.0	0.0
13	06132	Halle	Hermann-Heidel-Straße 11	1,072	18.7	18.7
14	19417	Warin	Burgstraße / Lange Straße 12-14	1,598	0.0	0.0
15	06773	Gräfenhainichen	Rosa-Luxemburg-Straße 47	1,077	0.0	0.0
16	06749	Bitterfeld-Wolfen	Anhaltstraße 70b, 72	5,822	19.9	19.9
17	02747	Herrnhut	Löbauer Straße 45	1,435	0.0	0.0
18	02625	Kleinwelka	Hoyerswerdaer Straße 136	1,138	0.0	0.0
19	02906	Niesky	Am Bahnhof 8	1,344	4.5	4.5
20	16727	Schwante	Dorfstraße 25	1,047	0.0	0.0
21	12103	Berlin-Tempelhof	Manteuffelstraße 71	1,158	0.2	0.2
22	14974	Ludwigsfelde	Albert-Tanneur-Straße 25	4,480	0.9	0.9
23	15562	Rüdersdorf	Brückenstraße 12a/b	2,791	14.8	9.0
24	03172	Guben I	Karl-Marx-Straße 95	1,181	0.0	0.0
25	04178	Leipzig	Merseburger Straße 255-263	27,997	4.9	0.3
26	18106	Rostock	Kolumbusring 58	4,747	4.2	6.6
27	18273	Güstrow	Pferdemarkt 58 / Markt 2-3 / Hageböcker Straße 108	5,601	56.5	57.7
28	38855	Wernigerode	Ringstraße 31-37 / Gustav-Petri-Straße / Pfarrstraße	25,299	11.4	12.8
29	06636	Laucha	Kastanienring 2	1,110	0.0	0.0
30	06184	Gröbers	Lange Straße 3	986	0.0	0.0
31	06366	Köthen I	Edderitzer Straße 8	685	0.0	0.0
32	06463	Ermsleben	Neustadt 1a	678	0.0	0.0
33	39596	Goldbeck	Babener Straße 43	982	0.0	0.0
34	39576	Stendal	Nordwall 12b	1,107	0.0	0.0
35	06679	Hohenmölsen – Kirschberg-Center	Wilhelm-Külz-Straße 8	7,467	12.8	17.1

Rent level 30/09/2023 EUR/sqm	Rent/Year EUR	WALT 30/09/2023 Years	WALT 30/09/2022 Years	Fair value 30/09/2023 EUR	Fair value 30/09/2022 EUR
5.32	292,854	2.8	3.6	3,690,000	4,240,000
6.49	1,289,260	4.9	5.8	17,200,000	20,500,000
6.53	1,605,650	8.3	9.1	22,300,000	25,700,000
9.76	1,634,278	4.2	5.3	25,600,000	27,800,000
9.88	460,389	5.3	7.2	6,800,000	7,700,000
5.03	73,566	unlimited	unlimited	550,000	600,000
2.12	86,174	6.7	7.7	860,000	1,050,000
4.51	336,905	2.3	2.3	4,240,000	4,910,000
3.42	266,917	2.3	3.3	3,400,000	3,950,000
1.80	117,392	2.0	3.0	1,100,000	1,180,000
9.83	189,743	3.2	4.0	2,700,000	3,030,000
9.75	122,407	3.1	4.1	1,790,000	1,870,000
4.68	48,930	unlimited	unlimited	332,000	319,000
5.97	114,408	2.2	3.1	1,510,000	1,640,000
5.01	64,800	3.4	4.4	630,000	640,000
4.24	237,370	2.2	3.3	2,760,000	2,990,000
6.86	118,114	3.8	4.7	990,000	1,000,000
12.71	173,521	4.2	5.2	1,900,000	2,040,000
4.91	75,649	1.1	2.1	650,000	710,000
9.53	119,781	1.8	2.8	1,800,000	2,010,000
6.16	85,476	4.3	5.3	660,000	720,000
7.48	398,359	4.2	6.4	5,600,000	6,200,000
10.33	294,843	4.1	1.9	3,930,000	4,370,000
9.50	134,663	2.0	0.2	1,860,000	2,010,000
5.72	1,827,369	4.5	4.5	27,100,000	29,700,000
7.83	427,119	8.5	8.6	5,200,000	6,100,000
7.29	213,324	3.1	4.1	2,050,000	2,170,000
3.07	824,911	2.8	2.8	9,500,000	9,800,000
6.01	80,000	1.5	2.5	1,040,000	1,210,000
9.73	115,157	3.5	4.5	1,650,000	1,860,000
11.05	90,861	1.5	1.5	690,000	770,000
7.08	57,600	3.6	4.6	810,000	930,000
10.21	120,265	3.5	4.5	1,760,000	1,980,000
12.30	163,337	3.6	4.6	2,310,000	2,550,000
7.10	554,867	8.3	9.2	8,500,000	9,400,000

		City	Street	Rental space	Vacancy 30/09/2023	Vacancy 30/09/2022
				sqm	%	%
36	17489	Greifswald I – Dompassage	Lange Straße 40, 42	17,549	9.8	4.3
37	18461	Franzburg	Abtshäger Straße 13	1,320	0.0	3.9
38	27283	Verden	Holzmarkt 7-15	6,999	0.0	0.0
39	16928	Pritzwalk	Rostocker Straße 1-3, 7, 8	15,276	0.0	0.0
40	17373	Ueckermünde – Haff-Center	Haffring 24	4,616	18.8	63.3
41	36452	Kaltennordheim	Gartenstraße 2	927	0.0	0.0
42	98634	Kaltensundheim	Bergstraße 12	915	8.4	8.4
43	98547	Viernau	Mühlstraße 52	1,027	0.0	0.0
44	35232	Dautphe	Gladenbacher Straße 43	1,613	0.0	0.0
45	16303	Schwedt/Oder – CKS Centrum-Kaufhaus Schwedt	Platz der Befreiung 1	10,152	11.0	10.7
46	18437	Stralsund	Lindenallee 25	7,098	38.6	46.7
47	06449	Aschersleben	Magdeburger Straße 32	1,009	0.0	0.0
48	03116	Drebkau	Drebkauer Hauptstraße 5	1,158	0.0	0.0
49	03172	Guben – Neiße-Center	Karl-Marx-Straße 96	10,396	4.5	4.5
50	01662	Meißen Hypermarkt	Schützestraße 1	24,495	24.1	24.1
51	08525	Plauen Hypermarkt	Morgenbergstraße 41	24,529	33.3	29.1
52	39517	Tangerhütte	Neustädter Ring 78	2,574	0.0	0.0
53	99706	Sondershausen	Beethovenstraße 9	1,161	0.0	0.0
54	15890	Eisenhüttenstadt II	Karl-Marx-Straße 33	965	0.0	0.0
55	09212	Limbach-Oberfrohna	Frohnbachstraße 59	1,863	0.0	0.0
56	06333	Hettstedt	Luisenstraße 18a-k	2,788	8.0	4.4
57	06537	Kelbra	Jochstraße 2	930	0.0	0.0
58	07937	Langenwolschendorf	Heinrich-Wobst-Straße 1	3,072	72.3	72.3
59	03238	Finsterwalde-Massen	Ludwig-Erhard-Straße 5	11,081	0.0	0.0
60	79798	Jestetten	Schaffhauser Straße 8	1,288	0.0	0.0
61	08371	Glauchau	Schönburgstraße 40	1,153	0.0	0.0
62	07937	Zeulenroda	Heinrich-Wobst-Straße 2	5,632	0.0	0.0
63	56269	Dierdorf	Königsberger Straße 12	1,391	0.0	0.0
64	82362	Weilheim	Lohgasse 4	1,824	0.0	0.0
65	99846	Seebach	Am Rötelstein 3 / Dicelstraße 7	1,147	3.8	3.8
66	38820	Halberstadt	Breiter Weg 13	1,586	35.2	35.2
67	09599	Freiberg I	Abraham-von-Schönberg-Straße 3	1,118	0.0	0.0
68	51545	Waldbröl	Kaiserstraße 36	938	0.0	0.0
69	04129	Leipzig – Dong Xuan Center	Maximilianallee 18-20	8,696	4.0	9.2
70	72793	Pfullingen	Römerstraße 166	5,840	0.0	0.0
71	17358	Torgelow	Pasewalker Straße 5-8	11,354	0.0	0.0

Rent level 30/09/2023 EUR/sqm	Rent/Year EUR	WALT 30/09/2023 Years	WALT 30/09/2022 Years	Fair value 30/09/2023 EUR	Fair value 30/09/2022 EUR
5.84	1,108,775	5.1	5.9	15,100,000	17,900,000
6.61	104,686	3.2	1.4	1,350,000	1,420,000
10.18	855,175	10.0	11.0	12,500,000	13,500,000
7.80	1,429,212	2.8	3.8	19,700,000	20,300,000
5.95	267,711	7.0	9.2	2,030,000	2,400,000
4.06	45,171	unlimited	unlimited	257,000	275,000
3.98	40,015	0.2	2.4	143,000	520,000
4.95	61,067	2.8	3.8	740,000	810,000
4.30	83,196	4.9	5.8	1,000,000	1,110,000
5.74	622,827	2.4	1.4	6,200,000	6,800,000
6.66	348,468	10.0	8.9	4,980,000	3,470,000
9.65	116,934	2.3	3.3	1,640,000	1,780,000
9.76	135,600	13.0	14.0	2,190,000	2,330,000
8.57	1,021,427	2.8	3.9	13,300,000	15,000,000
5.99	1,337,390	7.0	7.2	17,200,000	20,000,000
7.54	1,479,997	8.3	9.7	21,700,000	24,900,000
6.03	186,196	4.3	6.3	2,680,000	2,850,000
7.20	100,347	3.3	4.3	1,370,000	1,440,000
11.68	135,278	3.0	unlimited	1,730,000	1,810,000
9.41	210,396	3.8	4.6	2,720,000	2,910,000
6.98	214,920	1.4	2.2	2,210,000	2,430,000
3.76	42,000	2.3	3.3	417,000	443,000
8.59	87,587	5.8	1.8	2,120,000	2,440,000
3.61	480,000	6.8	1.8	6,200,000	6,600,000
10.82	167,250	5.9	6.9	2,220,000	2,470,000
9.97	138,007	7.0	8.0	1,940,000	2,050,000
3.55	240,000	1.5	2.5	2,920,000	3,560,000
9.88	164,943	5.7	6.7	2,140,000	2,360,000
5.71	124,886	4.9	5.9	346,000	463,000
6.85	90,705	10.3	11.3	1,350,000	1,450,000
5.62	69,300	2.0	3.0	590,000	660,000
11.86	159,080	2.6	3.6	2,110,000	2,360,000
4.61	51,830	unlimited	unlimited	304,000	376,000
8.79	880,339	unlimited	unlimited	9,200,000	9,900,000
3.84	269,439	4.3	5.3	3,480,000	3,740,000
5.90	804,514	6.3	7.3	12,700,000	13,900,000

		City	Street	Rental space	Vacancy 30/09/2023	Vacancy 30/09/2022
				sqm	%	%
72	18546	Sassnitz	Gewerbepark 9	4,063	0.0	0.0
73	07333	Unterwellenborn	Kronacher Straße 1, 7	8,487	0.0	0.0
74	16278	Angermünde	Rudolf-Breitscheid-Straße 27	4,837	24.7	25.7
75	04910	Elsterwerda - Elstercenter	Lauchhammerstraße 60, 167	34,770	6.6	0.2
76	08412	Werdau	Stiftstraße 6-8	39,406	3.2	2.1
77	02943	Weißwasser	Sachsendamm 32	13,427	7.8	1.2
78	37441	Bad Sachsa	Marktstraße 43, 44	1,712	4.8	15.4
79	08141	Reinsdorf – Vielau-Center	Hof 13	1,409	0.0	0.0
80	07407	Rudolstadt	Oststraße 53	2,888	0.0	0.0
81	29410	Salzwedel	Feldstraße 25a	5,326	0.0	0.0
82	29525	Uelzen	Im Neuen Felde 42	3,300	0.0	0.0
83	17438	Wolgast	Leeranerstraße 4	2,879	0.0	0.0
84	15234	Frankfurt (Oder)	Nuhnenstraße 19	8,056	0.0	0.0
85	16303	Schwedt/Oder	Handelsstraße 23	12,057	0.0	0.0
86	17087	Altentreptow II	Grüner Gang 9	1,121	0.0	0.0
87	15537	Erkner	Neu Zittauer Straße 41	6,404	0.7	0.3
88	95336	Mainleus	Tiefe Äcker 1	1,037	0.0	0.0
89	06217	Merseburg	Lassallestraße 27	1,700	0.0	0.0
90	07570	Weida	Turmstraße 33	1,157	0.0	0.0
91	44379	Dortmund	Martener Straße 300	1,465	6.5	6.3
92	38644	Goslar	Gerhard-Weule-Straße 1	4,850	0.0	0.0
93	44532	Lünen	Kupferstraße 15	5,928	1.9	1.9
94	95028	Hof	An der Michaelisbrücke 2	7,840	12.6	13.0
95	17491	Greifswald II	Hans-Beimler-Straße 1-3	6,600	10.8	9.9
96	27721	Ritterhude	Otto-Hahn-Straße 1	9,800	0.0	0.0
97	41515	Grevenbroich I – Coens-Galerie	Kölner Straße 38-46	11,916	74.2	75.8
98	18442	Wendorf	Albert-Schweitzer-Straße 8	2,100	0.0	0.0
99	95632	Wunsiedel	Hofer Straße 5-7	2,702	0.0	0.0
100	08132	Mülsen St. Jacob	Dresdener Straße 1	1,138	0.0	0.0
101	39576	Stendal – Altmark Forum	Dr.-Kurt-Schumacher-Straße 1-5	12,118	17.6	17.5
102	01936	Königsbrück	Kornweg 2	1,106	0.0	0.0
103	04349	Leipzig – Portitz Treff	Tauchaer Straße 260	7,362	5.6	2.6
104	06484	Quedlinburg	Weyhegarten 1	3,924	10.8	14.2
105	06766	Wolfen	Steinfurther Straße 37	900	0.0	0.0
106	04808	Wurzen	Dr.-Külz-Straße 9	1,556	0.0	0.0
107	14727	Döberitz	Bammer Weg 2	989	8.4	8.4
108	17367	Eggesin	Bahnhofstraße 13	1,167	0.0	0.0

Rent level 30/09/2023 EUR/sqm	Rent/Year EUR	WALT 30/09/2023 Years	WALT 30/09/2022 Years	Fair value 30/09/2023 EUR	Fair value 30/09/2022 EUR
4.46	217,289	1.3	2.3	2,800,000	2,930,000
5.74	584,428	0.3	1.3	3,070,000	8,700,000
7.20	314,482	3.8	2.8	3,360,000	4,220,000
4.51	1,759,645	5.3	3.9	26,900,000	29,200,000
5.13	2,346,021	5.4	1.5	26,200,000	27,300,000
6.88	1,022,319	4.2	2.0	12,700,000	13,800,000
8.19	160,043	7.2	1.0	2,030,000	2,130,000
6.25	105,709	3.1	4.0	1,430,000	1,510,000
3.99	138,354	1.6	2.6	1,660,000	1,900,000
3.28	209,822	3.8	4.8	2,420,000	2,550,000
2.88	114,231	3.8	4.8	1,410,000	1,540,000
3.92	135,519	1.6	2.6	1,540,000	1,680,000
5.83	564,067	2.6	3.6	7,100,000	8,000,000
5.11	740,017	4.3	3.5	7,600,000	8,100,000
10.76	144,779	0.3	1.3	1,730,000	1,890,000
6.42	490,285	4.2	3.5	6,800,000	7,300,000
8.22	102,240	2.0	3.0	1,420,000	1,560,000
9.80	199,831	0.3	1.3	2,650,000	3,060,000
10.94	151,956	4.1	5.2	2,420,000	2,660,000
8.33	136,874	9.0	10.0	1,230,000	1,440,000
4.56	265,500	1.2	2.2	3,230,000	3,840,000
6.00	418,665	3.0	2.5	4,350,000	3,710,000
7.91	650,042	4.4	5.4	6,700,000	7,600,000
9.71	685,899	3.1	3.7	5,900,000	5,300,000
4.16	489,258	4.5	5.5	6,700,000	7,900,000
11.68	430,241	3.6	3.7	8,100,000	9,000,000
4.50	113,509	5.1	6.1	1,120,000	1,200,000
8.30	269,252	4.9	5.8	3,860,000	4,240,000
9.86	134,594	2.1	3.6	2,040,000	2,250,000
8.23	985,710	4.8	5.2	12,100,000	13,200,000
7.01	93,000	3.6	4.6	1,330,000	1,510,000
6.09	508,369	2.6	1.7	6,700,000	6,800,000
8.52	357,787	5.1	6.1	4,280,000	4,900,000
9.64	104,059	2.1	3.1	1,360,000	1,460,000
8.09	151,186	4.1	5.1	2,270,000	2,450,000
5.02	54,545	unlimited	unlimited	290,000	312,000
9.53	133,450	3.9	4.9	1,970,000	2,070,000

		City	Street	Rental space	Vacancy 30/09/2023	Vacancy 30/09/2022
				sqm	%	%
109	19386	Lübz	Werderstraße 21b	1,692	0.0	0.0
110	41515	Grevenbroich II – Montanushof	Ostwall 31	27,575	21.3	22.1
111	15517	Fürstenwalde	Juri-Gagarin-Straße 43	1,450	0.0	0.0
112	09122	Chemnitz – Vita-Center	Wladimir-Sagorski-Straße 20, 22, 24	39,957	22.1	19.3
113	39291	Möser	Rosenweg / Krokusweg 14	1,149	0.0	0.0
114	63846	Laufach	Hauptstraße 34	915	0.0	0.0
115	04741	Roßwein	Haßlauer Straße 1	2,892	17.9	0.0
116	07552	Gera	Thüringer Straße 26	21,126	21.0	21.0
117	14772	Brandenburg an der Havel	Upstallstraße 3	7,931	0.0	0.0
118	48599	Gronau	Maybachstraße 2	9,350	0.0	0.0
119	57223	Kreuztal	Siegener Straße 210	8,962	0.0	0.0
120	39418	Staßfurt I	Förderstedter Straße 7	6,193	0.0	0.0
121	38302	Wolfenbüttel	Schweigerstraße 13	9,245	0.0	0.0
122	06712	Zeitz	Weißenfelser Straße 120	7,200	0.0	0.0
123	39307	Genthin	Altmärkerstraße 5	1,280	3.9	22.4
124	33442	Herzebrock-Clarholz	Clarholzer Straße 53	977	0.0	99.9
125	04668	Grimma	Gerichtswiesen 39	15,720	12.5	14.9
126	14621	Schönwalde-Glien	Alter Wansdorfer Weg 2	1,089	0.0	0.0
127	15890	Eisenhüttenstadt III	Nordpassage 1	29,746	27.0	28.4
128	93466	Chamerau	In der Grube 2	1,256	0.0	0.0
129	93167	Falkenstein	Regensburger Straße 12	1,328	0.0	0.0
130	94538	Fürstenstein	Vilshofener Straße 13	1,245	0.0	0.0
131	85049	Ingolstadt	Krumenauerstraße 58	1,398	0.0	0.0
132	93462	Lam	Arberstraße 74	975	0.0	0.0
133	92431	Neunburg vorm Wald	Amberger Straße 14	1,255	0.0	0.0
134	94060	Pocking	Marktplatz 5b	686	0.0	0.0
135	94269	Rinchnach	Herrnmühle 2	1,195	0.0	0.0
136	94161	Ruderting	Passauer Straße 26b	3,116	0.0	0.0
137	94508	Schöllnach	Gewerbepark Leutzing 2	1,162	0.0	0.0
138	09465	Sehmatal (Neudorf)	Crottendorfer Straße 3	1,093	0.0	0.0
139	94518	Spiegelau	Konrad-Wilsdorf-Straße 1a	1,584	0.0	0.0
140	94107	Untergriesbach	Kreuzwiesenweg 1	1,414	0.0	0.0
141	94234	Viechtach	Mönchshofstraße 60	1,173	0.0	100.0
142	93192	Wald (Rossbach)	Bahnhofstraße 3	1,539	0.0	0.0
143	94110	Wegscheid	Passauer Straße 78	1,546	0.0	0.0
144	94575	Windorf (Hidring)	Turmstraße 2a	922	0.0	0.0
145	39261	Zerbst	Heidetorplatz 8-28	2,658	4.5	4.5

Rent level 30/09/2023 EUR/sqm	Rent/Year EUR	WALT 30/09/2023 Years	WALT 30/09/2022 Years	Fair value 30/09/2023 EUR	Fair value 30/09/2022 EUR
7.88	159,947	16.0	17.0	2,280,000	2,360,000
8.75	2,278,424	5.1	5.5	22,000,000	25,400,000
7.01	121,975	2.8	3.8	1,080,000	1,190,000
7.93	2,960,067	5.5	5.7	32,300,000	32,500,000
4.46	61,473	2.5	2.7	520,000	560,000
10.01	109,978	0.8	1.8	970,000	1,010,000
2.99	85,150	6.2	5.1	1,230,000	1,610,000
12.20	2,442,226	2.4	3.4	27,700,000	30,400,000
6.39	607,992	8.3	9.3	8,000,000	9,700,000
6.97	782,373	8.3	9.3	10,900,000	12,900,000
8.11	872,309	8.3	9.3	12,300,000	14,500,000
6.20	460,472	8.3	9.3	6,400,000	7,600,000
8.09	897,023	8.3	9.3	14,200,000	16,000,000
6.09	526,231	8.3	9.3	7,000,000	8,400,000
5.50	81,121	3.7	3.3	1,070,000	990,000
6.41	75,183	9.3	unlimited	910,000	930,000
9.39	1,549,112	5.9	6.9	18,500,000	19,300,000
10.56	137,998	1.0	2.0	1,910,000	2,230,000
8.98	2,339,578	4.1	4.3	26,400,000	28,200,000
4.70	70,813	5.0	1.0	670,000	720,000
9.70	154,599	0.7	1.7	1,400,000	2,030,000
6.25	93,433	2.1	3.1	1,060,000	1,310,000
6.51	109,139	3.7	4.7	1,500,000	1,560,000
6.03	70,547	2.5	3.5	469,000	510,000
6.54	98,564	1.7	2.7	1,130,000	1,170,000
7.81	64,309	2.1	3.1	630,000	850,000
5.71	81,856	2.1	3.1	478,000	580,000
5.91	220,901	5.2	1.6	3,100,000	3,330,000
6.59	91,878	1.7	2.7	1,210,000	1,280,000
6.40	83,951	0.8	1.8	1,060,000	1,190,000
11.05	210,000	13.1	14.1	3,710,000	4,200,000
2.48	42,000	unlimited	unlimited	284,000	398,000
0.00	–	N/A	N/A	690,000	483,000
5.60	103,453	5.0	1.0	1,390,000	1,460,000
4.75	88,101	5.0	1.0	1,060,000	1,240,000
5.34	59,053	2.1	3.1	550,000	730,000
7.49	228,102	3.1	3.4	2,970,000	3,370,000

		City	Street	Rental space	Vacancy 30/09/2023	Vacancy 30/09/2022
				sqm	%	%
146	39576	Stendal III	Gneisenaustraße 2a-e	19,636	13.8	14.3
147	08261	Schöneck	Oelsnitzer Straße 6	1,339	0.0	0.0
148	19370	Parchim	Ludwigsluster Straße 29, 33	12,911	15.1	13.9
149	29559	Wrestedt	Bahnhofstraße 65	1,087	0.0	0.0
150	61267	Neu-Anspach	Hans-Böckler-Straße 9	5,740	7.9	5.2
151	23879	Mölln	Wasserkrüger Weg 127a / b	5,126	14.8	8.9
152	07366	Blankenstein	Selbitzplatz / Hauptstraße 17	1,356	0.0	0.0
153	01705	Freital	Wilsdruffer Straße 122-126	1,702	0.0	0.0
154	02763	Zittau	Äußere Weberstraße 89-91	22,972	33.5	30.9
155	37154	Northeim – CityCenter	Grafenhof 3-5	19,340	14.0	15.9
156	15234	Frankfurt (Oder) – Spitzkrug Multi Center	Spitzkrugring 1	24,519	4.9	5.6
157	66125	Dudweiler	Am Markt 1	10,226	24.0	23.4
158	04603	Nobitz	Altenburger Straße 29	18,920	13.4	12.3
159	66578	Schiffweiler	Kreisstraße 29	2,946	20.6	10.0
160	08324	Bockau	Uferstraße 11	741	0.0	0.0
161	09623	Frauenstein	Teplitzer Straße 40	993	0.0	0.0
162	56477	Rennerod	Gewerbestraße 8	1,429	0.0	0.0
163	09599	Freiberg II	Meißner Ring 2b	1,770	0.0	0.0
164	44575	Castrop-Rauxel	Widumer Tor 1	13,183	5.1	6.6
165	37197	Hattorf	Rotenbergstraße 27	996	0.0	0.0
166	55765	Birkenfeld	Wasserschieder Straße 40 / Maiwiese 25	4,664	4.2	4.2
167	06846	Dessau-Roßlau	Hauptstraße 150	1,480	14.1	14.1
168	99867	Gotha	Reinhardsbrunner Straße 111	1,033	0.0	0.0
169	58540	Meinerzhagen	Lindenstraße 16-18	4,011	2.8	2.8
170	07646	Stadtroda	Heinrich-Heine-Straße 14	2,015	14.6	4.4
171	35102	Lohra	Konrad-Gaul-Straße 5	2,396	6.2	
172	66806	Ensdorf	Provinzialstraße 106	1,218	4.8	
173	19249	Lübtheen	Grüner Weg 1	2,163	18.6	18.6
174	01744	Schmiedeberg	Schmiedeberger Markt 1-4	1,169	0.0	
175	08344	Grünhain-Beierfeld	August-Bebel-Straße 172 / 172a	1,428	0.0	
176	06869	Coswig	Schwarzer Weg 7	1,000	0.0	
177	06901	Kemberg	Leipziger Straße 82	1,673	0.0	
178	06366	Köthen II	Am Wasserturm 51	1,182	0.0	
179	09526	Olbernhau	Thomas-Mann-Straße 2 / 6	2,471	2.8	
180	03044	Cottbus	Sielower Chaussee 38	30,480	4.3	

Rent level 30/09/2023 EUR/sqm	Rent/Year EUR	WALT 30/09/2023 Years	WALT 30/09/2022 Years	Fair value 30/09/2023 EUR	Fair value 30/09/2022 EUR
4.76	967,323	6.8	7.0	13,100,000	11,900,000
5.57	89,421	2.8	1.4	940,000	910,000
6.23	818,698	4.4	4.6	10,600,000	12,000,000
8.53	111,258	2.8	3.8	1,560,000	1,790,000
9.82	623,301	2.4	2.9	7,200,000	7,800,000
7.12	373,478	5.2	3.5	4,460,000	4,510,000
7.27	118,371	3.3	4.3	1,570,000	1,830,000
9.20	187,782	3.5	3.7	1,630,000	1,790,000
4.47	818,413	9.9	3.3	10,400,000	10,200,000
10.94	2,183,933	4.8	5.6	23,800,000	26,300,000
12.51	3,499,185	4.9	5.5	40,900,000	43,100,000
6.99	651,641	3.3	4.3	4,530,000	6,500,000
3.68	723,919	3.2	3.5	7,300,000	7,500,000
7.82	219,526	8.9	9.1	2,650,000	2,960,000
4.05	36,000	unlimited	1.2	404,000	440,000
8.09	96,413	11.2	12.3	1,580,000	1,750,000
3.55	60,800	3.4	4.4	730,000	800,000
1.84	39,000	4.7	0.7	456,000	530,000
10.91	1,637,733	5.1	6.1	18,900,000	21,400,000
5.91	70,680	3.0	1.2	800,000	860,000
7.58	406,536	4.0	5.8	4,310,000	4,750,000
5.88	89,748	2.4	2.4	840,000	950,000
8.33	103,222	4.5	1.3	1,270,000	1,330,000
6.95	324,877	3.5	4.3	3,410,000	3,830,000
5.23	107,946	4.7	3.5	1,240,000	1,330,000
8.43	227,362	3.5		3,560,000	
2.16	30,010	4.5		404,000	
9.95	210,170	3.4	1.5	2,010,000	1,980,000
7.36	103,163	1.4		1,240,000	
4.83	82,850	1.7		1,010,000	
4.90	58,800	3.5		670,000	
9.49	190,608	3.8		2,960,000	
11.05	156,714	1.5		1,790,000	
7.24	208,688	4.9		3,000,000	
8.25	2,887,714	6.5		34,000,000	

		City	Street	Rental space	Vacancy 30/09/2023	Vacancy 30/09/2022
				sqm	%	%
181	39418	Staßfurt II	Neundorfer Straße 35	1,048	0.0	
182	06721	Osterfeld	Schwarzer Weg 9	1,000	0.0	
183	98528	Suhl	Zellaer Straße 48	1,380	5.6	
		Investment properties held for sale				
184	54344	Trier	Am Kenner Haus 20	11,636	100.0	100.0
		Investment properties sold during the reporting period				
	09126	Chemnitz	Zschopauer Straße 273			0.0
	85298	Scheyern	Fernhagener Straße 1-3			100.0
	94121	Salzweg	Bayerwaldstraße 1a			0.0
			Total	**1,082,924**	**11.7**	**11.7**

Rent level 30/09/2023 EUR/sqm	Rent/Year EUR	WALT 30/09/2023 Years	WALT 30/09/2022 Years	Fair value 30/09/2023 EUR	Fair value 30/09/2022 EUR
9.74	122,532	1.4		1,420,000	
9.13	109,555	3.5		1,310,000	
3.13	48,957	unlimited		476,000	
0.00	7,476	unlimited	unlimited	6,350,000	10,900,000
			9.3		7,550,000
			N/A		1,300,000
			3.1		800,000
6.82	**79,197,042**	**5.0**	**5.2**	**984,820,000**	**1,041,369,000**

Impressions of the individual properties can be found on the DKR website at https://www.deutsche-konsum.de/en/portfolio/properties.

7. Key figures according to EPRA

The European Public Real Estate Association EPRA

EPRA is a non-profit organisation based in Brussels that represents the interests of the European real estate industry and has developed standardised ratios that ensure a high level of comparability between real estate companies. Since October 2017, DKR has been a full member of EPRA and publishes the EPRA key figures according to Best Practice Recommendations (BPR) since the 2016/2017 financial year.

For the 2021/2022 financial year, DKR was awarded the EPRA BPR Gold Award for the fourth time in a row for the EPRA reporting in its annual report.

For the financial year 2022/2023, the EPRA KPIs of DKR are as follows:

EPRA Earnings

The EPRA Earnings represent the result from the ongoing property management. Valuation effects and proceeds from disposals are not considered. In addition, the deferred taxes recognised in the financial year and the subsequent tax payments for past financial years recognised in profit or loss are adjusted.

For better comparability, adjusted EPRA earnings are also presented, which have been adjusted for value adjustments on financial assets.

TEUR	2022/2023	2021/2022
Period result	–180,992.1	60,386.7
– Valuation result	113,528.4	–28,438.2
– Proceeds from disposals	8.6	–1,741.7
– (Deferred) tax effects	50,208.9	0.0
EPRA Earnings	**–17,246.2**	**30,206.8**
EPRA Earnings per share, EUR	–0.49	0.86
EPRA Earnings per share (diluted), EUR	–0.34	0.60
Elimination of value adjustments on financial assets	44,393.0	7,664.3
Adjusted EPRA Earnings	**27,146.8**	**37,871.1**
Adjusted EPRA Earnings per share, EUR	0.77	1.08
Adjusted EPRA Earnings per share (diluted), EUR	0.54	0.75

EPRA net initial yield (EPRA NIY) and EPRA "Topped-up" NIY

The EPRA net initial yield is the annualised rent less non-recoverable management costs in relation to the current portfolio value and, thus, represents the current portfolio return.

EPRA "Topped-up" NIY includes temporarily existing rent-free periods. Currently there are no material rent-free incentives at DKR.

TEUR	2022/2023	2021/2022
Market value of investment properties (including portfolio held for sale according to IFRS 5)	995,363.9	1,050,709.1
+ Transaction costs	67,317.5	62,262.1
Gross market value of investment properties	**1,062,681.4**	**1,112,971.2**
Annualised rental income	79,197.0	73,249.5
– Non-recoverable management costs	–15,839.4	–14,649.9
Annualised net rental income	**63,357.6**	**58,599.6**
+ Rent-free periods	0.0	0.0
Annualised "Topped-up" net rental income	**63,357.6**	**58,599.6**
EPRA NIY, %	**6.0**	**5.3**
EPRA "Topped-up" NIY, %	**6.0**	**5.3**

EPRA cost ratio

The EPRA cost ratios relate the current property-specific management expenses as well as the administrative and management expenses to the rental income and, therefore, show the cost burden of the management platform in relation to the rental income.

TEUR	2022/2023	2021/2022
Net expenses from property management	29,865.1	26,336.4
+ Personnel expenses	1,145.9	1,049.5
+ Other recurring operating expenses	2,706.9	1,747.6
– Other income	–603.8	–2,786.4
EPRA costs incl. direct vacancy costs	**33,114.1**	**26,347.0**
– direct vacancy costs	–3,514.5	–3,053.0
EPRA costs excl. direct vacancy costs	**29,599.4**	**23,294.0**
Rental income less ground rent	79,050.9	73,734.8
EPRA cost ratio (incl. direct vacancy costs), %	**41.9**	**35.7**
EPRA cost ratio (excl. direct vacancy costs), %	**37.4**	**31.6**

EPRA vacancy rate

In contrast to the ordinary vacancy rate, the EPRA vacancy rate reflects the economic vacancy based on the market rent of the vacant space in relation to the total rent of the portfolio on the reporting date increased by the potential rent of the vacant space. The estimated underlying market rents are derived from the property appraisals of the external and independent valuer CBRE GmbH, Berlin.

TEUR	30/09/2023	30/09/2022
Potential rent for vacant space	5,060.7	4,905.0
Estimated portfolio rent	84,257.7	77,520.8
EPRA vacancy rate, %	**6.0**	**6.3**

EPRA LTV

The EPRA LTV ("loan to value") is intended to create a uniform standard for calculating the balance sheet ratio LTV. In particular, according to the EPRA scheme, short-term callable loans to affiliated companies are not to be recognised as liquidity in the calculation of net debt, but are to be taken into account as assets.

According to this definition, the calculation of the EPRA LTV is as follows:

TEUR	30/09/2023	30/09/2022
Financial liabilities to banks	423,416.1	418,044.2
+ Convertible Bonds	36,763.6	36,609.3
+ Corporate Bonds	177,886.9	182,013.3
+ Trade payables after offsetting against trade receivables	6,579.6	5,042.0
– Cash and cash equivalents in trust accounts	–1,630.4	–2,072.1
– Cash and cash equivalents	–4,933.6	–4,827.0
(A) Net debt	**638,082.2**	**634,809.8**
Investment properties (IAS 40)	989,013.9	1,030,959.1
+ Investment properties held for sale (IFRS 5)	6,350.0	19,750.0
+ Prepayments on investment properties	0.0	4,920.5
+ Loans to shareholders	18,421.2	98,829.3
+ Short-term investments of cash and cash equivalents	0.0	5,764.0
(B) Assets	**1,013,786.0**	**1,160,222.8**
EPRA LTV (A/B)	**62.9%**	**54.7%**

Like-for-Like-Portfolio

On a like-for-like basis, which means without taking into account acquisitions and disposals in the financial year, the development of the key portfolio ratios is as follows:

	30/09/2023	30/09/2022	Difference
Annual net rent like-for-like (EUR m)	70.3	67.7	3.8%
Net rent/sqm/month	7.00	6.74	3.8%
Vacancy (%)	11.4	11.7	–2.2%
WALT (years)	5.0	5.2	–4.3%

EPRA NAV

The EPRA NAV must be disclosed in three different forms in accordance with the EPRA guidelines:

- EPRA Net Reinstatement Value (EPRA NRV): Essentially presentation of the reconstruction value of the real estate portfolio including transaction costs;
- EPRA Net Tangible Assets (EPRA NTA): Intangible assets including potential goodwill are excluded from consideration;
- EPRA Net Disposal Value (EPRA NDV): A sale of the real estate portfolio is assumed and thus, in principle, a fair value measurement of deferred taxes and derivative financial instruments is required.

All key figures must be calculated on a fully diluted basis, in the case of DKR taking into account the effects of out-standing convertible bonds. DKR considers the “EPRA NTA” as the relevant key figure.

TEUR	30/09/2023			30/09/2022		
	EPRA-NRV	EPRA-NTA	EPRA-NDV	EPRA-NRV	EPRA-NTA	EPRA-NDV[1]
IFRS Equity attributable to shareholders	316,399.5	316,399.5	316,399.5	514,299.6	514,299.6	514,299.6
Effects of the conversion of convertible bonds	36,763.6	36,763.6	36,763.6	36,609.3	36,609.3	36,609.3
Deferred taxes on investment properties	31,703.7	31,703.7	0.0	0.0	0.0	0.0
Fair value of fixed-interest debt	0.0	0.0	45,599.2	0.0	0.0	15,693.7
Transaction costs (real estate transfer tax)	84,605.9	0.0	0.0	89,310.3	0.0	0.0
EPRA NAV	**469,472.8**	**384,866.8**	**398,762.3**	**640,219.2**	**550,908.9**	**566,602.7**
Number of shares outstanding (diluted, thousands)	50,351.1	50,351.1	50,351.1	50,195.4	50,195.4	50,195.4
EPRA NAV per share in EUR (diluted)	**9.32**	**7.64**	**7.92**	**12.75**	**10.98**	**11.29**

[1] Calculation adjusted.

Photo: Retail park
Lutwigsluster Straße 29, 33, 19370 Parchim

8. Headline Earnings per share (HEPS)

According to the listings requirements of the JSE Limited (JSE), the earnings figure "Headline Earnings per Share" (HEPS) is to be presented, which essentially represents the net income for the period adjusted for valuation results:

TEUR	2022/2023	2021/2022
Net income (undiluted)	**–180,992.1**	**60,386.7**
Excluding valuation result according to IAS 40	113,528.4	–28,438.2
Excluding valuation result according to IFRS 5	8.6	–1,741.7
Headline Earnings (undiluted)	**–67,455.2**	**30,206.8**
Interest expenses on convertible bonds	629.3	626.6
Headline Earnings (diluted)	**–66,825.9**	**30,833.5**
Average number of shares issued in the reporting period **(undiluted)**, in thousands	35,155.9	35,155.9
Potential conversion shares, in thousands	15,195.2	15,039.4
Average number of shares issued in the reporting period **(diluted)**, in thousands	**50,351.1**	**50,195.4**
Headline Earnings per share (EUR)		
Undiluted	**–1.92**	**0.86**
Diluted	**–1.33**	**0.61**

Photo: Discounter
Schmiedeberger Markt 1–4, 01744 Dippoldiswalde

Management Report

for the 2022/2023 financial year
Deutsche Konsum REIT-AG

Photo: Local retail centre
Brückenstraße 12a/b, 15562 Rüdersdorf


EDEKA
EDEKA
Lebensmittel.

1. Basics of Deutsche Konsum REIT-AG

1.1. Business model, strategy and structure

Deutsche Konsum REIT-AG (hereafter referred to as "DKR") is a portfolio holder specialising in retail real estate for items of daily use. The business activities essentially comprise the acquisition, letting and management of domestic retail properties in medium-sized and regional centres in Germany in functioning micro-locations. If there are lucrative offers, the sale of individual properties is examined and carried out if applicable.

The listing of the DKR share (ISIN DE000A14KRD3) took place on 15 December 2015. Since then, the share has been tradable on all major stock exchanges and quoted in the Prime Standard of Deutsche Börse AG since 3 March 2017. In addition, the share has been listed on the Main Board of the Johannesburg Stock Exchange ("JSE") in South Africa by way of a secondary listing since 8 March 2021. As of 1 January 2016, the Company possesses the status of a REIT (Real Estate Investment Trust) and is, therefore, in principle exempt from income tax at company level. However, in the course of the ongoing proceedings with the tax authorities (see the explanations in Chapter 3.1.2.e) of the Management Report), the Company has decided, for reasons of prudence, to prepare these financial statements taking full account of tax effects.

DKR's investment focus is on centres and conurbations away from large metropolitan areas, as higher initial returns can be achieved here due to less competition and lower purchase prices, while at the same time the investment risk is manageable. DKR acts as a professional investor in a niche market, as the investment volume per property is usually up to EUR 25 million, which is usually too high for private investors, but at the same time too low for institutional investors. Furthermore, the substantial rental income is achieved by large German food retail companies, which are considered to be relatively non-cyclical and, thus, resistant to general economic trends.

The aim of DKR is to build up a high-performance real estate portfolio through the further acquisition of functioning retail locations with high initial yields, which regularly ensures an attractive dividend distribution. Furthermore, strategic asset and portfolio management as well as targeted and value-adding investments in the real estate portfolio provide the basis for vacancy reductions and lease renewals, because of which the properties can record increases in value. In this respect, properties capable of development with higher vacancy rates and short remaining lease terms are also deliberately purchased, as DKR can exploit value-added opportunities here.

As of 30 September 2023, DKR's accounted real estate portfolio comprises 184 retail properties with a lettable area of more than one million sqm and a book value of EUR 995.4 million.

In terms of corporate law, DKR consists of a corporation that holds and accounts for all real estate. This simple structure under company law and the REIT status enable the Company to have particularly lean administrative structures. In addition, the existing network, the many years of experience of the management and the flat internal company hierarchies help to achieve a high acquisition speed, which is advantageous in acquisition processes.

The largest shareholder of DKR is Obotritia Capital KGaA (“Obocap”) with is personally liable partner Rolf Elgeti, which together with its subsidiaries currently holds around 28.51% of the shares (27.94% as at the balance sheet date). At the beginning of the financial year, DKR used the business premises and the IT infrastructure as well as some of the personnel of Obocap, which was passed on to the Company on a pro rata basis via a group allocation. During the financial year, a spatial, technical and largely also personnel separation from Obocap was completed with the move into own office space. In accordance with Section 312 AktG (German Stock Corporation Act), DKR is obliged to prepare a Dependency Report for the period as a subsidiary of Obotritia Capital KGaA. In addition to the shares held of around 29% (directly or indirectly via subsidiaries) and in view of a free float of currently around 40% in accordance with the REIT Act, a de facto control of Obotritia Capital KGaA and its subsidiaries has been assumed, as the majority of attendance at the Annual General Meetings of DKR has always been held by Obotritita Capital KGaA. At the Company’s Annual General Meeting on 13 July 2023, the presence majority was no longer given for the first time. Control has no longer existed since this date at the latest. As there is neither a control agreement nor a profit and loss transfer agreement between the companies involved and control was assumed during the year, the Company is preparing a Dependency Report for the entire financial year from 1 October 2022 to 30 September 2023.

1.2. Control system

DKR is mainly managed on the basis of the financial indicator FFO (funds from operations). Other financial key performance indicators are the net LTV (loan to value), the EPRA NTA per share (EPRA net tangible assets), the acquisition yield and the aFFO (adjusted funds from operations) as well as the ratio of recurring administrative expenses to rental income.

DKR’s non-financial performance indicators are vacancy rates as well as the average remaining term of fixed-term leases WALT (weighed average lease term) at individual property level and at overall portfolio level. Due to the acquisition of properties with higher vacancy rates and short remaining lease terms, which are in line with the business model, these non-financial key figures are subject to significant fluctuations.

Furthermore, DKR utilises planning tools such as corporate planning as well as rolling liquidity planning, which are used to steer operational business development.

1.3. Research and development

As part of its business purpose, DKR has no research and development activities and is not dependent on licenses and patents.

2. Economic Report

2.1. Macroeconomic development

According to an economic report published by the Kiel Institute for the World Economy (IfW) in December 2022, the global economy showed a downward trend in growth momentum over the course of 2022. In addition to high energy costs and general uncertainty, the restrictive monetary policy to combat strong inflationary pressure also had a dampening effect on economic development. Despite comprehensive fiscal support measures, the developed economies in particular faced considerable challenges during a phase of low economic growth. The global economy then expanded at a very moderate pace until the fall of 2023, although momentum remained low. Following an increase in the first quarter of 2023, it lost some of its pace again in the second quarter. Sentiment among companies, which had brightened again at the end of 2022 under the impact of easing inflationary pressure, the abandonment of the zero Covid policy in China and the stabilisation of supply chains, clouded over again in spring 2023 and remained subdued into the third quarter of 2023. However, the recession that was feared due to the tight monetary policy did not materialise and inflation fell significantly due to the recent fall in commodity prices.[1]

According to the Federal Statistical Office (Destatis), Germany's Gross Domestic Product (GDP) fell again in the first quarter of 2023 compared to the fourth quarter of 2022 – due to price, seasonal and calendar factors – by 0.3%. The German economy thus recorded two negative quarters in a row. The high price increases had a particularly negative impact on private consumer spending, which fell by 1.2%, while government consumer spending also fell noticeably by 4.9%. According to the Federal Statistical Office, however, investments rose in the first quarter of 2023. Construction investments recorded an increase of 3.9% due to the good weather and investments in equipment (primarily machinery, appliances and vehicles) also increased by 3.2%.[2]

In the second quarter of 2023, the Federal Republic of Germany did not record a further decline in GDP, but it stagnated compared to the previous quarter. However, if the figures are compared with the previous year, GDP fell by 0.2% due to price and calendar factors.[3] Despite the reduction in previous negative factors such as high levels of illness and supply bottlenecks, GDP has not yet been able to pick up any significant growth momentum. Private consumption did not fall further after the sharp decline in the winter half-year but stabilised and government spending also rose slightly again.[4]

[1] Kiel Institut Economic Outlook No. 97 (2044/Q4) of 21 December 2022: World Economy in winter 2022, page 2ff.
[2] Press release of the Federal Statistics Office (Destatis) No. 203 of 25 May 2023.
[3] Press release of the Federal Statistics Office (Destatis) No. 336 of 25 August 2023.
[4] Kiel Institute Economic Outlook No. 107 (2023/Q3) of 11 September 2023: German Economy Autumn 2023.

Nevertheless, the German economy remains subdued in terms of its development due to various factors, as it continues to face major challenges. Energy prices, which are still significantly higher than in the longer term, continue to weigh on economic activity in Germany. As some of the energy-intensive production in Germany is no longer profitable and is unlikely to be again, production capacity has become obsolete and value chains need to realign themselves. The industrial export business is also being impacted by the current global investment slump. In the construction industry, the significant rise in financing costs is having a negative impact, particularly on residential construction, which is expected to continue to decline. In addition to the negative factors, however, there are also countervailing forces that will become more significant from next year: Domestically, the consumer economy will be supported by the significant growth in purchasing power among private consumers, who will benefit from sharply rising wages and increased state transfer payments. The IfW assumes that corporate investment will also increase again in 2024 and 2025 and that German GDP will grow by 1.3% in 2024 and 1.55% in 2025.[5]

After inflation was very high in the fourth quarter of 2022 and the first quarter of 2023 at 8.6% and 8.2% respectively, it fell to 6.5% from the second quarter of 2023 until the summer, before leveling off at 4.5% in September 2023. Although this means it has fallen to its lowest level since the start of the war in Ukraine, it is still at a high level. For private consumers, food remains the price driver with an inflation rate of 7.5%.[6]

After initially reacting only hesitantly to the historically high wave of inflation in the winter half-year 2021/2022, the ECB increased interest rates significantly from mid-2022. The increase in financing costs caused by the higher interest rates contributed to the stagnation of the German economy by reducing demand for construction services and capital goods and slowing down lending, particularly to private households.[7] After ten interest rate hikes up to mid-2023, the ECB decided on 26 October 2023 not to raise interest rates any further but to leave them at 4.5%.[8] Although the inflation rate is still well above the target value of 2%, the rise in prices has slowed noticeably in the meantime.[9]

The leading economic institutes assume that the most important central banks will begin to lower key interest rates again in the coming year, which were raised in response to the shocks in energy prices and the inflation rate in particular. It can therefore be assumed that investment activity will also regain momentum as a result.[10]

[5] Kiel Institute Economic Outlook No. 107 (2023/Q3) of 11 September 2023: German Economy Autumn 2023.
[6] Press release of the Federal Statistics Office (Destatis) No. 405 of 11 October 2023.
[7] Deutsche Bundesbank: 75th year, No. 8, Monthly Report August 2023.
[8] https://www.tagesschau.de/wirtschaft/finanzen/ezb-rat-leitzins-100.html (accessed on 27.10.2023, 15:00).
[9] Kiel Institute Economic Outlook No. 107 (2023/Q3) of 11 September 2023: German Economy Autumn 2023, page 8.
[10] Press release by the Joint Economic Forecast Project Group dated September 28, 2023.

2.2. Development of the German commercial real estate market

Compared to the previous year, investors on the German real estate market were much more cautious in 2022. According to information from the Hahn Group, the transaction volume of EUR 66.6 billion was at a strikingly lower level than in the previous year, when the total volume amounted to EUR 112 billion. The transaction volume on the investment market for commercial real estate in Germany amounted to just under EUR 52.8 billion.[11] According to the Hahn Group, just under EUR 9.4 billion of this was attributable to retail properties, which corresponds to only a slight decline of around 4% compared to the previous year.[12] The main reason for the decline in the overall volume on the transaction market was the residential real estate asset class, for which the transaction volume fell by more than 70% compared to the previous year.

At EUR 4.6 billion, retail warehouse properties accounted for 49% of the investment market for retail properties in 2022. Retail parks continued to be in particularly high demand, accounting for 60% of the subgroup of retail warehouse properties, around 21 percentage points above the previous year's figure. Local retail centers recorded a share of 10%, discounters 8% and hypermarkets 7%.[13] As in the previous year 2021, which was massively impacted by the consequences and restrictions of the coronavirus pandemic, retail parks with a diverse user structure continued to be the dominant asset class with a proportionately strong increase in demand on the transaction market.

The largest retail park deal in 2022 is the "Oceans portfolio", consisting of 13 mostly food-anchored retail parks in Germany with a total lettable area of 261,000 sqm. According to media reports, the purchase price is expected to amount to around EUR 600 million.[14]

It is also apparent that the turnaround in the real estate market is partly due to a consumer-driven structural change in demand. While inner-city non-food retail locations in particular, such as traditional department stores, have become increasingly less attractive to consumers in recent years due to the expansion of e-commerce, the relevance of decentralised local retail centers has grown steadily. According to the Habona Report 23/24, a comparison shows that both the number of stores and the turnover of decentralised local retail centers experienced a considerable upswing in the period between 2008 and 2022.[15]

The continued subdued mood on the transaction market in 2023 became apparent early on. According to a survey by EY, 92% of the market players surveyed expected a decline in transactions in 2023. The main reason for this forecast was still the rise in financing costs.[16]

With a transaction volume of EUR 13 billion in the first half of 2023, the German real estate investment market recorded a significant year-on-year decline of 64%. Large-volume transactions also declined significantly. Only 21% of all deals were above the EUR 100 million threshold, compared to 64% in the same period of the previous year, when almost two thirds were above the EUR 100 million threshold.[17]

[11] Hahn Group in ccoperation with bulwiengesa, CBRE, EHI Retail Institute: Retail Real Estate Report. 18th edition, page 118.
[12] Hahn Group, ibid., page 121.
[13] Hahn Group, ibid., page 129.
[14] Press release of FIM-Online of 17 November 2022.
[15] Habona Report 20th edition 23/24, page 35.
[16] Press release of EY Real Estate Asset Management of 23 May 2023, page 1.
[17] Hahn Group, ibid., page 119.

In the period from January to the end of September 2023, the investment volume on the commercial investment market in Germany amounted to EUR 16.3 billion, which corresponds to a year-on-year decline of a good 63%, similar to the half-year comparison. Even the 10-year average was undercut by 55%.[18]

In addition, a significant shift in investments by property type preference can be seen in the first three quarters of 2023. While office properties accounted for 42.6% in the same period of 2022, more than 20 percentage points ahead of the retail and logistics segment, there was a notable year-on-year decline in office property transactions of around 76% between January and September 2023. The frontrunner compared to the previous year is the retail segment, which increased by over 10 percentage points to 27.6% and is therefore at a similar level to the office property asset class.[19]

A cross-market increase can also be seen in the willingness to expand ESG. According to a survey by EY, 71% of the asset managers surveyed intend to define and implement ESG targets across their portfolios. 57% have already been able to improve their energy balance in the recent past. The optimisation of the collection of tenant consumption data was considered just as important, with around two thirds of respondents intending to push this in the medium term.[20]

2.3. Business performance

Transfer of benefits and encumbrances of twelve acquired properties completed / Targeted portfolio streamlining through sale of individual properties

By the end of the 2022/2023 financial year, the transfer of benefits and encumbrances of a total of twelve acquired properties in Lohra (Hesse), Ensdorf (Saarland), Cottbus (Brandenburg), Schmiedeberg, Grünhain-Beierfeld and Olbernhau (all in Saxony), Coswig, Kemberg, Köthen, Staßfurt and Osterfeld (all in Saxony-Anhalt) and Suhl (Thuringia) had taken place. In addition, revitalisation and modernisation measures amounting to EUR 22.0 million were carried out, which were capitalised and mainly relate to the revitalisation projects in Stralsund, Ueckermünde and Grimma.

On the other hand, the properties in Scheyern, Salzweg and Chemnitz, which were sold at attractive conditions, were disposed of as planned in the reporting period.

As at 30 September 2023, the annual valuation of the property portfolio was carried out by the external and independent appraiser CBRE GmbH, Berlin. Compared to 30 September 2022, this resulted in a valuation loss of EUR 113.5 million. In addition to the decline in prices on the transaction market, the main driver of the property devaluation was the sharp rise in interest rates. Accordingly, the property portfolio is currently recognised at 12.4 times the annual rent (30 September 2022: 14.0 times).

As a result, DKR's property portfolio as at 30 September 2023 comprises 184 properties with an annual rent of EUR 79.2 million, a balance sheet value of around EUR 995.4 million (30 September 2022: EUR 1.05 billion) and a rental area of around 1,083,000 sqm.

[18] BNP Paribas, At a Glance Q3 2023: Retail Investment Market Germany, page 1.
[19] BNP Paribas, ibid., page 1.
[20] Press release of EY Real Estate Asset Management of 23 May 2023, page 1.

In June 2023, DKR notarised the sale of the vacant former real hypermarket in Trier to a project developer. The transaction is still subject to the condition precedent of planning permission being granted for a project development planned by the purchaser at the site. The purchase price is to be paid in two instalments: The majority is to be paid to Deutsche Konsum in December 2023, with the remaining amount and the resulting transfer of benefits and encumbrances of the property expected to follow in mid-2024.

As a result, DKR's total portfolio (pro forma - including acquisitions, excluding notarised property sales) currently comprises 183 retail properties with an annual rent of around EUR 79.2 million and a balance sheet value of approximately EUR 989.0 million.

DKR utilises persistently high inflation for further rent increases

DKR utilised the continued above-average inflation rates in Germany during the reporting period to increase rents, which were implemented on the basis of value protection agreements in the rental contracts. Currently, around 87% of the Company's rental income is inflation-indexed through corresponding rental contract clauses. Due to such inflation clauses, DKR was able to implement rent increases in existing rental agreements in the 2022/2023 financial year, which will lead to additional annual rents of around EUR 2.3 million in the future, which corresponds to an increase of around 3.1% in relation to the existing portfolio. The Company also expects further inflation-based rent increases in the coming quarters.

Borrowings and refinancing of existing properties

To finance the acquisition of the retail park in Cottbus, DKR took out a secured loan with a total volume of EUR 24.0 million in October 2022. In addition, an outstanding tranche of EUR 1.9 million of a loan that was already taken out in the past financial year was paid out.

In addition, DKR has taken out further property loans totalling EUR 62.2 million beginning in the 2023 calendar year. These collateralised loans have an average duration of 4.4 years and bear an average interest rate of 4.9% p.a.

The inflow of liquidity was used in particular to redeem expiring loans. In this context, expired loans totalling EUR 61.9 million were repaid. In addition, a partial amount of the secured corporate bond 2018/2024 with a volume of EUR 4.1 million was prematurely repaid in January 2023. This was done in connection with the sale of two properties collateralised by the bond.

DKR is currently in the process of taking out further collateralised property loans for the most recent acquisitions. In addition, the focus is particularly on the refinancing of expiring portfolio loans. For further information, please refer to section 1.3.1.2 c) of this Management Report.

Dispute with the Potsdam tax authorities over REIT status

In July 2023, DKR was informed by the Berlin-Brandenburg Fiscal Court that DKR's action for suspension of enforcement ("AdV") in the proceedings for REIT status had been dismissed. The tax court did not allow an appeal.

DKR therefore initially has to pay income taxes for the years 2016 to 2021 (EUR 9.8 million) and make advance tax payments for the year 2022 (EUR 3.2 million). DKR had already recognised corresponding provisions for the years 2016 to 2019 in the previous year (EUR 3.7 million). In the current financial year, the Company recognised additional tax provisions and income tax liabilities for the years 2020, 2021 and 2022 (EUR 9.8 million in total). For 2023, an application was made to reduce the assessment to EUR 0, which was approved by the tax authorities.

Regardless of the outcome of the AdV proceedings, DKR is also taking legal action in the main proceedings against the tax assessment notices of the tax authorities. However, DKR does not expect a decision regarding the REIT status challenged by the Potsdam tax authorities in the higher-instance proceedings until several years have passed. For further information, please refer to section 1.3.1.2 e) of this Management Report.

Loan claim against the main shareholder Obotritia Capital KGaA not repaid to DKR on time – agreement on repayment and collateral concluded

As at the balance sheet date, there is a loan receivable of around EUR 62.5 million from the main shareholder Obotritia Capital KGaA. The loan was not repaid to DKR by 30 September 2023 as planned. As a result, DKR concluded a repayment and collateral agreement with Obotritia, which was notarised on 9 December 2023. The agreement essentially stipulates that Obotritia will repay the loan by 30 June 2025 at the latest. At the same time, DKR receives a collateral package in return, which includes, among others, mortgages on various properties. Due to the increased default risks, a general value adjustment is no longer recognised on the loan receivable from Obotritia Capital KGaA, but instead a specific value adjustment is recognised. In this respect, the general value adjustment of TEUR 3,968 recognised in the previous year was reversed and a specific value adjustment of TEUR 44,094 was recognised. In total, an additional value adjustment of TEUR 40,126 was recognised on the loan receivable from Obotritia in the financial year, meaning that the total value adjustment as at 30 September 2023 amounted to TEUR 44,094 (previous year: TEUR 3,968). Despite a significantly higher amount of collateral in the agreement dated 9 December 2023, only the collateral that can be realised in the near future was recognised when determining the value adjustment amount for reasons of prudence and reliable valuation.

DKR's Annual General Meeting approves all proposed resolutions / Changes to the Management Board and Supervisory Board / Dividend distribution of EUR 0.12 per share

DKR's Annual General Meeting was held in Berlin on 13 July 2023, at which more than 76% of the share capital was represented.

All proposed resolutions were adopted with the required majority. In particular, the distribution of a dividend of EUR 0.12 per share for the 2021/2022 financial year was approved. As a result, a total of TEUR 4,219 was distributed.

In addition, the Annual General Meeting resolved to reduce the size of the Supervisory Board to five (instead of the previous six) members and elected Ms Antje Lubitz, Mr Sebastian Wasser and the Company's former CEO, Mr Rolf Elgeti, to the Board for a term of office of two years. The previous Supervisory Board members Mr Achim Betz and Mr Johannes Boot remain on the Board.

At the subsequent constituent meeting of the Supervisory Board, Mr Rolf Elgeti was elected as the new Chairman of the Supervisory Board and Mr Achim Betz was appointed as his Deputy. A new Audit Committee was also appointed, consisting of Mr Achim Betz (Chairman), Ms Antje Lubitz (Deputy Chairwoman) and Mr Rolf Elgeti.

On 13 November 2023, the Supervisory Board elected Mr Sebastian Wasser as the new Chairman of the Supervisory Board. Mr Rolf Elgeti remains a member of the Supervisory Board and the Audit Committee.

2.4. Asset, financial and earnings position

Asset position

The balance sheet of Deutsche Konsum REIT-AG is shown below:

Assets	30/09/2023	30/09/2022	Equity and liabilities	30/09/2023	30/09/2022
	TEUR	TEUR		TEUR	TEUR
A. Non-current assets	989,968	1,035,933	A. Equity	316,400	514,300
B. Current assets	33,860	126,131	B. Non-current liabilities	529,879	557,427
C. Non-current assets held for sale	6,350	19,750	C. Current liabilities	183,899	107,795
			D. Financial liabilities regarding non-current assets held for sale	0	2,292
Total assets	**1,030,178**	**1,181,814**	**Total equity and liabilities**	**1,030,178**	**1,181,814**

Driven by the devaluation of the property portfolio as part of the regular property valuation, total assets fell by TEUR 151,636 to TEUR 1,030,178 (30/09/2022: TEUR 1,181,814). The majority of the assets are investment properties, which are recognised at TEUR 989,014 as at 30 September 2023 (30/09/2022: TEUR 1,030,959). In addition, properties with a total value of TEUR 6,350 (30/09/2022: TEUR 19,750) are held for sale.

The Company's equity decreased by TEUR 197,900 to TEUR 316,400 in the financial year (30/09/2022: TEUR 514,300). This resulted from the net loss for the financial year of TEUR 180,992. The dividend payment made in July 2023 for the 2021/2022 financial year also reduced equity by TEUR 4,219. The reversal of the reinvestment reserve in accordance with Section 13 (3) REITG, which was formed by resolution of the Annual General Meeting on 13 July 2023 and offset against the acquisition costs of the property in Cottbus, also reduced equity by TEUR 12,689.

Total liabilities increased by TEUR 48,556 to TEUR 713,778 as at the balance sheet date (30/09/2022: TEUR 665,222). The main reason for this change was the first-time recognition of deferred taxes in the amount of TEUR 31,704.

The NAV per share (undiluted) and the EPRA NTA per share (diluted) as of 30 September 2023 are as follows:

TEUR	30/09/2023		30/09/2022	
	NAV	EPRA NTA	NAV	EPRA NTA
Equity (TEUR)	316,400	316,400	514,300	514,300
Effects from the conversion of the convertible bonds	–	36,764	–	36,609
Deferred taxes	31,704	31,704	0	0
Key figures, TEUR	**348,104**	**384,868**	**514,300**	**550,909**
Number of shares on the balance sheet date	35,155,938	35,155,938	35,155,938	35,155,938
Potential conversion shares	–	15,195,154	–	15,039,447
Key figures per share, EUR	**9.90**	**7.64**	**14.63**	**10.98**

Non-current and current financial liabilities to banks increased by a total of TEUR 5,372 to TEUR 423,416 (30/09/2022: TEUR 418,044) due to the net borrowing of loans. This is the result of taking out collateralised bank loans with a total volume of TEUR 88,045, which were offset by ongoing loan repayments and the repayment of existing liabilities. In addition, the 2018/2024 bond was reduced by TEUR 4,100. Overall, financial liabilities increased by TEUR 1,400 to TEUR 638,067 as at the balance sheet date (30/09/2022: TEUR 636,667).

Accordingly, the Net-LTV as of 30 September 2023 is as follows:

TEUR	30/09/2023	30/09/2022
Financial liabilities to banks	423,416	418,044
Convertible bonds	36,764	36,609
Corporate bonds	177,887	182,013
Total liabilities	**638,067**	**636,667**
minus cash and cash equivalents	–4,934	–4,827
minus fiduciary funds of property management	–1,630	–2,072
minus loans	–18,421	–98,829
minus interest-bearing investments	0	–5,764
Net debt	**613,082**	**525,174**
Investment properties	989,014	1,030,959
Properties held for sale	6,350	19,750
Prepayments for the acquisition of investment properties	0	4,921
Total investment properties	**995,364**	**1,055,630**
Net-LTV	**61.6%**	**49.7%**

Financial position

The cash flow statement is as follows:

TEUR	2022/2023	2021/2022
Cash flow from operating activities	41,632	49,385
Cash flow from investing activities	–17,523	–46,598
Cash flow from financing activities	–24,002	1,387
Cash changes in cash and cash equivalents	**107**	**4,174**
Financial funds at the beginning of the period	4,827	653
Financial funds at the end of the period	**4,934**	**4,827**

Cash flow from operating activities totalled TEUR 41,632 in the financial year (previous year: TEUR 49,385). The decline in cash flow from operating activities is mainly due to the first-time burden of back tax payments for previous years.

Cash flow from investing activities totalled TEUR –17,523 in the reporting year (previous year: TEUR –46,598) and is mainly made up of payments for the acquisition of investment properties and for investments in the existing portfolio totalling TEUR –74,140 (previous year: TEUR –72,250), which were offset by proceeds from the sale of investment properties amounting to TEUR 9,641 (previous year: TEUR 62,004). There were also net cash inflows from financial investments as part of current cash management totalling TEUR 46,826 (previous year: net cash outflows of TEUR 37,024).

Cash flow from financing activities totalled TEUR -24,002 in the reporting year (previous year: TEUR 1,387) and mainly relates to proceeds from borrowings of TEUR 88,045 (previous year: TEUR 90,105), which were offset by payments for the partial repayment of a corporate bond of TEUR 4,100 (previous year: proceeds of TEUR 10,000) and payments for the repayment of loans of TEUR 84,844 (previous year: TEUR 71,066). This item also includes interest payments totalling TEUR 18,305 (previous year: TEUR 13,055) and the dividend payment of TEUR 4,219 (previous year: TEUR 14,062).

The Company was always able to meet its payment obligations. For further information, please refer to Chapter 3.1.2 c) of this Management Report.

Earnings position

The earnings position of Deutsche Konsum developed as follows in the 2022/2023 financial year:

TEUR	2022/2023	2021/2022
Rental income	79,722	74,390
Net rental income	48,249	47,444
Result from disposals	–9	1,742
Other operating income	604	2,787
Valuation result	–113,528	28,438
Administrative expenses	–52,211	–12,400
EBIT	**–116,895**	**68,011**
Financial result	–13,888	–7,624
EBT	**–130,783**	**60,387**
Income taxes and other taxes	–50,209	0
Net profit for the period	**–180,992**	**60,387**

Rental income increased to around TEUR 79,722 (2021/2022: TEUR 74,390) due to inflation-related index adjustments to rental agreements and further property acquisitions and results almost exclusively from commercial rents. Rental income from the letting of residential space only plays a minor role in rental income. In contrast, net rental income rose only slightly by TEUR 805 to TEUR 48,249 (2021/2022: 47,444). An increase in maintenance expenses, due in particular to one-off expenses, prevented a larger increase in net rental income.

Other operating income amounted to TEUR 604 in the reporting period (2021/2022: TEUR 2,787) and mainly includes settlement payments received by DKR as a result of legal disputes. In the previous year, this item included in particular income from a redemption payment as part of a settlement agreement and insurance compensation received.

The valuation result as at the reporting date of 30 September 2023 is based on the valuation report by the independent and external property valuer CBRE GmbH, Berlin. In addition to the decline in prices on the transaction market, the main driver of the property devaluation of TEUR 113,528 was the sharp rise in interest rates.

The significant increase in operating expenses is mainly due to the impairment of SME loans taken out via the creditshelf AG platform (TEUR 3,602) and the partial value adjustment of the receivable against Obotritia Capital KGaA (TEUR 40,126). The increase also includes higher impairments on rent receivables and an increase in legal and consulting costs.

Administrative expenses, comprising personnel expenses and other administrative expenses, increased overall and include one-off and special effects totalling TEUR 1,698 (2021/2022: TEUR 653). Adjusted for these effects, administrative expenses increased by TEUR 707.

The administrative expense ratio is as follows:

TEUR	2022/2023	2021/2022
Personnel expenses	–1,146	–1,049
Other administrative expenses	–4,405	–2,749
Adjustment of one-time and other non-recurring effects	1,698	653
Adjusted administrative expenses	**–3,853**	**–3,145**
Rental income	79,722	74,390
Administrative expense ratio	**4.8%**	**4.2%**

Overall, EBIT decreased by TEUR 184,906 to TEUR –116,895 (2021/2022: TEUR 68,011), which is mainly due to the significantly negative valuation result compared to the same period of the previous year and the sharp increase in value adjustments on existing receivables.

Interest expenses rose to a total of TEUR 18,613 (2021/2022: TEUR 14,086) due to a higher level of debt and higher interest rates. Interest expenses include ground rents totalling TEUR 671 (2021/2022: TEUR 573).

In the reporting period, interest income of TEUR 4,726 (2021/2022: TEUR 6,463) was generated, which mainly resulted from the investment of loans to Obotritia Capital KGaA that had already been terminated.

As a result, the financial result decreased by TEUR 6,264 to TEUR –13,888 (2021/2022: TEUR –7,624).

In connection with the ongoing tax audit of the 2014–2017 assessment periods, the tax authorities and state administration issued tax assessment notices for the years 2014 to 2021 and advance payment notices for 2022. For the first time this year, income taxes of TEUR 18,505 (2021/2022: TEUR 0) and deferred tax liabilities of TEUR 31,704 (2021/2022: TEUR 0) were recognised in profit or loss as a precautionary measure.

Overall, this results in a net loss for the year of TEUR 180,992 (2021/2022: net profit of TEUR 60,387), from which FFO and aFFO are derived as follows:

TEUR	2022/2023	2021/2022
Net income	–180,992	60,387
Adjustment of income taxes	50,209	0
Adjustment of depreciation	60	35
Adjustment of valuation result	113,528	–28,438
Adjustment of result from disposals	9	–1,742
Adjustment for non-cash expenses	46,879	9,262
Adjustment for one-time effects	3,438	1,611
FFO	**33,131**	**41,115**
– Capex	–21,985	–18,569
aFFO	**11,146**	**22,546**

Non-cash expenses and income include the accrued interest on bonds, convertible bonds and loans according to the effective interest method as well as value adjustments on rent receivables and short-term financial investments. The one-off effects contain non-recurring expenses. In the 2022/2023 financial year, these were in particular costs incurred in connection with legal advice.

The capitalised maintenance measures (Capex) essentially comprise value-enhancing modernisation and expansion measures carried out at the properties in Ueckermünde, Stralsund, Plauen, Angermünde, Grevenbroich (Kölner Str.), Chemnitz (Vita-Center), Grimma, Eisenhüttenstadt III, Stendal, Mölln, Northeim and Saarbrücken.

This results in FFO per share of EUR 0.94 (2021/2022: EUR 1.17) and aFFO of EUR 0.32 per share (2021/2022: EUR 0.64).

Overall statement by the Management Board on the economic situation and the course of business

DKR can look back on a multi-faceted but generally difficult financial year 2022/2023. As in previous years, the operating business was very stable and the Company continued to generate attractive rental income through the sustainable and long-term management of the portfolio, which increased noticeably due to inflation-related rent increases. At the same time, value-creating investments continued to be made in the existing portfolio and the portfolio structure was further optimised through selected acquisitions and sales.

However, this is offset by a number of developments that significantly cloud this otherwise positive overall picture. On the one hand, the development of the general market environment in the real estate sector was very negative in the reporting period, which is reflected in a like-for-like devaluation of the portfolio of around 9%. This devaluation was driven in particular by the sharp rise in interest rates, which had a widespread impact on the entire property market. On the other hand, the continued good result from property management was overshadowed by several overarching problems. This primarily relates to the dispute with the Potsdam tax office regarding the recognition of REIT criteria. The problems surrounding the loan claim against DKR's main shareholder also had a noticeable negative impact on the overall picture in the reporting period.

In the past financial year 2022/2023, rental income totalling EUR 79.7 million was generated, meaning that the forecast made in the previous year (EUR 79 million to EUR 84 million) was met despite the absence of any significant acquisitions. However, the original FFO forecast (an increase in FFO corresponding to the increase in rental income) was not achieved with FFO of EUR 33.1 million (previous year: EUR 41.1 million). This was due in particular to the sharp rise in interest expenses on new financing and refinancing.

At 61.6% (previous year: 49.7%), the LTV ratio on the reporting date was well above the target value of around 50%. This development was mainly due to the devaluation of the property portfolio and the value adjustments on investments of liquid funds.

A German GAAP result of EUR -80.7 million was achieved in the reporting period (previous year: 17.0 million). The current difficult overall environment had a negative impact on the carrying amounts of individual properties, which is why it was necessary to recognise value adjustments in accordance with German GAAP. In addition, the recoverability of short-term investments of cash and cash equivalents was also affected, which is why value adjustments had to be made here too, which significantly exceeded the surpluses from property management and the sale of properties overall. On this basis, the Management Board is forced not to submit a dividend proposal to the Annual General Meeting (previous year: EUR 0.12 per share). Please also refer to the Risk Report for an assessment of future liquidity.

Other non-financial performance indicators

The vacancy rate for the entire portfolio was 11.7% aas at the reporting date (30/09/2022: 11.7%). The main driver of this vacancy rate is the property in Trier-Kenn, which has been vacant since 31 December 2021. In addition, there are currently larger vacancies in some buildings due to revitalisations. The WALT of the portfolio is 5.0 years as at the reporting date (30/09/2022: 5.2 years). As forecasted, the non-financial performance indicators are therefore at a similar level to the previous year.

3. Opportunity and Risk Report and Forecast Report

3.1. Opportunity and risk report

Risk management system of DKR

Risk management is designed to identify the value creation potential of the Company's business activities and to enable them to be exploited in a manner that results in a sustainable increase in the Company's value. An integral part of this system is a structured, early examination of potentially unfavourable developments and events (risks), which enables the Management Board to take countermeasures in good time before significant damage occurs.

The risk management system of DKR comprises a systematic identification, analysis, assessment and monitoring of significant risks by the Company's Management Board. Considering the manageable business structures and business processes, the degree of formalisation of the risk management system is low. Close involvement of the Management Board in key business transactions and projects ensures ongoing monitoring of the risks involved.

The risk management system used includes the following essential elements:

- a controlling and reporting system that is capable of identifying business failures at an early stage and communicating them to the Company's management;
- a regular or event-related risk inventory;
- the documentation of relevant risks for regular or event-related information to the Company's management;
- a periodic, regular evaluation of the identified risks and the decision on possible countermeasures or the deliberate acceptance of manageable risks by the Management Board;
- an internal control system (ICS) which is geared towards correct and complete accounting and ensures a secure invoice receipt and payment process.

In detail, the essential elements of the risk management system are reflected in the following risk management process:

a Defining the requirements: The Management Board defines the methodological and substantive requirements for the risk management system, whereby the expectations of the Company are determined, and the risk awareness is strengthened.

b Risk identification and analysis: All business risks are fully captured, analysed for their causes and effects, assessed and divided into five risk categories. In addition, possible countermeasures are identified.

c Reporting: The Management Board is informed regularly and at an early stage about all existing risks and possible countermeasures. As part of the reporting cycles, reporting is done on an ad hoc, weekly, monthly or quarterly basis depending on the circumstances and the risk assessment.

d Risk management: Based on the decisions on the controlling measures by the Management Board, the identified, analysed and assessed risks are actively responded to in this phase.

e Risk controlling: The subject of risk controlling is the methodical and content-related planning, monitoring and controlling of the risk management system by a qualified risk manager. Risk controlling encompasses all phases of the risk management process and must be regularly adjusted by the Management Board in terms of methodology and content.

The risks are assessed on the basis of defined thresholds with regard to the amount of damage and the probability of occurrence:

Amount of damage	EUR million			
high	> 15.0	medium	medium-high	high
medium	> 7.5 to 15.0	medium-low	medium	medium-high
low	≤ 7.5	low	medium-low	medium
		≤ 10%	> 10% to 50%	> 50%
		low	medium	high
		Probability of occurrence		

DKR is exposed to the following risk categories or individual risks that, individually or collectively, may adversely affect the asset, financial and earnings position and the further economic development of the Company:

3.1.1. General, strategic and market-specific risks

a **Political, legal and social risks**
As the business activities of DKR are regulated by legal framework conditions for real estate, this could be impaired by changes to national and/or European law standards as well as by a changed interpretation or application of existing legal norms. These include, inter alia, tenancy law, public construction law and tax law. Furthermore, political changes can also lead to changes in the legal framework and, thus, also have an indirect impact on the DKR.

Similarly, restrictions due to political measures to combat pandemics could have an impact on the business of tenants and a negative impact on current rental payments.

Political initiatives to achieve a carbon-neutral economy could push the Company to align its strategy more closely with ESG criteria, which may have a negative impact on the acquisition of new properties and the raising of debt capital, or may require increased investment in portfolio properties.

b Economic risks

So far, DKR has achieved its sales exclusively in Germany. In particular, a deterioration in national economic conditions, coupled with an increase in the number of unemployed, may negatively impact rent and price levels and adversely affect the creditworthiness of potential tenants and purchasers of real estate. This can have different regional effects, so that DKR can be affected here. Furthermore, the national economic situation may also depend considerably on international developments.

c Industry risks in the retail sector

The real estate industry is characterised by intense competition from numerous players. In this regard, there is a risk that the competition will lead to increased price pressure when purchasing properties and negotiating leases, resulting in lower margins. This may also adversely affect the situation of DKR's various retail locations by not renewing leases or reducing rents.

Furthermore, the stationary retail sector is subject to significant future changes due to digitisation. Large food retailers and online trading platforms are currently testing caterer services in major cities. If this trend also prevails in the regional DKR locations in the medium to long term, there is a risk that leases will not be extended here.

The Management Board still considers these risks to be low, as the German grocery industry continues to boom and expand, which is concretely reflected in the renewal of a large number of leases at DKR. Furthermore, the Management Board does not see any significant risk to DKR's business activities in the foreseeable future from online delivery services, which are currently neither profitable nor ecologically mature. Moreover, these services are not available at DKR's main investment locations for the foreseeable future.

d Changes in the financing environment/capital market

Of particular importance for the national demand for real estate is the development of interest rates in Germany. An increase in interest rates would make real estate investments more difficult due to growing interest charges. In addition, in this case, the borrowing costs of the loans taken out by the real estate companies would increase.

In addition, rising interest rates could also have a negative impact on property valuations and lead to a devaluation of the property portfolio. This, in turn, could have a negative impact on the perception of the Company on the capital market, complicate refinancing with equity and debt capital, and lead to the fact that covenants agreed in credit agreements or legally stipulated ratios are no longer met.

3.1.2. Company-specific risks

a Risks due to the use of IT

DKR uses current and modern IT applications and is supported by an external system house. In this context, there is basically a risk of total default both at DKR and at the service provider, which could lead to significant disruptions of the business. Furthermore, there is a risk of attacks on the systems of DKR and, thus, the access of unauthorised persons to the data of the Company. The unauthorised access to sensitive company data could lead to a loss of reputation. In addition, financial damage could occur in the form of compensation payments to recover the data.

In order to counteract this, the service provider regularly carries out all necessary operational, administration and maintenance work and also assumes contractual liability for this. All employees are also required to behave appropriately when using the IT.

With the mandatory application of the European General Data Protection Regulation (GDPR), companies were given the responsibility to protect user data. As a result, DKR has to protect stored data against misuse or, in the case of misuse, must send an immediate notification to the persons affected. In the case of infringements, fines may amount to up to 4% of the annual turnover. For this purpose, DKR appointed an external professional data protection officer in good time, who oversees these processes and is available for any doubtful questions.

b Personnel risks

Due to DKR's lean personnel and administrative structure, there is a risk that qualified, high-performing employees and knowledge carriers who are familiar with the Company's internal processes may leave the Company and cannot be replaced within a reasonable time.

c Financial risks

As part of its business activities, DKR is exposed to various financial risks.

General liquidity risks

There are various risks with regard to the Company's liquidity. On the one hand, these can arise as a result of possible rent defaults. In addition, negative liquidity effects may arise in individual cases if rental agreements cannot be extended, resulting in vacancies. In addition, a breach of agreed ratios in loan agreements (covenants) may lead to a special termination by the lending bank and cause an unplanned outflow of liquidity from the loan repayment.

In order to avoid rent losses, the creditworthiness of the potential tenant is regularly checked in connection with the conclusion of rental agreements. Furthermore, liquidity risks are counteracted by extensive liquidity planning instruments, which reflect current business transactions with the planning data both in the short and in the medium term. There is regular liquidity reporting and a liquidity forecast to the Management Board. In addition, as part of a bank reporting, a looming breach of covenants is recognised as early as possible and prevented by suitable measures.

General interest risks

Interest risks exist regarding liabilities due for prolongation or refinancing as well as planned loans to finance real estate portfolios. In order to hedge against adverse effects of changes in interest rates, DKR regularly uses fixed interest rates for financing depending on the market situation and the assessment of market prospects. The direct influence of changes in the general interest rate level on the success of the Company via changes in cash flows is relatively small compared to the possible indirect effects from changes in the general interest rate level on real estate demand.

Transactions denominated in foreign currency can have negative effects due to changing exchange rates and lead to increasing expenses. However, transactions in foreign currency only take place to an insignificant extent.

General financing risks

Financing risks exist to the extent that borrowing cannot be realised through changing company or market-related developments or only under unfavourable conditions, which could have a negative effect on further acquisition financing and the earnings position of DKR. If problems in servicing current loans were to result from this, lenders could arrange for compulsory disposals of real estate collateral. Such distress sales could lead to considerable financial disadvantages for DKR. Due to the stronger orientation of the financial sector towards preferential financing of environmentally friendly and ESG-compliant business models, the raising of further equity capital as well as the refinancing of existing financial liabilities could take place at significantly worse conditions.

To counter these risks, DKR works with various banks and closely monitors the development of the financing market. Short-term financing options are also used in order to secure attractive long-term financing options through planned lease extensions.

Liquidity risks associated with property sales

In the context of property sales, DKR is exposed to the risk of non-payment of agreed purchase prices due to the cancellation of previously concluded sales contracts. This risk exists in particular if maturity conditions or conditions precedent are agreed, the fulfilment of which cannot be brought about or can only be brought about with the cooperation of the Company. As a result, the amount and timing of the cash inflow may be subject to uncertainty. From the Company‘s perspective, however, there are currently only insignificant risks in this regard.

Liquidity risks in connection with maturing loans and bonds in 2023 and 2024

At the time these financial statements were prepared, the Company was in negotiations with the financing bank regarding a secured property loan that expires on 31 December 2023. As at 30 September 2023, the outstanding residual volume of this financing was EUR 12.2 million.

A significant liquidity risk arises from two outstanding bonds totalling EUR 70 million and EUR 35.9 million, which expire in April and May 2024 and are therefore generally due for repayment:

With regard to the unsecured bond with a volume of EUR 70 million and a term until 5 April 2024, the Company is in negotiations with the bondholder as to how the bond can be redeemed or prolongated if DKR is not in a position to repay the bond from freely available funds by then.

According to current plans, the bond secured by thirteen properties with a volume of EUR 35.9 million and a term until 31 May 2024 is to be redeemed through bank financing of the collateralised properties. A small-scale agreement has already been concluded, and DKR is currently in financing negotiations with several banks for further properties. At the same time, the Company is negotiating the sale of individual collateralised properties. The cash inflows generated by the sale of individual collateralised properties would initially flow into the full repayment of the bond liability. DKR also expects a solution with regard to the collateralised bond before the remaining term expires.

Furthermore, collateralised real estate loans amounting to around EUR 21 million will expire in the course of 2024. DKR assumes that these can be extended due to the collateralisation.

In addition, a promissory note loan of EUR 10 million will fall due for repayment in November 2024, which must either be repaid or prolonged.

If the above plans for bond repayments/prolongations and the refinancing of collateralised debt instruments do not materialise for individual instruments or as a whole, this could result in a significant liquidity shortfall, that could give rise to material uncertainty with regard to the Company's ability to continue as a going concern.

In order to bridge this liquidity bottleneck, the Company could be forced to borrow other capital at short notice on economically unfavourable terms or to sell properties at short notice and possibly at a discount.

Liquidity risks in connection with the outstanding loan receivable from Obotritia Capital KGaA

There are liquidity risks with regard to the interest-bearing investments of cash and cash equivalents as part of short-term cash management if the borrowers do not (or cannot) make repayments. This relates in particular to the loan receivable from Obotritia Capital KGaA (receivable incl. interest of EUR 62.5 million as at the reporting date, value adjusted to EUR 18.4 million) and, to a lesser extent, the Company's receivables from SME loans acquired via the creditshelf AG platform, which are due but have now been fully value-adjusted. If these financial assets are not repaid, or if the receivables default completely, this could mean that invoices cannot be paid on time in the operating business and that insufficient funds are available to repay expiring loans. This would force the Company to raise further short-term funds or, alternatively, to make distress sales of properties in order to bridge potential liquidity shortages.

DKR counteracts the risk of default on loan receivables by monitoring the financial assets very closely. Furthermore, loan receivables that have fallen due are called in and collateral is demanded from the borrower. The Management Board is supported in this matter by a specialised law firm.

For further information on the loan receivable, please refer to the disclosures in the Notes.

d Legal and litigation risks

As part of its business activities, DKR is exposed to the risk of legal disputes and (potential) warranty claims and claims for damages without being able to assert claims against third parties.

Other legal risks, in particular from legal disputes, which could have a significant influence on the economic situation of the Company, do not currently exist - with the exception of the risk mentioned in the following section e).

By going public, the Company must implement the obligations of the German Securities Trading Act WpHG. A breach of statutory provisions, such as the disclosure of transactions subject to disclosure requirements, could lead to penalties and would thus have a negative impact on the financial position. Furthermore, changes in the law and additions to the regulatory environment could increase the expenses for compliance with these provisions. This applies in particular in connection with the secondary listing on the Johannesburg Stock Exchange (JSE). This results in high organisational and information requirements, which are inevitably associated with corresponding costs. This risk is countered by employing an experienced IR manager.

e Tax risks

To preserve the REIT characteristics, DKR must comply with the provisions of the REIT Act. Thus, the investment object, the investment volume as well as the business activity are restricted or influenced in particular by the following regulations:

- exclusion of the acquisition of domestic existing residential real estate,
- exclusion of the acquisition of shares in domestic real estate corporations,
- exclusion of real estate trading,
- limitation of the accumulation of reserves,
- only minimal liquidity formation due to the minimum distribution of 90% of the annual result under to commercial law,
- limitation of real estate-related ancillary activities for third parties,
- minimum equity of 45% of immovable assets.

If the legal requirements are not met, DKR is threatened with the loss of tax exemption. This can lead to certain back-dated taxation obligations.

Due to the restrictions of the REIT Act, certain chances or opportunities in the real estate and financing market cannot be exercised or only to a limited extent in individual cases.

Furthermore, the Company may be threatened by (penalty) payments from non-compliance with the provisions of the REIT Act. In accordance with the provisions of the Articles of Association, the Company is also threatened with compensation claims from shareholders in the event of a loss of REIT status due to a breach of the free float ratio of at least 15% and/or the maximum shareholding limit of 10%. The lack of practice in the application of the REIT Act by the competent supervisory and tax authorities could, in disputed individual cases, lead to an unfavourable interpretation of the application of the law or force the Company to adapt to the new legal situation.

Risks with regard to maintaining the REIT status

Since the end of 2022, there is an ongoing dispute with the Potsdam tax office regarding the recognition of DKR‘s REIT status.

In the summer of 2022, DKR received a preliminary partial report on the tax audit for the years 2014 to 2017 from the Potsdam tax office/ tax audit office of the Königs Wusterhausen tax office. In the opinion of the tax auditors, the required initial free float of 25% pursuant to § 16 of the REIT Act was not present at the time of DKR's IPO on 15 December 2015. Accordingly, there are doubts as to whether DKR obtained REIT status in 2016 or in subsequent years.

The background to this is that DKR's then main shareholder sold shares to third parties prior to the stock exchange listing in order to achieve the free float ratio of 25% required under the REIT Act and to meet the stock exchange's requirements regarding free float. As a result, the listing of the Company was achieved at the end of 2015 and the REIT status was granted as of 2016. The tax authorities now doubt the economic transition of the sale of shares to achieve the minimum free float ratio and accuse DKR of circumventing the REIT status by selling the shares to third parties.

Subsequently, DKR lodged an appeal against all tax assessments received from the tax authorities and filed an application for suspension of enforcement, which was rejected by the tax authorities as expected. DKR then filed an action for suspension of enforcement („AdV") before the responsible Potsdam Fiscal Court. In July 2023, DKR was informed by the Potsdam Fiscal Court that DKR's action for suspension of enforcement had been dismissed in the relevant proceedings. The tax court did not allow an appeal.

DKR therefore initially has to pay income taxes for the years 2016 to 2021 (EUR 9.8 million) and make advance tax payments for the year 2022 (EUR 3.2 million). DKR had already recognised corresponding provisions for the years 2016 to 2019 in the previous year (EUR 3.7 million). In the current financial year, the Company recognised additional tax provisions and income tax liabilities for the years 2020, 2021 and 2022 (EUR 9.8 million in total). For 2023, an application was made to reduce the assessment to EUR 0, which was approved by the tax authorities.

Regardless of the outcome of the AdV proceedings, DKR is also taking legal action in the main case against the decisions of the tax authorities. However, DKR does not expect a decision regarding the REIT status challenged by the Potsdam tax authorities in the higher-instance proceedings until several years have passed.

By the date of preparation of this report, DKR had paid the vast majority of the tax arrears in accordance with the agreements reached with the relevant tax office.

The Company therefore considers the risk from the remaining outflow of funds for the remaining arrears tax payments and the current tax payments resulting from the tax office's cancellation of the tax exemption to be manageable. However, the continuation of the REIT litigation gives rise to further cost and legal risks, as this is an area of law in which there is as yet no case law and it is therefore difficult to estimate the further course and prospects of success of the litigation.

Due to the current legal uncertainty with regard to maintaining REIT status, the Management Board has decided to prepare the annual financial statements as at 30 September 2023 for reasons of prudence and in accordance with the principles of the true and fair view in such a way that the withdrawal of the tax exemption from the perspective of the tax authorities is taken into account. Accordingly, DKR is recognising deferred taxes and tax liabilities for the first time in order to present all risks in the annual financial statements.

f Pandemic risks

The outbreak and spread of the SARS COV-2 virus since December 2019 into a still ongoing pandemic illustrates that such pandemic-related crises can pose a significant and existential risk to many companies. Thus, due to the three government-imposed lockdowns in Germany so far, large parts of the German retail sector in particular have been affected by closures and massive sales losses. Despite massive state aid, the lockdowns threatened the existence of many German retailers, which indirectly also affected the retailers' landlords through the loss of rent payments.

Excluded from the lockdowns were the system-relevant retail sectors such as food retailers, drugstores, pharmacies, etc., which serve to locally supply the population with the goods and services of daily use, which can largely operate their business normally despite the pandemic and whose rent payments to the landlords are therefore not questionable. These include a large proportion of DKR's tenants, as DKR's investment approach has focused on precisely these non-cyclical (system-relevant) local supply properties since its foundation. In this respect, DKR basically counters the pandemic risk through its defensive and system-relevant tenant mix as one of the essential investment criteria when acquiring a property.

g Outsourcing risks

The decision to use third-party administrators for both technical and commercial property management is accompanied by the risk of poor management and loss of data. DKR counters this by regularly monitoring the activities of the external service providers. Essential measures such as the extension of existing and the conclusion of new rental agreements as well as the implementation of maintenance and modernisation measures are always implemented in consultation with and approved by the Management Board.

3.1.3. Property-specific risks

a Investment risk of the individual property

The economic success and further growth of the Company are decisively dependent on the selection and acquisition of suitable real estate. This involves the risk of misjudging or failing to recognise the structural, legal, economic and other encumbrances of the properties to be purchased. In addition, the assumptions made in relation to the earnings potential of the real estate may subsequently prove to be partially or fully inaccurate. In particular, false assessments about the attractiveness of the property location and other factors relevant to the tenants' or buyers' decisions could mean that the management of the property in question does not lead to the expected results.

These property-specific risks are counteracted by an in-depth review of the properties concerned. In the context of the property assessment, among other things, the anticipated redevelopment, maintenance and modernisation needs are determined, and the earnings value and the basic debt servicing capacity are examined according to bank-conforming standards.

b Inventory, valuation and environmental risks

The Company holds real estate portfolios in order to generate the most stable cash flows possible from the management of these portfolios over a longer period of time. While the properties are in the Company's portfolio, different inventory and valuation risks may manifest themselves, which could lead to losses in value for the Company. For example, the social structures of a location may deteriorate after the acquisition of properties by DKR and subsequently have a negative impact on letting activities as well as the achievable rental income.

In addition, the real estate portfolios held by the Company may experience excessive wear and tear, which may require maintenance and revitalisation measures earlier or to a greater extent than originally planned. Furthermore, it may also turn out that the structures have an initially unexpected need for renovation, which leads to additional costs for the Company without these initially being offset by corresponding additional income.

In connection with these risks, but also due to other factors such as unexpected competitors in the immediate vicinity of the site, vacancies may increase and result in lower rental income coupled with higher leasing expenses. In addition to negative effects on the current operating income and expenses of the Company, these risks may also have a negative impact on the valuation of the properties held by DKR and thus on the Company's result.

In case contaminated sites and other building, soil and environmental pollution are identified, the Company could be obliged to take elaborate and cost-intensive measures to remove them.

The further growth of the real estate portfolio and the resulting better location and tenant diversification will reduce these individual risks from the overall portfolio perspective. The property portfolio, valuation and environmental risks for the respective locations are countered with the measures described under a).

In addition, as with all assets, there is basically the risk of destruction of individual objects due to force majeure or natural hazards. These risks are countered by adequate insurance cover with well-known and high-performance insurance companies.

c Letting risk

There is a risk that changes in supply and demand on the letting market and deterioration in the competitiveness of individual properties in their respective local market environment will have a direct negative impact on DKR's rental income and on the development of vacancies in the Company's real estate portfolio. Moreover, this can incur additional costs that cannot be allocated to the tenants.

These risks are countered by active asset and property management, which initially includes a permanent analysis of the letting market and tenant needs. Furthermore, this includes professional letting management as well as ongoing maintenance, refurbishment and modernisation measures, which ensure the attractiveness and, thus, the competitiveness of the locations.

d Construction risk

If structural measures are required on the properties, there is a risk that the construction costs considerably exceed the target values. This risk is countered by a detailed planning of the construction costs and tight monitoring of these costs.

Uncertainties may also contribute to the construction risks as to whether, when and under what conditions and/or secondary conditions the building permits for the projects are granted. For example, the Company sometimes relies on the discretion of individual authorities, and even disputes with residents and people living in the vicinity of the buildings can significantly delay or adversely affect the granting of permits. Any of these circumstances can lead to planned building work not being able to be carried out at the assumed costs, not within the planned timeframe or not at all. These risk factors are examined in detail in advance of individual construction measures.

e **Risk of rising operating costs**
Rising energy prices and raw material costs could lead to an increase in ongoing operating costs. This can have a negative impact on the Company's result, especially if DKR is not or only partially able to pass on the operating costs to the tenants due to lease agreements.

Internal control system and risk management system regarding the accounting process

The accounting-related internal control system at DKR was implemented with the aim of ensuring adequate assurance with respect to full and accurate annual financial statements by establishing appropriate control mechanisms within the internal and external accounting and reporting process.

At least once a quarter, the Company receives property and portfolio information from its contracted service providers according to its specifications, informing DKR of important, contractually relevant and, if applicable, deviations from the planning. The evaluations are analysed and checked for plausibility and examined for identifiable risks. Recognised risks are assessed and included in the regular or ad hoc risk reporting to the Supervisory Board.

The accounting-related risk management system of DKR aims to reduce the risk of material errors or inappropriate presentation of the asset, financial and earnings position. For this purpose, the underlying data are regularly mirrored analytically based on expected values. The service provider commissioned for significant parts of the accounting process of the Company is kept informed closely and continuously about the current business development. The services include the fulfilment of the accounting obligations in accordance with the German Commercial Code as well as the assumption of payment transactions, the preparation of profit and loss accounts, account analyses, monthly sales tax pre-notifications as well as business analyses and the quarterly preparation of interim financial statements according to HGB (German Commercial Code) and IFRS as well as property and portfolio information. The accounting process is monitored by both service providers and the Company through an internal control system that ensures the regularity of accounting and compliance with legal requirements. DKR was convinced of the professional-qualitative and capacitive suitability of the service providers and employees involved in the accounting process and the appraisal reports. In view of the still small size of the Company, DKR has so far refrained from setting up an internal audit.

Other influences

In addition to the risks mentioned, there are general influences that are unpredictable and, thus, difficult to control. These include, for example, political changes, social influences and risk factors such as natural disasters or terrorist attacks. Such influences could have negative effects on the economic situation and indirectly affect the further economic development of DKR.

Assessment of the overall risk

Despite the current rather negative economic outlook due to inflation and the massive change in the interest rate environment, the Management Board continues to classify the overall risk situation with regard to DKR's operating activities as moderate, as the business model as such is relatively non-cyclical and therefore independent of the economy.

Of the aforementioned individual risks, the Management Board considers the liquidity risks due to the loan repayment from Obotritia to DKR, which has not yet taken place, and the resulting jeopardised repayment of the unsecured bond with a volume of EUR 70 million to be the greatest individual risks for the Company. If the above plans for bond repayments/extensions and the refinancing of collateralised debt instruments do not materialise for individual instruments or as a whole, this could result in a considerable liquidity shortfall, which could lead to significant uncertainty with regard to the Company's ability to continue as a going concern. In order to repay the liabilities, properties would need to be sold, for which price discounts would have to be taken into account in the current difficult market environment.

Interest rate risks continue to be very present due to the significant rise in interest rates. Significantly higher interest expenses must be expected for new financing or the refinancing of older expiring loans, which will have a negative impact on FFO.

In addition, the fact that the Potsdam tax office has practically revoked the income tax exemption means that ongoing corporation and trade tax (advance) payments are to be expected in future, which will have a negative impact on liquidity during the year.

As a result of the latest devaluation of the property portfolio due to current market conditions, the loan-to-value ratio will be well above 50% in the short to medium term.

Risks from asset management are categorised as medium.

Chances of future development

As a result of the recent rise in interest rates, there is currently a strong increase in sentiment on the property market for potential purchase properties at attractive yields. If DKR is able to resolve the pending bond financing and the loan funds from Obotritia flow back to DKR in full, this would tend to result in attractive acquisition opportunities.

3.2. Forecast Report

The following statements on the future business performance of DKR are based on the estimates of the Management Board. The assumptions made are currently considered realistic based on the information available. In principle, however, forward-looking statements involve a risk that developments will not actually occur in their tendency or magnitude.

Forecast for the financial year 2023/2024

In view of the ongoing economic and geopolitical upheavals, the new financial year 2023/2024 will probably continue to be characterised by the ECB's interest rate policy, as this will influence both the further level of inflation, the economic outlook and directly the financing costs of DKR. Interest rate cuts in the near future would give the property sector more stability again in terms of both future value development and interest costs.

In the 2023/2024 financial year, the operational focus will be on efficient portfolio management and the realisation of savings potential, streamlining the portfolio by selling properties with below-average operating margins, individual acquisitions of attractive retail properties and the completion of revitalisation measures for individual properties that are currently still being implemented. On the financing side, the focus is clearly on the repayment of outstanding loan and bond liabilities. In addition, significantly higher interest rates are expected for new loans and refinancing, which will lead to a gradual increase in average borrowing costs. The target corridor for the LTV debt ratio remains at around 50%, but will be significantly exceeded as a result of the recent property devaluation.

Based on the current planning for the 2023/2024 financial year, the Management Board expects a decline in rental income to a range between EUR 72 million and EUR 77 million due to selective property disposals. A much sharper decline is forecasted for FFO, although a precise forecast is not possible due to the uncertainty surrounding the timing of planned property sales and uncertainties regarding the further development of interest rates.

The Management Board bases this planning on a low acquisition volume, taking into account potential property disposals. Furthermore, the Management Board assumes that the portfolio's vacancy rate and the weighted average remaining term of fixed-term rental agreements (WALT) for the entire portfolio will be at a similar level as in the past financial year at the end of the 2023/2024 financial year.

Photo: Retail park
Ludwigsluster Straße 29, 33, 19370 Parchim

4. Dependency Report and overall assessment

In previous financial years, DKR was a dependent company of Obotritia Capital KGaA. At the Annual General Meeting of Deutsche Konsum on 13 July 2023, Obotritia Capital no longer held a majority shareholding for the first time, so that control has no longer existed since this date at the latest. As there is neither a control agreement nor a profit and loss transfer agreement between the companies involved and control was assumed during the year, the Company prepared a Dependency Report for the entire financial year from 1 October 2022 to 30 September 2023 in accordance with Section 312 AktG (German Stock Corporation Act) and made a final declaration therein:

"In the legal transactions listed in the Report on Relationships with Affiliated Companies, Deutsche Konsum REIT-AG received appropriate consideration in each case. Deutsche Konsum REIT-AG was not disadvantaged in measures that it took or refrained from taking at the instigation or in the interest of the controlling company or a company affiliated with the latter. This assessment is based on the circumstances known to us at the time of the reportable transactions."

5. Takeover-relevant information

in accordance with § 289a HGB

Composition of the share capital, voting rights and special rights

The share capital of the Company is divided into 35,155,938 no-par-value bearer shares. As of the balance sheet date, the Company holds no treasury shares. All shares have the same rights and obligations. Each share represents one vote in the Annual General Meeting. The shares may be freely transferred in accordance with the legal provisions applicable to bearer shares. No shares were issued with special rights conferring control powers. Insofar as employees are involved in the Company, they directly exercise their control right.

Shareholdings of 10% or more of the voting rights

No shareholder may hold 10% or more of the shares or voting rights directly in accordance with § 11 (4) REITG (maximum participation limit). In the event that the maximum participation limit is exceeded, the shareholder concerned must provide evidence of the reduction of his direct participation in an appropriate form within two months of the request of the Management Board. A continued breach of the maximum participation limit may, according to the Articles of Association, result in the transfer without compensation of the shares in excess of the maximum participation limit or in the compulsory collection of such shares without compensation. As of the balance sheet date, no shareholder holds 10% or more of the voting rights.

Authorisation of the Management Board to acquire own shares and to issue new shares

Authorised capital

By resolution of the Annual General Meeting on 11 March 2021, entered in the Commercial Register on 11 June 2021, the Management Board was authorised, with the approval of the Supervisory Board, to increase the share capital of the Company on one or more occasions by up to a total of EUR 17,577,969.00 (Authorised Capital 2021/I) by issuing new no-par value bearer shares against cash or non-cash contributions until 10 March 2026. The shareholders are generally to be granted a subscription right within the scope of the authorised capital. However, the Management Board is authorised, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders in certain cases, in whole or in part, in accordance with the resolution. The Authorised Capital 2020/I was cancelled.

Conditional capital

Also by resolution of the Annual General Meeting on 11 March 2021, the Management Board was authorised, with the revocation of the authorisation to issue bonds with warrants and/or convertible bonds resolved by the Annual General Meeting on 5 March 2020, to issue bearer bonds with warrants and/or convertible bonds (together “bonds”) on one or more occasions up to 10 March 2026, with the approval of the Supervisory Board, with or without a limited term, and to grant or impose option rights or obligations on the holders or creditors of bonds with warrants, and conversion rights or obligations on the holders or creditors of convertible bonds for bearer shares in the Company with a proportionate amount of the share capital of EUR 1.00 each, in accordance with the more detailed provisions of the terms and conditions of the bonds. They may also be issued by a subordinated Group company of the Company. The shareholders are generally to be granted subscription rights. However, the Management Board is authorised, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders under certain conditions. Further details can be found in the announcement in the Federal Gazette.

By resolution of the Annual General Meeting on 13 July 2023 (amending the resolution of the Annual General Meeting on 11 March 2021), the Company's share capital was reduced by EUR 200,000.00 to EUR 9,377,969.00 (Conditional Capital I).

The share capital was conditionally increased by EUR 200,000.00 to EUR 8,200,000.00 by resolution of the Annual General Meeting of 13 July 2023 (amending the resolution of the Annual General Meeting of 5 March 2020) through the issue of up to 200,000 new no-par value bearer shares with dividend rights from the beginning of the financial year in which they are issued (Conditional Capital II). The purpose of the conditional capital increase is to grant shares to the holders of convertible bonds 2015/2025, which, on 30 January 2015, were issued by the Company in two tranches with a total volume of EUR 37,000,000.00 on the basis of the authorisation of the Annual General Meeting on 30 January 2015, and which have a term until 30 January 2025. Further details on the conditional capital can also be found in the announcement in the Federal Gazette.

Repurchase of treasury shares

By resolution of the Annual General Meeting on 11 March 2021, the Management Board was authorised to acquire treasury shares totalling up to 10% of the share capital existing at the time of the resolution or – if this amount is lower – of the share capital existing at the time of the respective exercise of the present authorisation for any permissible purpose within the framework of the legal restrictions until 10 March 2026. The previous authorisation to acquire own shares of 20 April 2016 was cancelled.

The treasury shares may be acquired at the discretion of the Management Board via the stock exchange or by means of a public purchase offer addressed to all shareholders. The consideration to be paid per share (excluding incidental acquisition costs) may not be more than 10% higher or lower than the average of the last share prices (closing prices) of the Company's share in XETRA trading on the Frankfurt Stock Exchange on the last ten trading days prior to the conclusion of the purchase obligation transaction or the date of publication of the offer.

Amendments to the Articles of Association

Amendments to the Articles of Association require the majority of 75% of the voting rights represented at the Annual General Meeting, as required by the German Stock Corporation Act.

Appointment and revocation of members of the Management Board

The determination of the number as well as the appointment of the ordinary members of the Management Board and Deputy Management Board members, the conclusion of the employment contracts and the revocation of the appointment are made by the Supervisory Board.

6. Corporate Governance Statement

in accordance with § 289f HGB

On 12 December 2023, the Management Board of Deutsche Konsum REIT-AG issued a Corporate Governance Statement in accordance with § 289f of the German Commercial Code (HGB) and made it available on the website www.deutsche-konsum.de/en in the Investor Relations section under Corporate Governance/Corporate Governance Statement.

Potsdam, 18 December 2023
Deutsche Konsum REIT-AG

Alexander Kroth	**Christian Hellmuth**
Member of the Management Board (CIO)	Member of the Management Board (CFO)

Photo: Discounter, Schmiedeberger Markt 1–4, 01744 Dippoldiswalde


Netto
Marken-Discount
Orchidea Asia Küche
Orchidea
Asia Küche

Financial Statements

Photo: Discounter
Karl-Marx-Straße 33,
15890 Eisenhüttenstadt

Balance sheet

as at 30/09/2023

TEUR	Notes	30/09/2023	30/09/2022
Assets			
Non-current assets			
Investment properties	2.1.	989,013.9	1.030.959.1
Intangible assets	2.2.	0.0	0.0
Tangible assets	2.3.	954.1	45.1
Other financial assets (loans)		0.0	8.7
Other non-current assets	2.5.	0.0	4.920.5
		989,968.0	**1.035.933.4**
Current assets			
Trade and other receivables	2.4.	2,721.5	1.691.6
Income tax refund claims	2.6.	0.0	4.046.6
Other current assets	2.5.	26,205.1	115.565.4
Cash and cash equivalents	2.7.	4,933.6	4.827.0
		33,860.2	**126.130.6**
Non-current assets held for sale	2.8.	6,350.0	19.750.0
Total assets		**1,030,178.2**	**1.181.814.0**
Equity and liabilities			
Equity			
Issued share capital	2.9.	35,155.9	35,155.9
Capital reserve	2.9.	197,141.6	197,141.6
Other reserves	2.9.	723.4	723.4
OCI (Other comprehensive income)	2.9.	0.0	0.0
Retained earnings	2.9.	83,378.6	281,278.7
		316,399.5	**514,299.6**
Non-current liabilities			
Financial liabilities	2.10.	378,298.9	328,761.6
Convertible bonds	2.11.	36,763.6	36,609.3
Corporate bonds	2.12.	71,051.9	182,013.3
Other provisions	2.13.	3.5	3.5
Other non-current liabilities	2.14., 2.18.	12,057.6	10,039.0
Deferred tax liabilities	2.15.	31,703.7	0.0
		529,879.2	**557,426.7**
Current liabilities			
Financial liabilities	2.10.	45,117.3	89,282.7
Corporate bonds	2.12.	106,835.0	0.0
Tax provisions	2.13.	8,122.8	3,656.7
Other provisions	2.13.	5,422.9	3,589.6
Trade payables	2.16.	9,301.1	6,733.6
Income tax liabilities	2.17.	5,318.0	0.0
Other current liabilities	2.14., 2.18.	3,782.4	4,532.6
		183,899.5	**107,795.2**
Financial liabilities regarding non-current assets held for sale		**0.0**	**2,292.5**
Total equity and liabilities		**1,030,178.2**	**1,181,814.0**

Statement of comprehensive income

TEUR	Notes	01/10/2022 – 30/09/2023	01/10/2021 – 30/09/2022
Rental income		79,722.2	74,390.2
Income from operating and ancillary costs		16,381.1	13,959.8
Operating expenses		–47,854.5	–40,906.0
Net rental income	3.1.	**48,248.8**	**47,444.0**
Proceeds from the disposal of properties		9,850.0	63,031.7
Expenses on the sale of properties		–10,058.6	–64,449.5
Valuation changes of sold properties		200.0	3,159.5
Net proceeds from the disposal of properties	3.2.	**–8.6**	**1,741.7**
Other income	3.3.	**603.8**	**2,786.4**
Revaluation gains		10,238.1	53,335.9
Revaluation losses		–123,766.5	–24,897.7
Gains/losses from the revaluation of investment properties	3.4.	**–113,528.4**	**28,438.2**
Subtotal		**–64,684.3**	**80,410.3**
Personnel expenses	3.5.	–1,145.9	–1,049.5
Depreciation and amortisation of tangible and intangible assets		–59.9	–35.1
Impairment loss of inventories and receivables	3.6.	–46,600.2	–8,566.4
Other administrative expenses	3.7.	–4,404.9	–2,748.9
Administrative expenses		**–52,210.8**	**–12,399.9**
EBIT		**–116,895.2**	**68,010.4**
Interest income	3.8.	4,725.8	6,462.6
Interest expense	3.8.	–18,613.3	–14,086.3
Financial result		**–13,887.5**	**–7,623.7**
EBT		**–130,782.7**	**60,386.7**
Income tax	3.9.	–50,208.9	0.0
Other tax	3.10.	–0.4	0.0
Net income		**–180,992.0**	**60,386.7**
Earnings per share (in EUR)	3.11.		
Undiluted earnings per share		–5.15	1.72
Diluted earnings per share		–3.58	1.22
Other comprehensive income			
Net income		–180,992.0	60,386.7
Items reclassified to profit or loss			
Impairment of acquired loans	3.6.	3,247.0	1,814.6
Change in fair value of loans	3.6.	–2,892.5	–1,775.7
Fair value change on acquired loans reclassified to profit or loss	3.6.	–354.5	–38.9
Subtotal		**0.0**	**0.0**
Total other comprehensive income		**0.0**	**0.0**
Total comprehensive income		**–180,992.0**	**60,386.7**

Cash flow statement

	TEUR	Notes	01/10/2022 – 30/09/2023	01/10/2021 – 30/09/2022
	Net income		**–180,992.1**	**60,386.7**
+/–	Interest expense/interest income	3.8.	13,887.5	7,623.7
+/–	Depreciation, amortisation and write-downs/reversals of intangible assets, tangible assets and financial assets		59.9	35.1
+	Impairments on inventories and receivables	3.6.	46,600.3	8,566.4
–/+	Gains/losses from the revaluation of investment properties	3.4.	113,528.4	–28,438.2
–/+	Gains/losses on disposal of investment properties	3.2.	8.6	–1,741.6
+/–	Increase/decrease in provisions	2.13.	1,833.4	856.4
+/–	Income tax expense/income Actual income taxes	2.13.	18,505.2	0.0
+/–	Income tax expense/income Deferred income taxes	2.4.	31,703.7	0.0
–	Income taxes paid		–4,816.4	–239.1
–/+	Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	2.4., 2.5.	–425.6	–4,660.6
+/–	Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	2.14., 2.16.	1,739.6	6,996.2
	Cash flow from operating activities		**41,632.3**	**49,384.9**
+	Cash receipts relating to disposals of investment properties	3.2.	9,641.4	62,003.8
–	Cash payments related to property investments	2.1.	–74,139.6	–72,250.4
+	Cash receipts related to disposals of tangible assets		0.0	120.0
–	Cash payments related to other investments in intangible and tangible assets	2.2., 2.3.	–187.0	–32.8
+	Cash receipts from the investment of cash funds for short-term cash management	2.5.	77,583.4	7,964.5
–	Cash payments related to short-term cash investments	2.5.	–30,756.9	–44,988.1
+	Interest received	3.8.	335.1	584.6
	Cash flow from investing activities		**–17,523.6**	**–46,598.4**
+	Proceeds related to the issue of corporate bonds	2.12.	0.0	10,000.0
–	Costs related to the issue of corporate bonds		0.0	–175.0
–	Cash payments for the repurchase of corporate bonds	2.12.	–4,100.0	0.0
–	Costs related to the repurchase of corporate bonds		–59.4	0.0
+	Proceeds from borrowings	2.10.	88,045.0	90,105.0
–	Cash payments related to the issue of borrowings		–520.7	–358.8
–	Amortisation of loans	2.10.	–84,843.6	–71,066.4
–	Interest paid	3.8.	–18,304.7	–13,054.6
–	Dividend distribution	2.9.	–4,218.7	–14,062.4
	Cash flow from financing activities		**–24,002.1**	**1,387.8**
	Change in cash and cash equivalents		106.5	4,174.3
	Cash and cash equivalents at the beginning of the period	2.7.	4,827.0	652.7
	Cash and cash equivalents at the end of the period	2.7.	**4,933.6**	**4,827.0**

Statement of changes in equity

TEUR	Notes	Issued share capital	Capital reserve	Other reserves	OCI	Retained earnings	Total equity
As at 01/10/2021		**35,155.9**	**197,141.6**	**723.4**	**0.0**	**234,954.4**	**467,975.3**
Net income						60,386.7	**60,386.7**
Dividend distribution						–14,062.4	**–14,062.4**
As at 30/09/2022	2.9.	**35,155.9**	**197,141.6**	**723.4**	**0.0**	**281,278.7**	**514,299.6**
As at 01/10/2022		**35,155.9**	**197,141.6**	**723.4**	**0.0**	**281,278.7**	**514,299.6**
Net income						–180,992.0	**–180,992.0**
Transfer to / withdrawal from reserves						–12,689.3*	**–12,689.3**
Dividend distribution						–4,218.7	**–4,218.7**
As at 30/09/2023	2.9.	**35,155.9**	**197,141.6**	**723.4**	**0.0**	**83,378.6**	**316,399.6**

* In accordance with the resolution of the Annual General Meeting on 13 July 2023, part of the previous year‘s net income was transferred to reserves and at the same time used for new investments in the financial year.

Notes

Deutsche Konsum REIT-AG, Broderstorf

Notes for the financial year from 1 Oktober 2022 to 30 September 2023

Photo: Retail park
Sielower Chaussee 38, 03044 Cottbus

1. General information

1.1. Deutsche Konsum REIT-AG

Deutsche Konsum REIT-AG (hereinafter referred to as “DKR” or “the Company”) is a portfolio holder specialising in German retail properties for daily needs with its registered office in Broderstorf. The objective of the Company is the purchase and long-term holding and leasing of retail properties in Germany. If there are lucrative offers, the sale of properties is examined and carried out if necessary. In individual cases, a property may also be sold. DKR is registered in the Commercial Register of the Local Court of Rostock under HRB 13072. The registered office is Marlene-Dietrich-Allee 12b in 14482 Potsdam.

The DKR share (ISIN DE000A14KRD3) has been listed since 15 December 2015 and quoted in the Prime Standard of Deutsche Börse AG since 3 March 2017 as well as on the JSE (Johannesburg Stock Exchange – South Africa) by way of a secondary listing since 8 March 2021. As of 1 January 2016, the Company has the status of a REIT (Real Estate Investment Trust) and is, therefore, in principle exempt from income tax at company level. However, in the course of the ongoing proceedings with the tax authorities (see the comments in the Management Report), the Company has decided, for reasons of prudence, to prepare these financial statements taking full account of tax effects.

The individual financial statements of DKR, as of 30 September 2023, were set up on 18 December 2023. The Supervisory Board is expected to approve the individual financial statements in its meeting on 18 December 2023. The IFRS individual financial statements were prepared voluntarily based on the stock exchange listing.

1.2. Basics of the individual financial statements

The individual financial statements as of 30 September 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. In addition, the commercial law provisions of § 315e (1) HGB were applied.

All relevant and for the financial year mandatory standards and interpretations have been considered.

The reporting period covers the time range from 1 October 2022 to 30 September 2023. The comparative figures are the balance sheet as of 30 September 2022 and the statement of comprehensive income for the period from 1 October 2021 to 30 September 2022.

The individual financial statements comprise the components balance sheet, statement of comprehensive income, statement of changes in equity, cash flow statement and notes and are prepared in euros (EUR). All amounts are generally shown in thousands of euros (TEUR) (exceptions are indicated), which may result in rounding differences. Transactions in foreign currencies are translated at the exchange rate at the time of the transaction. Any resulting gains or losses are recognised in the income statement as other operating income or expenses.

The Company is currently a single-segment Company. Sales are generated exclusively with customers domiciled in Germany in the commercial property sector and, to a very small extent, with residential properties. All properties are located in Germany, there is no differentiation of geographical areas in the internal management; various services are not provided.

In the financial year, revenues amounted to TEUR 105,953.3 (previous year: TEUR 151,381.8). A significant portion of the revenues is generated via the existing rental agreements with the Schwarz

Group, Neckarsulm (“Kaufland“ and “Lidl“) in the annualised amount of approximately EUR 11.7 million (previous year: EUR 10.9 million) and the EDEKA Group, Hamburg (“Edeka“, “NP“, “Netto“, “Diska“, “Trinkgut“) in the annualised amount of approximately EUR 8.7 million (previous year: EUR 7.5 million).

All income and expenses as well as all assets and liabilities can be found in the overall financial statements. The annual financial statements were prepared under the going concern assumption. Further information can be found in Chapter 5.1.2 Liquidity and financing risk.

The statement of comprehensive income was prepared according to the total cost method.

1.3. Key discretionary decisions and estimates

In applying the accounting policies, the Management Board made the following discretionary decisions that materially affect the amounts in the individual financial statements:

- With regard to the real estate held by the Company, the Management Board must decide at each reporting date whether it is to be held long-term for rental or capital appreciation purposes or for sale. Depending on this decision, the properties are accounted for in accordance with the principles for investment properties, as land held for sale with unfinished and finished buildings (inventories) or as non-current assets held for sale and measured at (amortised) cost or fair value according to the classification.

- In assessing the term of leases, management considers all facts and circumstances that provide an economic incentive to exercise renewal options or not to exercise termination options. Any resulting changes in the term of the lease are only included in the term of the agreement if there is sufficient certainty that they will be exercised. Further details are provided in Chapter 6.2.

- Discretionary scope also arises in determining the timing of revenue recognition and deciding whether DKR will act as principal or agent in operating and ancillary costs in accordance with IFRS 15. Pursuant to IFRS 15 “Revenue from Contracts with Customers”, revenue is realised when the customer receives the power over the agreed goods and services. In the case of real estate sales this takes place with the transfer of benefits and encumbrances. The Company mainly acts as principal in operating and ancillary costs, as it provides the services itself and bears the responsibility for their fulfilment. For further information please refer to Chapter 1.5.11.

The Company makes estimates and assumptions concerning the future. The derived estimates may differ from the later actual conditions. The fair value measurements of the Company as at 30 September 2023 contain significant valuation uncertainties due to market fluctuations as a result of the Ukraine conflict, increased interest rates and sharply increased inflation. The Russian attack on Ukraine, which has been ongoing since 24 February 2022, brings with it increased energy costs, and the higher interest rates and increased inflation also have an impact on the business activities of Deutsche Konsum REIT-AG. These conditions do not invalidate the valuation, but imply a significantly higher level of uncertainty than under normal market conditions. In view of this uncertainty, the Notes contain a sensitivity analysis of the assumptions used in the valuation of the investment properties. The estimates and assumptions that involve significant risk in the form of a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- The market values of the investment properties are based on the results of independent experts appointed for this purpose. The valuation is based on the discounted cash flow method on the basis of expected future cash inflows. Accordingly, factors such as future rental income and applicable interest rates are estimated by the Company in collaboration with the appraiser, which directly affect the fair value of the investment properties. The fair values of investment properties, including those reported under IFRS 5, amounted to TEUR 995,363.9 as of the balance sheet date (previous year: TEUR 1,050,709.1).

- As part of the review of financial assets, at the end of each financial year, the carrying amounts (amortised cost or fair value) with which the other financial assets are recognised are compared with the fair values. The appropriateness of the valuations is assessed on the basis of the information available to the borrowers and adjusted by estimated default rates. If there are foreseeable reductions in the fair values, appropriate impairments are made to the carrying amounts. The carrying amount of financial assets, recognised in non-current financial assets, trade receivables and other current assets, amounted to TEUR 31,920.7 as at the reporting date (previous year: TEUR 117,606.6) and relates to receivables from tenants, receivables from loans to shareholders and existing loans acquired through creditshelf solutions GmbH. For further information, please refer to Chapter 2.5 Other current and non-current assets and 3.6 Value adjustments of inventories and receivables.

- For provisions and contingent liabilities, various assumptions have to be made, e.g. with regard to the probability of occurrence and the amount of utilisation. All information available at the time the balance sheet was prepared was considered. The amount of provisions at the balance sheet date was TEUR 13,549.2 (previous year: TEUR 7,249.8), of which TEUR 8,122.8 (previous year: TEUR 3,656.7) was accounted for by provisions for income taxes.

- In view of the ongoing tax audit of the 2014–2017 assessment years by the tax authorities, there are uncertainties regarding the continuation of the business in the legal form of a REIT-AG. To reflect this, the annual financial statements have not been prepared in accordance with the REIT Act for the first time in terms of tax aspects. Although Deutsche Konsum continues to assume that the legal interpretation of the tax authorities is incorrect, in view of a legal dispute that could potentially last for years, DKR nevertheless considers it appropriate to take full account of tax aspects when preparing the financial statements for reasons of prudence. In this context, deferred taxes were recognised and income tax receivables were derecognised. As at the balance sheet date, provisions for income taxes totalled TEUR 8,122.8 (previous year: TEUR 3,656.7) and income tax liabilities amounted to TEUR 5,318.0 (previous year: TEUR 0.0), while receivables from income tax refund claims amounted to TEUR 0.0 (previous year: TEUR 3,656.7). For further information, please refer to Chapter 3.9 and Chapter 6.1.

1.4. Application of IFRS in financial year 2022/2023

DKR continued to apply the accounting and valuation methods and disclosure requirements that were applied in the previous year as far as no new standards or interpretations were required to be applied. An exception to this is the first-time application of IAS 12 Income Taxes due to the existing uncertainties regarding the continuation of the business in the legal form of a REIT-AG. The resulting effects are shown in Chapters 2.15 Deferred taxes, 2.17 Income tax liabilities and 3.9 Income taxes.

The following new standards, changes to standards and new interpretations were applied by DKR for the first time in the year under review:

EU Endorsement	Standard	Content	First-time adoption mandatory for financial years beginning with	Effect on the financial statements of DKR
28/06/2021	Amendments to IFRS 3, IAS 16, IAS 37 and annual impro-vements	Business Combinations, Property, Plant and Equipment, Provisions, contingent liabilities, and contingent assets	01/01/2022	No significant ones

There were no material effects from the mandatory application of the new standards in the 2022/2023 financial year.

The following new standards, interpretations and amendments to published standards, which were not yet mandatory for DKR in the 2022/2023 financial year, were not applied early by the Company:

EU Endorsement	Standard	Content	First-time adoption mandatory for financial years beginning with	Effect on the financial statements of DKR
Not yet adopted	Amendments to IAS 21	Effects from changes in exchange rates	01/01/2025	No significant ones
Not yet adopted	Amendments to IAS 7	Disclosures on the cash flow statement and IFRS 7	01/01/2024	No significant ones
Not yet adopted	Amendments to IAS 1	Liability classification	01/01/2024	No significant ones
20/11/2023	Amendments to IFRS 16	Lease liability in sale and leaseback	01/01/2024	None
08/11/2023	Amendments to IAS 12	Income taxes: Pillar 2 model	01/01/2023	None
08/09/2022	Amendments to IFRS 17	First-time adoption of IFRS 17 and IFRS 9	01/01/2023	None
11/08/2022	Amendments to IAS 12	Income taxes - Deferred taxes	01/01/2023	No significant ones
02/03/2022	Amendments to IAS 1	Disclosure of accounting and valuation policies	01/01/2023	No significant ones
02/03/2022	Amendments to IAS 8	Estimate changes and errors	01/01/2023	No significant ones
19/11/2021	IFRS 17	New standard "Insurance contracts"	01/01/2023	None

DKR does not expect the published new standards and interpretations to have any significant impact on its accounting.

1.5. Individual accounting and valuation principles

1.5.1. Principle

The presented financial statements are based on the going concern assumption. Further information on this can be found in Chapter 5.1.2 Liquidity and financing risk. Accounting and valuation is generally carried out – as far as permissible – at amortised cost. An exception to this are the creditshelf loans, which are recognised directly in equity at fair value, and investment properties, which are voluntarily measured at fair value.

Changes in accounting policies, with the exception of the application of new standards, were not made in the 2022/2023 financial year. An exception to this is the first-time application of IAS 12 Income Taxes due to the existing uncertainties regarding the continuation of the business in the legal form of a REIT-AG. The resulting effects are shown in Chapters 2.15, 2.17 and 3.9.

1.5.2. Investment property and properties held for sale

Upon initial recognition, DKR classifies real estate regarding its intended use as either investment property (IAS 40), inventory properties (IAS 2) or property for own use in fixed assets (IAS 16). Real estate under leases with the Company as lessee is classified and accounted for as investment property. Properties that are highly likely to be sold within twelve months are reported as assets held for sale (IFRS 5). In the case of investment properties held for sale, the corresponding properties are reclassified to the item non-current assets held for sale and the corresponding liabilities (loans, unscheduled repayments) are reclassified to the item liabilities regarding non-current assets held for sale. As a rule, DKR only accounts for investment property, as the business model calls for long-term and sustainable leasing of the properties.

Investment property is initially recognised at acquisition or production costs, including ancillary costs. As part of the subsequent valuation, investment properties are recognised at their fair values, which reflect market conditions at the balance sheet date. A gain or loss from the change in fair values is recognised in the income statement in the valuation result of investment properties. In the case of changes in the fair value compared to the previously recognised value due to an available sales price, these effects are reported separately in the disposal result. Subsequent costs for the expansion and conversion of the property are considered if these contribute to an increase in the fair value of the property. Legal and consulting fees relating to investment properties are included in the rental result.

According to the provisions of IFRS 13, the valuation of investment properties is based on the best possible use of a property. Planned changes of use are, therefore, considered in the valuation, provided that the technical feasibility, the legal admissibility and the financial feasibility are given.

Previously, the properties were revalued annually as at 30 June. Due to significant changes in market value that occurred between 30 June and 30 September in the previous year, the valuation was carried out as at 30 September. From now on, the regular valuation will take place annually as at 30 September. Valuation is performed by an independent external expert using recognised valuation techniques such as the discounted cash flow method. The experts have the appropriate professional qualifications and experience to carry out the assessment. The results of the appraisals are based on information provided by the Company. Thus, input factors such as the current tenant list, maintenance and administrative costs, vacancy data as well as the assessor's assumptions, which are based on market data and are assessed based on their professional qualifications, e.g. future market rents, typical maintenance and administrative costs, structural vacancy rates or discount and capitalisation rates, are used in determining the fair value.

The information provided to the appraiser and the assumptions made as well as the results of the real estate valuation are analysed by the Management Board.

In the case of properties sold during the financial year, the valuation result from the valuation at the sales prices compared to the previous book value is reported in the disposal result, so that the total valuation result is the valuation result plus the valuation result reported in the disposal result.

Advance payments on investment properties are reported under other non-current assets.

Investment properties are classified as held for sale if Deutsche Konsum decides to sell the properties in question, they are immediately available for sale and from then on, the sale is expected to be completed within twelve months (IFRS 5). The valuation remains unchanged at fair value.

1.5.3. Intangible assets

Acquired intangible assets are initially valued at acquisition or production cost. After initial recognition, intangible assets are carried at their acquisition or production cost and amortised on a scheduled basis over their respective useful economic lives of generally three to five years using the straight-line method.

1.5.4. Tangible assets

Tangible assets are stated at acquisition or production cost less cumulative depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method with the estimated useful lives of generally 3 to 19 years (factory and office equipment). The carrying amounts of tangible assets are tested for impairment as soon as there are indications that the book value exceeds the recoverable amount.

1.5.5. Financial assets and liabilities

Classification of financial assets

IFRS 9 includes a classification and valuation approach for financial assets that reflects the business model in which the assets are held and the characteristics of their cash flows. Reclassification only takes place if the business model for the management of financial assets changes. The three classification categories for financial assets are as follows:

- At fair value through other comprehensive income (FVtOCI)
- At fair value through profit or loss (FVtPL),
- Valued at amortised cost (Amortized Cost, AC)

The Company values its financial assets at amortised cost if the following two conditions are met:

- The financial asset is held as part of a business model whose objective is to hold financial assets to collect contractual cash flows, and
- The terms of the contract give rise to cash flows that are solely repayments and interest payments on the principal outstanding.

At DKR, the Amortized Cost (AC) measurement category includes third-party manager and deposit accounts and expenses to property management. These are cash holdings that are due on demand. The measurement category also includes trade receivables, loans, and interest receivables from the utilisation of a liquidity line and prepaid costs.

Financial assets at fair value through other comprehensive income include:

- Debt securities where the contractual cash flows consist solely of repayments and interest payments on the outstanding principal and which are held as part of a business model whose objective is to collect contractual cash flows and sell financial assets.

This category includes interest-bearing loan receivables from commercial borrowers acquired by DKR via the creditshelf AG platform. The Company uses this investment opportunity for broadly diversified short-term liquidity management. If liquidity is required, these loans can be sold back promptly via the platform or directly to third parties. The Hold and Sell business model therefore applies here. As some of the loans have a remaining term of more than one year, they were allocated to non-current and current items accordingly. A short-term sale is possible independently of this. If there is a specific intention to sell and the conditions are fulfilled, a presentation is made in accordance with IFRS 5.

Financial assets at fair value through profit or loss include:

- Assets that do not meet the criteria of “at amortised cost” or “at fair value through other comprehensive income”.

DKR has no financial assets that fall into this valuation category and neither has chosen the fair value option.

Derivatives are initially recognised at fair value at the time of the conclusion of a derivative transaction and subsequently revalued at their fair value at the end of each reporting period. The accounting for changes in the fair value in the subsequent periods depends on whether the derivative is designated as a hedging instrument and, if so, on the nature of the underlying hedging relationship. Deutsche Konsum does not have any derivatives or existing hedging relationships that must be accounted for separately in the reporting period.

Valuation of financial assets

On initial recognition, the Company values a financial asset and a financial liability at the fair value of the consideration received or received on the trade date, plus or minus directly attributable transaction costs. Trade receivables that do not include a significant financing component are initially recognised at the transaction price.

Subsequent valuation of financial assets valued at amortised cost takes place at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. The interest income calculated using the effective interest method is reported under financial income. Any gain or loss, interest income, foreign currency gains and losses and impairments resulting from the derecognition of a financial asset are recognised in profit or loss in the statement of income and reported separately.

In the case of assets measured at fair value through other comprehensive income, changes in fair value and impairments are recognised in other comprehensive income, with the exception of impairment losses or income and interest income, which is recognised in profit or loss. Upon derecognition of the financial asset, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss.

Impairment of non-derivative financial assets

At the end of each reporting period, the Company must examine whether there are objective indications that a financial asset or a group of financial assets are impaired. An impairment exists and an impairment loss is incurred if:

- as a result of one or more events occurring after the initial recognition of the asset ("loss event"),
- there was an objective indication of impairment and
- this loss event has an impact on the expected future cash flows of the financial asset that can be reliably estimated.

Impairment of financial assets is reflected in the expected-loss model. This results in basically two evaluation levels:

- Lifelong credit losses: Expected credit losses due to possible default events over the life of a financial instrument
- 12-month credit loss: Expected credit losses due to possible default events within the next twelve months after the balance sheet date.

The impairment method depends on whether there is a significant increase in credit risk. In assessing whether the credit risk of a financial asset has increased significantly since first-time recognition and in estimating expected credit losses, the Company considers reasonable and reliable information that is relevant and available without undue time and expense. This includes quantitative and qualitative information and analysis based on past experience of the Company and forward-looking information.

The valuation according to the concept of lifelong credit losses is to be applied if the credit risk of a financial asset has increased significantly on the reporting date since the initial recognition; otherwise the valuation is to be applied according to the concept of 12-month credit loss. However, the life-long default method always applies to trade receivables and to contractual assets without a material component of financing.

The value adjustments are measured at the amount of the credit losses expected over the term, excluding valuation allowances of financial assets, for which the default risk has not significantly increased since the initial recognition. Here, the allowance is measured at the expected 12-month loan default.

For trade receivables, value adjustments are always measured in the amount of the expected credit losses over the term. Rent receivables are now assessed completely on a case-by-case basis according to the default risk per tenant (in the previous year mainly on a flat-rate basis according to the age of the receivables). Rent deferrals and contract extensions are included in the individual assessment so that a more precise measurement of the impairment can be achieved.

For trade receivables, value adjustments are always measured in the amount of the credit losses expected over the term and are formed on the basis of the age structure by means of a value adjustment table. Rent receivables are also assessed on the basis of the age structure, which is preceded by an individual assessment. In the process, rent receivables that are known to be doubtful are considered separately, individually adjusted and subsequently no longer included in the maturity analysis.

The loans were reviewed for increased default risks and adjusted if necessary.

For financial assets that are measured at fair value through other comprehensive income, the impairment loss was measured on the basis of expected losses. For further information please refer to Chapter 5.1.1. Default risks.

Netting of financial assets and liabilities

Financial assets and liabilities are netted and presented in the balance sheet as a net amount if the entity has a current, enforceable right to offset the amounts recognised and intends either to settle on a net basis or simultaneously with the realisation of the asset replace the associated liability.

In the reporting period, DKR has no financial assets and liabilities that are offset in this way.

Classification of financial liabilities

DKR's financial liabilities are valued at amortised cost. Financial liabilities in this category include liabilities to banks, liabilities to other lenders, liabilities from (convertible) bonds, trade payables and other current financial liabilities.

In the case of compound financial instruments, a classification into debt and equity components takes place insofar as the definition of an equity instrument is fulfilled.

Embedded derivatives are to be separated from their base contract if their economic characteristics and risks are not closely related to those of the base contract, if a comparable independent instrument would correspond to the definition of a derivative and if the composite instrument is not measured at fair value through profit or loss. If an embedded derivative is separated, the components are accounted for and measured separately in accordance with the relevant regulations.

The convertible bonds issued by DKR contain an equity component, which was recognised separately upon posting.

Valuation of financial liabilities

Upon initial recognition of liabilities, they are valued on the trade date at the fair value of the consideration received after deduction of transaction costs. After initial recognition, liabilities are valued at amortised cost using the effective interest method. The difference between the disbursement amount (less transaction costs) and the repayment amount is recognised in the statement of comprehensive income over the term of the liability using the effective interest method.

Financial liabilities are derecognised when the obligations underlying this liability are met, cancelled or extinguished. They are also derecognised and replaced by a new liability if, when the liability is modified, the contractual cash flows change significantly. The difference between the carrying amount of the derecognised financial liability and the consideration paid, including any transferred non-cash assets or liabilities assumed, is recognised as financing income or expense in profit or loss.

Financial liabilities are classified as current if the Company does not have the unconditional right to delay the settlement of the liability to a date at least 12 months after the balance sheet date.

1.5.6. Land with unfinished and finished buildings and other inventories

Land with unfinished and finished buildings as well as other inventories are valued at the lower of acquisition or production cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the necessary distribution costs. Borrowing costs incurred in connection with the acquisition or production of land are capitalised if the conditions for this are met. The land with unfinished and finished buildings contains the properties for which resale was already assumed at the time of acquisition. If the intention to sell is abandoned, the properties are reclassified as investment properties.

1.5.7. Income taxes and deferred taxes

Tax refund claims and tax liabilities are measured at the amount expected to be refunded or paid to the tax authorities. This is based on the tax rates and tax laws that apply on the balance sheet date.

DKR has had the status of a REIT since 1 January 2016 and is thus in principle exempt from corporation and trade tax. Decisive for the tax exemption is compliance with the criteria of the REIT Act.

However, in the course of the ongoing proceedings with the tax authorities (see the comments in the Management Report), the Company has decided, for reasons of prudence, to prepare these financial statements taking full account of tax effects.

1.5.8. Liquid funds

Cash and cash equivalents include cash on hand as well as short-term and available bank balances with original maturities of less than three months at the time of acquisition.

1.5.9. Equity demarcation

Debt and equity instruments are classified as financial liabilities or equity in accordance with the economic substance of the contractual agreement. An equity instrument is a contract that establishes a residual claim on the assets of a company after deduction of all related debts. Equity instruments are recognised at the proceeds received less any directly attributable issue costs.

Issuing costs are those costs that would not have been incurred without the issue of the equity instrument. Such costs of an equity transaction (such as costs arising from capital increases), less any associated income tax benefits, are accounted for as a deduction from equity and offset against the capital reserve with no effect on income.

The components of a compound instrument issued by the Company (such as a convertible bond) are recognised separately as a financial liability and as an equity instrument in accordance with the economic substance of the agreement to the extent that the conditions for an equity component exist.

At the time of issue, the fair value of the liability component is determined using market interest rates applicable to comparable non-convertible instruments. This amount is accounted for as a financial liability based on amortised cost using the effective interest method until fulfilment of the instrument's conversion or maturity date. The determination of the equity component is made by subtracting the value of the liability component from the fair value of the entire instrument. The resulting value, less income tax effects, is recognised as part of equity and is not subsequently valued.

1.5.10. Other provisions

A provision is recognised when the Company has a present legal or constructive obligation because of a past event, the outflow of economic benefits to settle the obligation is probable, and a reliable estimate of the amount of the obligation, despite uncertainties regarding the amount or temporal use, is possible. Other provisions are measured at the amount that would reasonably have to be paid to settle the obligation at the balance sheet date or when the obligation was transferred to a third party at the time of the transfer. Risks and uncertainties are considered by applying appropriate estimation methods, including probabilities of occurrence. Long-term provisions with a remaining term of more than one year are discounted if the interest effect is material.

1.5.11. Revenue recognition

According to IFRS 15, the amount of revenue corresponds to the consideration to which the Company has a contractual claim. Revenues are recognised when control of an asset or service is transferred to the customer. The five-step model is used to determine the amount and timing of revenue recognition:

- Identification of contracts with customers
- Identification of separate performance obligations
- Determination of the transaction price
- Allocation of the transaction price to separate performance obligations
- Recognition of sales revenue in fulfilment of individual performance obligations

Under IFRS 15, a contract is an agreement between two or more parties that establishes legally enforceable rights and obligations. The conclusion of the contract may be in writing, verbally or tacitly based on the ordinary business practice of the company. Under certain circumstances, several contracts are to be grouped together.

In a second step, the individual performance obligations must be identified. A commitment always constitutes a performance obligation if the good or service is distinguishable. In principle, a contract contains a performance obligation, so that the fourth step, the allocation of the transaction price to separate performance obligations is eliminated.

Thereafter, the determination of the transaction price takes place, which represents the consideration for the goods or services transferred. The period between the transfer of the good or service to the customer usually does not exceed one year, so that the promised consideration does not have to be adjusted to the time value of the money.

In the fourth step, the transaction price is allocated to the identified performance obligations based on their relative individual selling prices. The individual sale price is the price at which the entity actually sold the good or service to similar customers under similar circumstances.

The guarantees and warranties contained in the contractual relationships do not constitute separate performance obligations, as they merely assure the customer that the goods delivered, or the service rendered comply with the contractually agreed specifications. In addition, there are no redemption, reimbursement or similar obligations.

In accordance with IFRS 15, revenue is realised either on a time- or date-related basis, depending on when the performance obligation is fulfilled, or the power of disposal is transferred to the customer.

The Company concludes tenancies that essentially cover the net rent and the operating costs. The transaction price is stipulated in the lease agreements and does not include any financing components. The lease payments are to be made monthly. The rental agreements mainly provide for retail space for daily needs. The contractual component of net rent as a lease is outside the scope of IFRS 15 and is recognised as revenue on a straight-line basis over the term of the tenancies. For about 87% of the net cold rents, the commercial leases are equipped with indexation clauses that provide for linking the rents to the development of the consumer price index. For a subordinate part of DKR's contracts, there are turnover-dependent rents.

Proceeds from the sale of real estate are recognised in profit or loss at the time when control is transferred to the buyer. This usually takes place with the transfer of benefits and encumbrances. Income from the sale of properties held for sale (IFRS 5 real estate) is reported as revenue. The consideration is due after transfer of the property.

Under IFRS 15, the distinction between principal and agent is based on whether a contracting party has control over the service before transferring it to a customer. The indicators for this assessment, considered as a whole and not cumulative, are the primary responsibility for performance, the potential inventory risk of not being able to charge costs, and the pricing power for a service.

For the operating costs of the tenancy agreement, Deutsche Konsum REIT-AG acts as the principal on the basis of the provisions of IFRS 15, as the Company obtains control over the goods and services and is thus in the performance obligation to the tenant.

Benefits that are accounted for as operating and ancillary costs in accordance with the principal method are shown in the income statement in an unnetted way with the corresponding revenues. Revenue recognition takes place with the provision of services. The disclosure is made for services charged on and provided by third parties within the rental revenues.

Property taxes and building insurance do not constitute separate identifiable performance obligations in accordance with IFRS 15, which provide the tenant with a definable benefit. For these components of the contract, the agreed remuneration is allocated to the other identified contractual components on the basis of their relative individual selling prices.

Under IFRS 15, a contract liability is recognised if the customer has fulfilled his contractual obligation before DKR has transferred control of the goods or service. Due to the business model as well as the underlying terms of payment of DKR, the customers pay the consideration in time corresponding to the fulfilment of the performance obligation by the Company, so that no contract liability is to be recorded. The unconditional claim of Deutsche Konsum on the consideration to be paid is reported as a receivable.

In addition, no contractual assets are recognised because DKR does not transfer any goods or services to the customer before receiving the consideration.

1.5.12. Leases

Leases are recognised as rights of use and corresponding liabilities at the time when the leased asset is available for use by the Company. Lease instalments are divided into repayment and financing expenses. Finance charges are recognised in the income statement over the lease term using the effective interest method, so that for each period the periodic interest rate on the remaining balance of the liability is constant. The right of use is amortised on a straight-line basis over the shorter of the useful life of the asset and the lease term. When determining the term of the lease, renewal options are taken into account if their exercise is reasonably certain.

Assets and liabilities under leases are initially recognised at their present values. The lease liability comprises the present value of fixed lease payments, variable lease payments linked to an index or interest rate, expected residual value payments, the exercise price of a sufficiently certain purchase option and penalties for the sufficiently certain termination of the lease. The right of use is measured at cost, which comprises the amount of the initial measurement of the lease liability, all lease payments made on and before the lease is made available, initial direct costs and estimated costs of dismantling or removing the leased asset.

The right of use is reported under the balance sheet item under which the underlying asset would be recognised. The lease liability is included in other non-current or current financial liabilities.

Payments for short-term leases or leases for low-value assets are recognised as expenses in the statement of comprehensive income on a straight-line basis. Deutsche Konsum, however, does not currently have such leases.

Lease payments are discounted at the lessee‘s incremental borrowing rate if the implicit interest rate underlying the lease cannot be determined. The incremental borrowing rate is the interest rate that would be payable by the lessee if the underlying asset were to be acquired or financed by external borrowings in similar circumstances.

The Company acts as a lessee of leasehold contracts, parking spaces, office space and two motor vehicles. The rights of use from leasehold contracts and neighbouring parking spaces are reported in the balance sheet under non-current assets in the investment properties position. The right-of-use assets for leased vehicles and office space are recognised under tangible assets. The corresponding leasing liabilities are included in the current and non-current other financial liabilities. For further information, please refer to Chapter 2.16.

In the case of leaseholds held for sale, the corresponding rights of use are reclassified to the item non-current assets held for sale and the corresponding lease liabilities are reclassified to the item liabilities associated with non-current assets held for sale.

2. Notes to the balance sheet

2.1. Investment properties

In the 2022/2023 financial year, the transfer of benefits and encumbrances of twelve acquired investment properties and the sale of three properties took place. As a result, DKR's investment properties recognised on 30 September 2023 comprise 184 properties with a fair value of TEUR 978,403.5 (previous year: TEUR 1,021,534.7) plus the leasehold rights recognised as rights of use in the amount of TEUR 10,334.4 (previous year: TEUR 9,144.8) and the leased properties recognised as rights of use in the amount of TEUR 276.0 (previous year: TEUR 279.6). Value-enhancing measures were also carried out, which were capitalised in the amount of TEUR 21,985.0 (previous year: TEUR 18,568.9). The unrealised valuation result from the fair value measurement amounts to TEUR –113,528.4 (previous year: TEUR 28,438.2).

The development of investment properties is as follows:

TEUR	2022/2023	2021/2022
Initial holding at 01/10	**1,030,959.1**	**944,019.7**
+ Real estate acquisitions	44,385.8	49,820.1
+ Capitalisation of leaseholds and rights of use	24.9	365.8
– Disposal of rights of use	0.0	–389.8
+ Adjustment of the book values for leaseholds due to changed ground rent payments	1,437.5	0.0
– Book value disposal through sale of real estate	9,900.0	6,726.7
– Reclassification of IFRS 5	–6,350.0	–19,750.0
+ Subsequent acquisition and production costs (Capex)	21,985.0	18,568.9
+ Valuation result of properties sold	200.0	3,159.5
+ Unrealised valuation result from fair value valuation (change in market value)	–113,528.4	28,438.2
Closing on the key date	**989,013.9**	**1,030,959.1**

Of the investment properties, properties with a carrying amount of TEUR 857,960.0 (previous year: TEUR 957,123.0) were pledged as collateral for financial liabilities as at the reporting date by way of mortgages or the assignment of rental income.

There are leasehold contracts under which the associated plots of land are developed with commercial properties. Rights of use and leasing liabilities are recognised for the leasehold contracts. The capitalised amount as at 30 September 2023 was TEUR 10,334.4 (previous year: TEUR 9,144.8). The liability as at 30 September 2023 amounts to TEUR 11,181.6 (previous year: TEUR 9,836.0).

The income statement includes the following significant amounts for investment property:

TEUR	2022/2023	2021/2022
Rental income	79,722.2	74,390.2
Valuation result investment properties	–113,528.4	28,438.2
Valuation result from sold investment properties	200.0	3,159.5
Income from operating and ancillary costs	16,381.1	13,959.8
Operating expenses (maintenance expenses, property management, property taxes, etc.)	–47,854.5	–40,906.0
Total	**–65,079.6**	**79,041.7**

The operating expenses attributable to vacant properties totalled TEUR 5,436.3 (previous year: TEUR 5,391.4). The calculation is based on the vacancy rate.

Due to significant changes in market value that occurred between 30 June and 30 September of the previous year, the valuation was carried out as at 30 September. From now on, the regular valuation will therefore take place annually as at 30 September on the basis of the valuation parameters existing at that time.

As in the previous year, the fair value was determined on the basis of internationally recognised valuation methods based on the discounted cash flow method.

With the discounted cash flow method, future expected cash surpluses of a property are discounted to the valuation date using a market-specific, property-specific discount rate. While the payments regularly include net rents, the payments relate in particular to the management costs borne by the owner. The underlying detailed planning period is ten years. At the end of this period, a potential discounted disposal value (net final value) of the valuation object is forecasted. This reflects the most likely realisable selling price less costs to sell. Methodically, the discounted deposit surpluses of the tenth year are capitalised with the so-called capitalisation interest rate as perpetuity. The sum of discounted cash flows and the discounted net final value is the gross capital value of the valuation object, which, net of transaction costs, represents the fair value.

The following overview shows the key assumptions used in the discounted cash flow process:

Valuation parameters		
	30/09/2023	**30/09/2022**
Market rent increase p.a. (%)	0.30 to 40.40	0.20 to 12.50
Maintenance costs p.a. (EUR/sqm)	0.00 to 8.00	0.00 to 8.00
Administrative costs p.a. (% of market rent)	0.50 to 6.00	0.00 to 10.00
Discount rate (%)	5.00 to 11.00	4.60 to 17.00
Capitalisation rate (%)	4.75 to 10.00	4.60 to 16.50

All valuation parameters correspond to Level 3 of the fair value hierarchy. In the reporting period, significantly higher market rent increases were assumed for two properties, as these properties are revitalisation properties.

The assumptions used to value the real estate were made by the independent valuer based on his professional experience and are subject to uncertainty. If the discount and capitalisation rate is increased/decreased by 1.0%, the fair value decreases/increases as follows:

EUR million	30/09/2023		30/09/2022	
Change in the discount and capitalisation rate	+1%	–1%	+1%	–1%
Fair value of investment properties	–132.2	222.2	–164.0	239.1

Corresponding effects result from changes in future net rental income depending on rental income, vacancies and administrative and maintenance costs.

As at 30 September 2023, DKR is entitled to future minimum lease payments of TEUR 371,392.4 (previous year: TEUR 383,153.3) from its rental agreements with commercial tenants. These are distributed as follows:

in TEUR	Total	up to 1 year	1 to 5 years	over 5 years
Minimum lease payments 30/09/2023	371,392.4	72,944.9	201,545.7	96,901.8
Minimum lease payments 30/09/2022	383,153.3	71,892.0	199,163.1	112,098.2

Extension options to which tenants are entitled are not taken into account here. For flats in the portfolio, there are usually rental agreements with a statutory notice period of three months. Further claims for minimum lease payments do not exist. In some cases, there are permanent commercial leases with a statutory notice period of three months. These result in annual rental income of around TEUR 4,487.1 (previous year: TEUR 3,892.8). The number of residential properties is of minor importance.

2.2. Intangible assets

Intangible assets comprise capitalised expenses for the creation of the website, which are amortised on a straight-line basis over five years.

2.3. Tangible assets

Tangible assets amounting to TEUR 954.1 (previous year: TEUR 45.1) mainly comprise capitalised rights of use for two cars and rented office space as well as purchased inventory for property management. The useful lives are between three and 19 years. The addition in the reporting period is mainly due to the capitalisation of a right of use for the rental of new office space. Depreciation of property, plant and equipment and right-of-use assets is recognised on a straight-line basis and amounted to TEUR 59.9 in the reporting period (previous year: TEUR 35.1). The development of tangible assets in the reporting period is shown below:

TEUR	Rights of use for office and car parking spaces	Rights of use for motor vehicles	Other operating and office equipment	Total
Acquisition costs				
01/10/2022	0.0	23.4	41.7	65.1
Increase	744.3	37.5	187.1	968.9
Decrease	0.0	0.0	0.0	0.0
30/09/2023	744.3	60.9	228.8	1,034.0
Accumulated depreciation				
01/10/2022	0.0	11.1	9.0	20.1
Increase	24.8	14.0	21.0	59.8
Decrease	0.0	0.0	0.0	0.0
30/09/2023	24.8	25.1	30.0	79.9
Net book value 30/09/2023	**719.5**	**35.8**	**198.8**	**954.1**

Prior-year figures are not disclosed for reasons of materiality.

2.4. Trade receivables

Trade receivables break down as follows:

TEUR	30/09/2023	30/09/2022
Receivables from renting	7,218.1	5,170.7
Receivables from other deliveries and services	0.0	0.0
Value adjustment on receivables	–4,496.6	–3,479.1
Total	**2,721.5**	**1,691.6**

In the context of value adjustments, rent receivables for which there is specific knowledge of a lack of recoverability are considered separately and, if necessary, individually impaired, while the remaining receivables are impaired as a lump sum depending on their due dates. The individually value-adjusted receivables were not included in the maturity analysis. The individually analysed rent receivables in the amount of TEUR 2,453.0 (previous year: TEUR 1,250.5) resulted in an individual value adjustment of TEUR 1,735.2 (previous year: TEUR 887.0).

Value adjustments on trade receivables from default risks are as follows:

Figures 2022/2023 in TEUR	Individual consideration	< 30 days overdue	< 90 days overdue	< 300 days overdue	< 360 days overdue	> 360 days overdue	Total
Expected loss rate		0.0%	25.0%	50.0%	75.0%	100.0%	–
Gross book value – Trade receivables	2,453.0	1,046.2	433.8	1,184.5	159.5	1,941.1	7,218.1
Value adjustment	**1,735.2**	**0.0**	**108.4**	**592.3**	**119.6**	**1,941.1**	**4,496.6**

As at the balance sheet date, there are no other trade receivables that are overdue but not yet impaired.

Of the trade receivables recognised on the balance sheet date, no receivables (previous year: receivables with a book value of TEUR 302.8) were subject to forbearance measures, such as deferrals.

The value adjustments on trade receivables developed as follows:

TEUR	30/09/2023	30/09/2022
As of 01/10 previous year	3,479.1	1,594.4
Consumption	–	–
Resolution	–	–
Additions	1,017.5	1,884.7
Closing on the key date	**4,496.6**	**3,479.1**

In addition to the value adjustments on rent receivables, write-offs totalling TEUR 1,442.7 (previous year: TEUR 863.2) were made on rent receivables in the reporting year. In the event of insolvency, the receivables were written off in full.

Income of TEUR 2.2 (previous year: value adjustments of TEUR 2.9) was recognised from the reversal of value adjustments on purchaser settlements.

2.5. Other current and non-current assets

Other current assets are made up as follows:

TEUR	30/09/2023	30/09/2022
Receivables from shareholders including accrued interest	18,421.2	98,829.3
Unfinished services after offsetting with advance payments received	1,939.5	1,398.1
Maintenance reserves	1,840.0	4,234.9
Prepaid expenses	1,783.3	1,194.7
Tenant deposits	1,250.0	1,067.3
Property management accounts	380.4	1,004.7
Purchaser settlement	305.0	49.0
Short-term investment in acquired loans via creditshelf	0.8	5,755.3
VAT claims	0.0	1,224.1
Receivables from purchase price retentions	0.0	410.0
Others	284.9	398.1
Total	**26,205.1**	**115,565.4**

The loan acquired via the fintech creditshelf AG as at the reporting date has a term of less than one year and bears interest at a rate of 7.75% p.a. In addition, creditshelf charges a fee for loan processing and related services.

The receivables from the creditshelf loans are measured at fair value through other comprehensive income on level three of the valuation hierarchy. The amount invested less repayments to date is used for this purpose.

The development of creditshelf loans during the reporting period is as follows:

TEUR	2022/2023	2021/2022
Opening balance at 01/10	**5,764.0**	**8,385.1**
Acquisition of new loans	1,935.0	13,810.0
Repayment	–4,132.9	–10,144.5
Sale	0.0	–4,375.0
Change in fair value in other comprehensive income	–3,247.0	–1,814.6
Change in accrued interest	–318.3	–97.1
Closing balance on the balance sheet date	**0.8**	**5,764.0**
–thereof non-current	*0.0*	*8.7*
–thereof current	*0.8*	*5,755.3*

In the reporting period, individual value adjustments of TEUR 5,590.8 (previous year: TEUR 307.8) were recognised on acquired loans. As part of this, individual value adjustments were made to interest receivables totalling TEUR 354.5 (previous year: TEUR 38.9). The value adjustment of the interest receivables from these loans was recognised in profit or loss without affecting other comprehensive income.

In the financial year, total expenses from value adjustments on acquired loans in the amount of TEUR 3,247.0 (previous year: TEUR 1,814.6) were recognised in other comprehensive income, which resulted from the creation of new value adjustments in the amount of TEUR 5,236.4 (previous year: TEUR 2,257.6), of which TEUR 5,236.4 (previous year: TEUR 268.9) were individual value adjustments, and the reversal of existing value adjustments in the amount of TEUR 1,989.3 (previous year: TEUR 443.0). The change in fair value in the amount of TEUR 3,247.0 (previous year: TEUR 1,814.6) was recognised in other comprehensive income.

The value adjustment for creditshelf loans developed as follows during the reporting periods:

TEUR	30/09/2023	30/09/2022
As at 01/10/ previous year	2,258.2	443.8
Consumption	0.0	–
Reclassification to depreciation	0.0	0.0
Resolution	–1,989.3	–443.0
Additions	5,236.4	2,257.4
Closing balance as at the reporting date	**5,505.3**	**2,258.2**

The value adjustment of the acquired loans is determined on the basis of a rating carried out by creditshelf. Different rating levels are used, each of which is assigned a certain probability of default. The probability of default represents the material unobservable input parameter and amounts to between 1.0% and 26.82%. A corresponding full value adjustment was made for the default loans. The quantitative rating results were assessed to determine whether the underlying financial statement data already sufficiently reflect current developments, in particular the development of the overall economic environment and increased inflation. As soon as this was not the case, a qualitative adjustment of the rating was made. This resulted in an increased value adjustment of TEUR 534.1 (previous year: TEUR 680.2). If all active loans as at the balance sheet date had deteriorated or improved by one rating level, the recognised value and corresponding OCI would have decreased by TEUR 0.0 (previous year: TEUR 5,426.8) or increased by TEUR 0.1 (previous year: TEUR 1,458.8) as at the balance sheet date. Of the loans totalling TEUR 0.8 (previous year: TEUR 5,445.8) before interest deferrals on the balance sheet date, no loans (previous year: loans with a fair value of TEUR 5,426.3) were subject to forbearance measures during the year, such as extensions, follow-up loans or interim deferrals. Fully impaired loans are allocated to level 3. All of the loans on the balance sheet date (previous year: TEUR 1,614.8) are allocated to level 1. Further repayments totalling TEUR 0.8 had been received by the reporting date.

The decrease in the loan receivable (excluding interest) from Obotritia Capital by TEUR 66,882.4 is attributable in the amount of TEUR –40,190.8 to net repayments, TEUR –30,659.6 to newly recognised individual value adjustments and TEUR 3,968.0 to the reversal of general value adjustments. In addition, individual value adjustments on interest in the amount of TEUR 13,434.7 were made. The value adjustment was made taking into account collateral in rem provided by Obotritia to DKR, which can be realised in the short term; other collateral that can be realised in the longer term was not taken into account. In this respect, the value adjustment was made up to the determinable value of this collateral in rem that can be realised in the short term. If the value adjustment percentage on the loan receivable from Obotritia Capital had been 10% higher or lower in the reporting period, the result would have increased by TEUR 6,251.6 or decreased by TEUR 6,251.6. The loan was duly and timely terminated with effect from 4 July 2023 in a letter dated 5 April 2023 and initially deferred until September 2023 on the basis of an initial repayment agreement. After repayment was not made by September 2023, DKR and Obotritia agreed on a new repayment and collateral agreement, which, among other things, provides for a further deferral of the claim until mid-2025 at the latest, in return for which collateral in rem will be provided. This agreement was notarised on 9 December 2023. The remaining carrying amount of the nominal loan receivable of TEUR 12,808.6 therefore falls into the "forborne" classification as at the reporting date.

No value adjustments were recognised on other financial assets.

2.6. Income tax refund claims

Due to the REIT status and the associated tax exemption of the Company, (capital) income taxes were previously offset against the tax provisions. Due to the decision of the Berlin-Brandenburg Fiscal Court with regard to the granting of the suspension of enforcement of the tax assessments received, DKR has decided, as a precautionary measure, to no longer recognise income tax refund claims and to derecognise existing claims.

2.7. Liquid funds

Cash and cash equivalents include cash on hand and bank balances. Deposit balances are reported under other current assets.

The cash flow statement contains bank and cash accounts considering current account liabilities. In this respect, the cash and cash equivalents in the cash flow statement may differ from the cash and cash equivalents reported in the balance sheet.

2.8. Assets and liabilities held for sale

The assets held for sale of TEUR 6,350.0 (previous year: TEUR 19,750.0) relate to one investment property (previous year: three investment properties). A purchase agreement was concluded for this property before the balance sheet date, but the transfer of benefits and encumbrances will not take place until after 30 September 2023.

2.9. Equity

2.9.1. Issued share capital

DKR's fully paid-in share capital did not change in the reporting period and amounts to TEUR 35,155.9 as of 30 September 2022 (previous year: TEUR 35,155.9) and is divided into 35,155,938 no-par value bearer shares with equal voting rights.

Powers of the Management Board to issue new shares

Authorised capital

By resolution of the Annual General Meeting on 11 March 2021, entered in the Commercial Register on 11 June 2021, the Management Board was authorised, with the approval of the Supervisory Board, to increase the share capital of the Company on one or more occasions by up to a total of EUR 17,577,969 (Authorised Capital 2021/I) by issuing new no-par value bearer shares against cash or non-cash contributions until 10 March 2026. The shareholders are generally to be granted a subscription right within the scope of the authorised capital. However, the Management Board is authorised to exclude shareholders' subscription rights in certain cases in accordance with the Articles of Association and the approval of the Supervisory Board.

Conditional capital

Furthermore, by resolution of the Annual General Meeting of 13 July 2023 (amending the resolution of the Annual General Meeting of 11 March 2021), the Company's share capital was reduced by EUR 200,000.00 to EUR 9,377,969.00 (Conditional Capital I).

The share capital was conditionally increased by EUR 200,000.00 to EUR 8,200,000.00 by resolution of the Annual General Meeting of 13 July 2023 (amending the resolution of the Annual General Meeting of 5 March 2020) through the issue of up to 200,000 new no-par value bearer shares with dividend rights from the beginning of the financial year in which they are issued (Conditional Capital II). The purpose of the conditional capital increase is to grant shares to the holders of convertible bonds 2015/2025, which, on 30 January 2015, were issued by the Company in two tranches with a total volume of EUR 37,000,000.00 on the basis of the authorisation of the Annual General Meeting on 30 January 2015, and which have a term until 30 January 2025. Otherwise, the resolution of 9 March 2017 remains unchanged. Further details on the conditional capital can also be found in the announcement in the Federal Gazette.

2.9.2. Capital reserve

The capital reserve did not change in the reporting period and remained unchanged at TEUR 197,141.6 (previous year: TEUR 197,141.6).

2.9.3. Other reserves

Other reserves remained unchanged in the reporting period and include IFRS first-time application reserves totalling TEUR 723.4 (previous year: TEUR 723.4).

2.9.4. Retained earnings

In the reporting period, TEUR 12,689.3 was allocated to the reinvestment reserve in accordance with Section 13 (3) REITG (REIT Act) for the first time and reversed in full in the financial year as part of the acquisition of the property in Cottbus, meaning that the reinvestment reserve totalled TEUR 0.0 as at the reporting date. The valuation result improved by TEUR 12,689.3 as a result of offsetting the reserve against the acquisition costs of the property.

The development of this item is shown in the statement of changes in equity. A dividend of TEUR 4,218.7 was paid for the 2021/2022 financial year, which corresponds to a dividend of EUR 0.12 per share.

On the basis of this year's German GAAP result of TEUR –80,698.3, the Management Board is unable to submit a dividend proposal to the Annual General Meeting and proposes that the loss be carried forward to new account. This proposal requires the approval of the Supervisory Board and the Annual General Meeting.

2.10. Financial liabilities

Financial liabilities are as follows:

TEUR	30/09/2023	30/09/2022
Non-current	378,298.9	328,761.6
Current	45,117.3	89,282.7
Total	**423,416.2**	**418,044.2**
Thereof secured	355,159.3	352,743.8

Liabilities to banks increased significantly as a result of new secured bank loans being used to build up the real estate portfolio. This was offset by current repayments.

The repayment rates are generally between 2.80% and 16.06% p.a. Liabilities to banks are fully collateralised except for nine promissory note loans. The collateral provided is essentially mortgages and guarantees from related parties. This collateral can only be utilised by the banks after a material breach of the financing agreement.

2.11. Liabilities from convertible bonds

The liabilities from convertible bonds, including accrued interest, taking into account the issue costs, are composed as follows:

Liabilities from convertible bonds in TEUR	Maturity	30/09/2023		30/09/2022	
		Non-current	Current	Non-current	Current
Convertible bond I TEUR 30,000 (nominal), 1.35% coupon p.a.	30 January 2025	29,837.8	0.0	29,731.9	0.0
Convertible bond II TEUR 7,000 (nominal), 1.00% coupon p.a.	30 January 2025	6,925.8	0.0	6,877.4	0.0
Total		**36,763.6**	**0.0**	**36,609.3**	**0.0**

Both convertible bonds are fully recognised as non-current financial liabilities.

2.12. Liabilities from corporate bonds

Liabilities from corporate bonds, including accrued interest, taking into account the issuing costs, are composed as follows:

Liabilities from corporate bonds in TEUR	Maturity	30/09/2023		30/09/2022	
		Non-current	Current	Non-current	Current
Bond EUR 35,900.0 (secured), 1.80% coupon p.a.	31 May 2024	0.0	36,043.0	40,173.2	0.0
Bond EUR 70,000.0 (unsecured), 2.35% coupon p.a.	5 April 2024	0.0	70,792.0	70,772.4	0.0
Bond TEUR 40,000.0 (unsecured), 4,00% coupon p.a.	10 March 2025	40,976.8	0.0	41,032.9	0.0
Bond TEUR 30,000.0 (unsecured), 3.10% coupon p.a.	28 April 2031	30,075.1	0.0	30,034.9	0.0
Total		**71,051.9**	**106,835.0**	**182,013.3**	**0.0**

Of the secured bond with an original nominal value of TEUR 40,000.0 and a coupon of 1.80% p.a., a partial amount with a nominal value of TEUR 4,100.0 was repaid by the Company on 19 January 2023 as part of the sale of two properties mortgaged by the bond.

2.13. Other provisions

Other provisions are composed as follows:

TEUR	As of 01/10/2022	Consumption	Resolution	Addition	As of 30/09/2023
Tax provisions	3,656.7	3,656.7	0.0	8,122.8	8,122.8
Archiving (non-current)	3.5	0.0	0.0	0.0	3.5
Legal, consulting and auditing costs	368.1	368.1	0.0	390.3	390.3
Pending invoices	1,639.9	853.4	0.0	2,925.3	3,711.8
Other provisions	1,581.7	1,583.9	17.6	1,340.7	1,320.8
Total	**7,249.8**	**6,462.1**	**17.6**	**12,779.1**	**13,549.2**

Since material provisions are utilised at short notice, discounting is waived for materiality reasons. There are also no material uncertainties regarding the timing or amount of the claim.

In the reporting period, tax provisions totalling TEUR 8,122.8 (previous year: TEUR 3,656.7) were recognised for the 2022 assessment year as a result of the ongoing tax audit of the 2014–2017 assessment years by the tax authorities. For further information, please refer to Chapter 3.9 and Chapter 6.1.

2.14. Other non-current and current liabilities

Other non-current liabilities comprise leasing liabilities for leasehold rights in which DKR is the leaseholder. The corresponding assets are reported accordingly as investment properties. The long-term lease liabilities also include liabilities from rental agreements for office and car park space.

The development of other non-current and current liabilities is as follows:

TEUR	30/09/2023	30/09/2022
Non-current lease liabilities	12,057.6	10,038.9
Total non-current other liabilities	**12,057.6**	**10,038.9**
Liabilities to other creditors	0.0	1,340.0
Liabilities to tenants	936.9	1,345.4
Rent deposits	1,330.5	1,198.5
Liabilities from purchaser settlement	462.8	170.4
Current lease liabilities	182.2	104.5
Others	870.0	373.8
Total current other liabilities	**3,782.4**	**4,532.6**
Total	**15,840.0**	**14,571.6**

2.15. Deferred taxes

Due to the REIT status and the associated tax exemption of the Company, deferred taxes were not recognised in the past. Due to the decision of the Berlin-Brandenburg Fiscal Court with regard to the granting of the suspension of enforcement of the tax assessments received, DKR has decided, for reasons of prudence, to take all tax risks into account in the balance sheet and has therefore recognised deferred taxes for the first time. Deferred tax assets and liabilities were netted and only the liability surplus of TEUR 31,703.7 (previous year: TEUR 0.0) was recognised.

The deferred taxes as at the balance sheet date are attributable to temporary differences in the following balance sheet items:

TEUR	30/09/2023
Investment properties	–51,071.8
Tangible Assets	–239.8
Other current assets	16,206.1
Non-current financial liabilities to banks	–291.1
Non-current liabilities from corporate bonds	–102.3
Non-current liabilities from convertible bonds	–100.2
Other non-current liabilities	3,886.1
Current tax provisions	9.3
Total	**–31,703.7**

Deferred taxes result primarily from the fair value accounting of investment properties, the recognition of right-of-use assets and lease liabilities and value adjustments on loans.

2.16. Trade payables

Trade payables amount to TEUR 9,301.1 in the reporting year (previous year: TEUR 6,733.6) and as of the balance sheet date mainly include outstanding invoices for related maintenance and management services.

2.17. Income tax liabilities

Income tax liabilities totalling TEUR 5,318.0 (previous year: TEUR 0.0) result from assessments issued by the tax authorities for previous assessment periods.

2.18. Leases

The Company acts as a lessee of leasehold contracts, car parks, office space and two motor vehicles. The rights of use from leasehold contracts and adjacent car parks are reported in the balance sheet under non-current assets in the investment property item. The right-of-use assets for leased vehicles and office space are recognised under tangible assets. The corresponding lease liabilities are recognised under current and non-current other financial liabilities.

The capitalised rights of use relate to the following classes of assets:

TEUR	30/09/2023	30/09/2022
Land and leasehold rights with commercial buildings	719.5	0.0
Plant, operating and office equipment	35.8	12.4
Investment properties	10,610.4	9,424.4
Total rights of use	**11,365.7**	**9,436.7**

Lease liabilities are broken down as follows as at the balance sheet date:

TEUR	30/09/2023	30/09/2022
Non-current lease liabilities	12,057.6	10,038.9
Current lease liabilities	182.2	104.5
Total leasing liabilities	**12,239.8**	**10,143.5**

Right-of-use assets are amortised in the amount of TEUR 65.2 (previous year: TEUR 53.0). Interest expenses from the compounding of lease liabilities totalled TEUR 26.3 (previous year: TEUR 14.1).

Photo: Local retail centre Haff-Center
Haffring 24, 17373 Ueckermünde

3. Notes to the statement of comprehensive income

3.1. Net rental income

The net rental income is the result of rental income and income from operating and ancillary costs less operating expenses and is as follows:

TEUR	2022/2023	2021/2022
Rental income	79,722.2	74,390.2
Income from operating and ancillary costs	16,381.1	13,959.8
Total proceeds	**96,103.3**	**88,350.0**
Maintenance	–8,704.4	–9,079.9
Allocatable ancillary costs	–28,054.0	–22,987.3
Non-recoverable ancillary costs	–10,799.2	–8,651.5
Reductions in sales	–296.9	–187.3
Total operating expenses	**–47,854.5**	**–40,906.0**
Net rental income	**48,248.8**	**47,444.0**

The sales revenues are almost exclusively business rents from properties in Germany. The income from operating and ancillary costs does not include contributions of the Company. The maintenance expenses relate to repairs and maintenance work. In addition, value-enhancing modernisation measures amounting to TEUR 21,985.0 (previous year: TEUR 18,568.9) were carried out in the 2022/2023 financial year.

The allocable ancillary costs include allocable ancillary costs as well as ancillary costs that cannot be allocated due to vacancy and ancillary costs that are allocable in nature but cannot be allocated due to the terms of the tenancy agreement.

Non-recoverable ancillary costs include, among other things, expenses for property management in the amount of TEUR 2,093.9 (previous year: TEUR 1,941.7) and expenses for asset management in the amount of TEUR 4,291.0 (previous year: TEUR 3,991.0).

In addition, ancillary costs also include expenses relating to other periods from purchaser settlements for properties purchased in the amount of TEUR 531.6 (previous year: TEUR 492.8).

Operating and ancillary costs include revenues according to IFRS 15 in the amount of TEUR 14,125.5 (previous year: TEUR 11,967.7).

3.2. Result from disposals

The result from disposals reflects the sale of three properties in the 2022/2023 financial year, two of which were already recognised as properties held for sale under IFRS 5 as at the previous year's reporting date. The remaining property was previously recognised as investment property at fair value in accordance with IAS 40. The selling price for the properties sold totalled TEUR 9,850.0. The valuation result realised from the sale amounted to TEUR 200.0 compared to the last recognised carrying amount.

3.3. Other operating income

Other operating income totalled TEUR 603.8 in the financial year (previous year: TEUR 2,786.4) and mainly includes income from compensation payments for sublet space in the amount of TEUR 302.2 (previous year: TEUR 0.0). Other operating income also includes income from currency translation totalling TEUR 2.6 (previous year: TEUR 0.4).

3.4. Valuation result of investment properties

The valuation result includes the net valuation gains and losses from the fair value valuation of the investment properties as at the balance sheet date by an external and independent expert. In the case of sales contracts, the agreed selling price was used as the fair value at level 1 of the valuation hierarchy, as this represents a better approximation of the market value.

3.5. Personnel expenses

The Company's personnel expenses in the 2022/2023 financial year totalled TEUR 1,145.9 (previous year: TEUR 1,049.5). Other services were provided for the Company by employees of Obotritia Capital KGaA. A cost allocation is levied for this, which is recognised in other administrative expenses (see Chapter 3.7).

Of the personnel expenses, TEUR 175.9 (previous year: TEUR 154.8) is attributable to social security contributions and pension expenses and TEUR 13.5 (previous year: TEUR 12.6) to capital-forming benefits.

As at the balance sheet date, the Company had 20 direct employees (previous year: 20 employees). This comprised two members of the Management Board (previous year: two), four salaried employees (previous year: two), three investment analysts (previous year: three), six property managers (previous year: six) and five part-time employees (previous year: seven).

3.6. Value adjustments on inventories and receivables

The value adjustments break down as follows:

Impairment losses in TEUR	2022/2023	2021/2022
Value adjustments on receivables against Obotritia Capital KGaA	40,126.3	3,968.0
Value adjustments on acquired loans	3,601.5	1,853.4
Write-off of rental receivables	1,442.7	863.2
Value adjustments on rental receivables	1,017.5	1,884.7
Value adjustments on receivables from purchase price retentions	410.0	0.0
Value adjustments on purchaser settlements	2.2	–2.9
Total	**46,600.2**	**8,566.4**

Due to the fact that the loan and outstanding interest have not yet been repaid by Obotritia Capital KGaA, a value adjustment of TEUR 40,126.3 (previous year: TEUR 3,968.0) was recognised in the reporting period. The value adjustment was made for reasons of prudence as well as for reasons of reliable valuation up to the amount of collateral that can be realised in the short term, which was granted to DKR by agreement with Obotritia on 9 December 2023.

In the financial year, total expenses from value adjustments on acquired loans in the amount of TEUR 3,601.5 (previous year: TEUR 1,853.4) were recognised in profit or loss which resulted from the creation of new value adjustments in the amount of TEUR 5,236.4 (previous year: TEUR 2,296.5), of which TEUR 5,236.4 (previous year: TEUR 307.8) were individual value adjustments, and the reversal of existing value adjustments in the amount of TEUR 1,989.3 (previous year: TEUR 443.0). The change in fair value in the amount of TEUR 3,247.0 (previous year: TEUR 1,814.6) was recognised in other comprehensive income.

In the reporting period, a total of TEUR –44,094.3 in value adjustments were recognised on the loan and interest receivable from Obotritia Capital and TEUR 3,968.0 in general value adjustments were reversed.

For further information, see also Chapter 2.4 Trade receivables and Chapter 2.5 Other non-current and current assets

3.7. Other administrative expenses

Other administrative expenses are as follows:

TEUR	2022/2023	2021/2022
Legal, consulting and auditing costs	1,952.1	1,080.2
Expenses unrelated to the accounting period	530.1	0.0
Fees	509.2	506.8
Agency fees	386.4	426.4
Advertising costs	258.6	241.6
Compensation	184.7	99.3
Others	583.8	394.6
Total	**4,404.9**	**2,748.9**
thereof one-off expenses	1,698.0	652.9
Adjusted	**2,706.9**	**2,096.0**

Legal and consulting expenses primarily comprise the ongoing costs of preparing expert opinions, auditing costs and legal advice. Other administrative expenses include one-off expenses from legal and consulting fees totalling TEUR 1,017.1. The remaining other administrative expenses include expenses from currency translation in the amount of TEUR 1.8 (previous year: TEUR 2.9). Adjusted for special effects and one-off expenses, this results in an increase in other administrative expenses of TEUR 610.9 (previous year: TEUR 221.5).

3.8. Interest result

The interest result has the following structure:

TEUR	2022/2023	2021/2022
Interest income from shareholder loans	4,444.1	5,541.3
Interest income from creditshelf loans	247.9	880.6
Other interest income	33.8	40.7
Total interest income	**4,725.8**	**6,462.6**
Interest on corporate bonds	–4,901.4	–4,844.9
Interest on convertible bonds	–629.3	–626.6
Interest expenses for loans to banks	–11,752.7	–7,651.9
Ground rent	–671.3	–573.4
Other interest expenses	–658.6	–389.5
Total interest expenses	**–18,613.3**	**–14,086.3**
thereof non-cash interest expenses	–308.6	–1,031.7
Total	**–13,887.5**	**–7,623.7**

Of the interest income, TEUR 4,725.8 (previous year: TEUR 6,462.6) is attributable to financial instruments accounted for using the effective interest method.

3.9. Taxes on income and earnings

As a result of the ongoing tax audit by the tax authorities, provisions of TEUR 8,434.6 were recognized in profit or loss as at the balance sheet date for income taxes that may have to be paid in arrears for the 2022 assessment year. These include corporation tax plus solidarity surcharge and trade tax for the 2022 assessment year. Tax arrears of TEUR 10,070.6 were recognized in profit or loss for the years 2016 to 2021. For reasons of prudence, DKR also decided to recognize deferred taxes for the first time, which led to a tax expense of TEUR 31,703.7 in the reporting period. In total, the aforementioned items result in income tax expenses of TEUR 50,208.9. For further information, please refer to Chapter 6.1 and the detailed presentation in the Management Report.

The reconciliation of the expected tax result to the actual tax result is shown below:

TEUR	2022/2023
Earnings before income taxes	–130,783.1
Anticipated tax result (tax rate: 31.75%)	0.0
Reconciliation due to tax effects:	
Recognition of deferred tax liabilities from temporary differences in profit or loss	–31,703.7
Recognition of tax liabilities for previous assessment periods through profit or loss	–10,070.6
Recognition of tax provisions for 2022 in profit or loss	–8,434.6
Tax result	**–50,208.9**

3.10. Other taxes

Other taxes in the current financial year amount to TEUR 0.4 (previous year: TEUR 0.1). The real estate tax on investment properties is reported under rental expenses.

3.11. Earnings per share

Earnings per share are as follows:

TEUR	2021/2022	2020/2021
Period result (undiluted)	**–180,992.1**	**60,386.7**
Interest expenses on convertible bonds	629.3	626.6
Period result (diluted)	**–180,362.8**	**61,013.3**
Average number of shares issued in the reporting period (undiluted)	**35,155,938**	**35,155,938**
Potential conversion shares	15,195,154	15,039,447
Average number of shares issued in the reporting period (diluted)	**50,351,092**	**50,195,385**
Earnings per share (EUR)		
Undiluted	**–5.15**	**1.72**
Diluted	**–3.58**	**1.22**

4. Notes to the cash flow statement

The cash flow statement was prepared with regard to the operating part using the indirect method. A distinction was made between current operating, investment and financing activities. The cash and cash equivalents shown as of the balance sheet date include all credit balances and current account liabilities due within three months of the balance sheet date. The cash flow statement shows how cash and cash equivalents changed during the financial year as a result of cash inflows and outflows. In accordance with DRS 21/IAS 7 ("Cash Flow Statements"), a distinction is made between cash flows from operating, investing and financing activities.

Cash flow from operating activities amounted to TEUR 41,632.3 in the financial year (previous year: TEUR 49,384.9). The decline in cash flow from operating activities is due in particular to the first-time payment of income taxes for previous assessment periods.

Cash flow from investing activities amounted to TEUR –17,523.6 in the reporting year (previous year: TEUR –46,598.6). The Company's main investment activities in the reporting year include payments for the acquisition of investment properties and investments in the existing portfolio totalling TEUR 74,139.6 (previous year: TEUR 72,250.4).

Cash flow from financing activities amounted to TEUR –24,002.1 in the reporting year (previous year: TEUR 1,387.8). The main items in the reporting year were proceeds from loans taken out from various banks totalling TEUR 88,045.0 (previous year: TEUR 90,105.0). This inflow was mainly offset by payments for the repayment of loans of TEUR 84,843.6 (previous year: TEUR 71,066.4), interest paid of TEUR 18,304.7 (previous year: TEUR 13,054.6) and the dividend paid of TEUR 4,218.7 (previous year: TEUR 14,062.4).

The opening balance of net financial liabilities on 1 October 2022 can be reconciled with the closing balance on 30 September 2023 as follows:

TEUR	Liabilities to banks	Liabilities from convertible bonds	Liabilities from corporate bonds	Total
As of 01/10/2021	**401,289.4**	**36,457.7**	**171,561.8**	**609,308.9**
Payments received from the issue of corporate bonds	0.0	0.0	10,000.0	10,000.0
Costs from the issue of corporate bonds	0.0	0.0	–175.0	–175.0
Proceeds from borrowings	90,105.0	0.0	0.0	90,105.0
Costs from borrowing	–358.8	0.0	0.0	–358.8
Payments for the repayment of financial liabilities	–71,066.4	0.0	0.0	–71,066.4
Interest expenses	7,651.9	626.6	4,844.9	13,123.4
Interest paid	–7,284.4	–475.0	–4,218.3	–11,977.7
Reclassification to IFRS 5	–2,292.5	0.0	0.0	–2.292.5
As of 30/09/2022	**418,044.2**	**36,609.3**	**182,013.3**	**636,666.9**
As of 01/10/2022	**418,044.2**	**36,609.3**	**182,013.3**	**636,666.9**
Payments for the repurchase of corporate bonds	0.0	0.0	–4,100.0	–4,100.0
Costs from the repurchase of corporate bonds	0.0	0.0	–59.4	–59.4
Proceeds from borrowings	88,045.0	0.0	0.0	88,045.0
Costs from the issue of borrowings	–520.7	0.0	0.0	–520.7
Payments for the repayment of financial liabilities	–82,551.1	0.0	0.0	–82,551.1
Interest expenses	11,752.7	629.3	4,901.4	17,283.3
Interest paid	–11,354.0	–475.0	–4,868.5	–16,697.5
As of 30/09/2023	**423,416.1**	**36,763.6**	**177,886.9**	**638,066.6**

5. Disclosures on financial instruments and fair value

5.1. Financial risk management

Through its business activities, DKR is exposed to various financial risks. These risks mainly include default, liquidity and market risk (interest rate risk). Accordingly, a policy-based risk management system is in place, which includes the systematic identification, analysis, assessment and monitoring of significant risks by the Management Board of the Company. The scope of the financial policy is determined by the Management Board and monitored by the Supervisory Board.

5.1.1. Default risks

Default risk is the risk of loss if a counterparty fails to meet its contractual payment obligations. This can essentially be tenants as well as borrowers. In order to counteract this risk with tenants and borrowers, DKR basically only enters into business relations with creditworthy contracting parties. DKR uses available financial information to assess the creditworthiness of its counterparties. The risk exposure of the Company is monitored continuously.

In principle, the Company recognises value adjustments for expected losses for:

- Financial assets that are valued at amortised cost
- Debt instruments that are valued at fair value through other comprehensive income
- contractual assets and lease receivables.

The Company measures the valuation adjustment in the amount of the expected losses over the term, except in the following cases where the expected twelve-month credit loss is used:

- Debt instruments that do not have an impaired credit rating at the balance sheet date and
- Debt instruments for which the default risk has not significantly increased since the initial recognition.

Value adjustments on trade receivables and contractual assets as well as lease receivables are generally taken into account on the basis of loan losses expected over the term.

Appropriate and reliable information that is available without undue time and expense is used to determine whether there has been a significant increase in the default risk since initial recognition and to estimate the expected default. This includes both quantitative and qualitative information and analysis based on experience and forward-looking information. The transfer from level 1 of the impairment model in accordance with IFRS 9 takes place when the credit default risk has significantly increased since initial recognition. The primary indicator of this is that the contractual payments are more than 30 days overdue or the rating has deteriorated. A return transfer takes place when the credit default risk at the balance sheet date has decreased to such an extent that it is no longer significantly increased compared to the initial recognition. This applies regardless of the extent of the change in credit default risk compared to the previous balance sheet date.

The expected defaults are generally determined on the basis of the present value difference between all contractual payments that are owed and all payments that are expected.

At each reporting date, it is examined whether financial assets that are carried at amortised cost and debt instruments that are recognised at fair value through other comprehensive income have impaired credit ratings and may need to be value adjusted. The credit rating of a financial asset is impaired if one event or more events that adversely affect the expected future cash flows have occurred. Indicators are among others

- Significant financial difficulties of the borrower
- A breach of contract such as default or overdue
- It is likely that the borrower goes into bankruptcy or reorganisation proceedings
- Concessions to the borrower for economic or legal reasons related to the financial difficulties of the borrower, who would not otherwise be considered.

Existing rental receivables are recognised in trade receivables and regularly checked for impairment. For the measurement of expected credit losses, the rental receivables were summarised in trade receivables on the basis of common credit risk characteristics and overdue days. Value adjustments are generally carried out on the basis of the age structure of the rent receivables, with the exception of rent receivables for which there is specific knowledge of impairment, which are considered individually and impaired if necessary. The expected loss rates are based on payment profiles of past revenues and correspond to historical defaults. These historical loss rates are adjusted using current and forward-looking information on macroeconomic factors to reflect the customers' ability to pay the receivables. Impairments on trade receivables are included in the impairment of receivables and inventories. The value adjustments are deducted from the financial asset.

Existing, acquired loan receivables are checked for recoverability on the basis of their expected probability of default and a significant increase in the probability of default, if necessary. A significant increase is assumed if the rating deteriorates by at least one level, insofar as the probability of default assigned to the current rating after deterioration is 1% or more. The assumed probability of default of the loans acquired is based on regular credit analyses by the service provider creditshelf, including the rating made there. Impairment losses on financial assets that are valued at fair value through other comprehensive income do not reduce the carrying amount of the asset but, like the fair value change, are recognised in other comprehensive income.

Financial assets are derecognised after a reasonable assessment if no realisability is expected. For individual assets, the value adjustment requirement provides for a derecognition if there is an overdue period of more than 360 days.

The financial assets recognised in the financial statements, less any impairments, represent the maximum default risk of the Company. Collateral received is not taken into account. There are no other overdue receivables that have not been impaired. Loan receivables exist exclusively from Obotritia Capital and from acquired loans. See also Chapter 2.4 Trade receivables and Chapter 2.5 Other current and non-current assets.

5.1.2. Liquidity and financing risk

Liquidity risk is the risk that DKR is unable to meet its payment obligations at a contractually agreed date.

To ensure liquidity, liquidity planning is carried out, which continuously compares the expected liquidity requirements with the expected cash inflows. In doing so, DKR manages liquidity risks by holding appropriate reserves and credit lines, as well as by continuous target/actual comparisons of forecasted and actual cash flows, considering the maturity profiles of receivables and liabilities.

The following tables show the contractual and undiscounted disbursements of the recognised liabilities by residual maturity including interest accruals:

Remaining maturities as at 30/09/2023 in TEUR	Remaining maturities			
	Total	up to 1 year	1 to 5 years	over 5 years
Liabilities to banks	424,332.9 (418,838.9)	46,075.2 (89,900.8)	287,313.5 (243,736.1)	90,944.2 (85,202.0)
Liabilities from convertible bonds	37,079.2 (37,079.2)	79,2 (79,2)	37,000.0 (37,000.0)	0.0 (0.0)
Liabilities from corporate bonds	178,209.2 (182,334.0)	108,209.2 (2,334.0)	40,000.0 (150,000.0)	30,000.0 (30,000.0)
Liabilities from leasing	12,242.4 (10,143.5)	182,2 (104,5)	873,4 (498,1)	11,186.8 (9,540.9)
Trade payables	9,301.1 (6,733.6)	9,301.1 (6,733.6)	0.0 (0.0)	0.0 (0.0)
Other current liabilities	3,600.2 (4,428.1)	3,600.2 (4,428.1)	0.0 (0.0)	0.0 (0.0)
Financial liabilities regarding non-current assets held for sale	0.0 (2,292.5)	0.0 (2,292.5)	0.0 (0.0)	0.0 (0.0)

The Company can draw on credit lines. The total amount not yet utilised as of the balance sheet date is approximately TEUR 25,750.0 (previous year: TEUR 27,645.0). Utilisation is not expected. The Company expects to be able to fulfil its liabilities from operating cash flow, the inflow of maturing financial assets and capital measures as well as the existing credit lines. In addition, there are estimated future cash outflows from interest on financial liabilities to banks within one year of around

TEUR 12,697.6 (previous year: around TEUR 11,777.1), of more than one but less than five years of around TEUR 25,975.0 (previous year: around TEUR 23,163.1) and after more than five years of around TEUR 11,008.2 (previous year: around TEUR 9,433.4). The future interest payments for leases are shown in Chapter 6.2.

There are liquidity risks with regard to the interest-bearing investments of cash and cash equivalents as part of short-term cash management if the borrowers do not (or cannot) make the repayments. This relates in particular to the loan receivable from Obotritia Capital KGaA (receivable including interest of EUR 62.5 million as at the reporting date, written down to EUR 18.4 million) and, to a lesser extent, the Company's receivables from SME loans acquired via the creditshelf AG platform, which are still due but have now been fully value-adjusted. Failure to repay these financial assets, or even total default on the receivables, could mean that invoices cannot be paid on time in the operating area and that insufficient funds are available to repay expiring loans. This would force the Company to raise further short-term funds or, alternatively, to make emergency sales of properties in order to bridge potential liquidity bottlenecks.

At the time these financial statements were prepared, the Company was in negotiations with the financing bank regarding a secured real estate loan expiring on 31.12.2023. As at 30 September 2023 the outstanding residual volume of this financing amounted to EUR 12.2 million.

A significant liquidity risk arises from two outstanding bonds of EUR 70 million and EUR 35.9 million, which expire in April and May 2024 and are therefore generally due for repayment:

With regard to the unsecured bond with a volume of EUR 70 million and a term until 5 April 2024, the Company is in negotiations with the bondholder as to how the bond can be repaid or extended if DKR is not in a position to repay the bond from freely available funds by then.

The bond secured by thirteen properties with a volume of EUR 35.9 million and a term until 31 May 2024 is to be redeemed through bank financing of the underlying properties according to current plans. A small-scale agreement has already been concluded, and DKR is currently in financing negotiations with several banks for further properties. At the same time, the Company is negotiating the sale of individual collateral properties. The cash inflows generated by the sale of the individual collateral properties would initially flow into the full repayment of the bond liability. DKR also expects a solution with regard to the secured bond before the remaining term expires.

Furthermore, secured real estate loans in the amount of around EUR 21 million expire in the course of 2024. DKR assumes that these can be extended due to the collateralization.

In addition, a promissory note loan of EUR 10 million will fall due for repayment in November 2024, which must either be repaid or extended.

If the above plans for bond repayments/extensions and the refinancing of collateralized debt instruments/loans do not work for individual instruments or as a whole, this could result in a significant liquidity shortfall, which could give rise to material uncertainty with regard to the Company's ability to continue as a going concern.

As a result of the liquidity shortfall, the Company could be forced to borrow other capital at short notice at economically unfavourable conditions or to sell properties at short notice and possibly at a discount.

For 19 loan agreements, maintenance reserves of TEUR 187.5 per month have been agreed for the respective financed properties in accordance with the loan agreements. In addition, there are one-off maintenance reserves already made in the amount of TEUR 85.0 (previous year: TEUR 85.0). As of the balance sheet date, maintenance reserves of TEUR 1,840.0 (previous year: TEUR 4,234.9) were accumulated. The accumulated reserves can be paid out after maintenance measures have been carried out on presentation of an invoice.

Part of the loan agreements contain obligations to comply with certain financial covenants. These typically include standard ratios such as the Debt Service Coverage Ratio (DSCR), Interest Coverage Ratio (ICR) and Loan-To-Value (LTV), or maintenance reserves to be met for certain assets. A breach of the agreed loan specifications could result in a premature repayment obligation, which in individual cases could impair liquidity. As of 30 September 2023, all covenants from credit and bond contracts were complied with.

The recognised financial assets are classified as either current or non-current depending on their maturity.

Furthermore, DKR is fundamentally dependent on being able to obtain debt capital on reasonable terms for refinancing its current business activities or for acquisitions. For example, crises on the international financial markets can make debt financing more difficult and then lead to liquidity problems. If, as a result, the debt service should no longer be met, lenders could forcibly recover real estate assets, and distress sales could lead to significant financial penalties. In this respect, DKR continues to exploit favourable market conditions in order to make financing favourable and sustainable.

This also applies to other financial instruments, such as convertible and corporate bonds.

5.1.3. Interest rate risk

Due to its business activity, DKR is exposed to interest rate risk. This applies in particular to loans with variable interest rates and the recalculation of fixed-rate loans at the end of the fixed-interest period, if the interest rate increases by the ECB result in higher interest payments.

If required, DKR uses derivative financial instruments such as interest rate swaps or caps, which minimise interest rate risk or interest rate sensitivity when interest rates rise. As at 30 September 2023, the Company holds no interest hedging instruments. No derivatives are used for speculative purposes.

In addition, DKR is constantly in talks with its banking partners in order to extend expiring fixed-interest periods in good time, to redeem loans early or, if necessary, to reschedule them. In principle, forward loans are also eligible.

As at 30 September 2023, there are only loans with a fixed interest rate except for ten variable-rate loans.

If interest rates had been 1% higher (lower) in the reporting period, the annual result would have been TEUR 5,121.3 lower (previous year: TEUR 6,373.5) or TEUR 4,937.7 higher (previous year: TEUR 6,221.8).

5.2. Net results from financial instruments

Net gains and losses from financial instruments are allocated to the respective IFRS 9 valuation categories as follows:

Information as at 30/09/2023 in TEUR	Interest income	Interest expenses	Impairment (in other expenses)	Other	Valuation result
Financial instruments valued at FVtOCI	247.9 (880.6)	0.0 (0.0)	3,601.5 (1,853.4)	–3.9 (–99.2)	–3,247.0 (–1,814.6)
Financial assets valued at AC	4,453.4 (5,542.9)	0.0 (0.0)	42,998.7 (6,712.9)	0.0 (0.0)	0.0 (0.0)
Net result from financial assets	**4,701.3** **(6,423.5)**	**0.0** **(0.0)**	**46,600.2** **(8,566.3)**	**–3.9** **(–99.2)**	**–3,247.0** **(–1,814.6)**
Financial liabilities valued at AC	0.0 (0.0)	17,283.3 (13,123.4)	0.0 (0.0)	0.0 (0.0)	0.0 (0.0)
Net result from financial liabilities	**0.0** **(0.0)**	**17,283.3** **(13,123.4)**	**0.0** **(0.0)**	**0.0** **(0.0)**	**0.0** **(0.0)**

Other comprehensive income from assets measured at fair value through other comprehensive income includes fees for ongoing credit processing and servicing by creditshelf. The valuation result of the FVtOCI category includes the fair value change recognised in other comprehensive income.

5.3. Netting of financial assets and liabilities

Financial assets and liabilities are only netted on the basis of global netting agreements if there is an enforceable legal right to offset on the balance sheet date and the intention is to settle on a net basis. If a claim for netting is not enforceable in the ordinary course of business, the global netting agreement creates only a conditional right to offset. In this case, the financial assets and liabilities are shown on the balance sheet date with their gross amounts in the balance sheet.

In the balance sheet as at 30 September 2023, receivables from unbilled ancillary costs of TEUR 28,262.7 (previous year: TEUR 18,928.6) were offset against prepayments received from advance payments of ancillary costs in the amount of TEUR 26,323.2 (previous year: TEUR 17,530.4), in line with industry standards.

5.4. Capital management

The objectives of capital management are to maintain a high credit rating and to maximise shareholder value by striving for an optimal equity/debt ratio (equity ratio) and to comply with the requirements of the REIT Act, which demand a minimum equity ratio of 45% on immovable assets.

The equity ratio at the end of the year is as follows:

In TEUR	30/09/2023	30/09/2022
Equity	316,399.5	514,299.6
Total assets	1,030,178.2	1,181,814.0
Equity ratio in %	**30.7**	**43.5**

The equity ratio according to the REIT Act is as follows:

In TEUR	30/09/2023	30/09/2022
Equity	316,399.5	514,299.6
Equity without deferred tax effects	348,103.3	514,299.6
Investment properties/ immovable assets	995,363.9	1,050,709.1
Equity ratio in %	**31.8**	**48.9**
Equity ratio without deferred tax effects in %	**35.0**	**48.9**

Another key performance indicator is the loan-to-value, which represents the ratio of net financial liabilities to the value of the real estate assets. DKR aims for an LTV of around 50%:

In TEUR	30/09/2023	30/09/2022
Financial liabilities	638,066.6	636,666.9
minus cash, incl. fiduciary accounts	−6,564.0	−6,899.1
minus financial assets	−18,422.1	−104,593.2
Net financial liabilities	**613,080.5**	**525,174.6**
Investment properties	989,013.9	1,030,959.1
Investment properties held for sale	6,350.0	19,750.0
Prepayments on acquired investment properties	0.0	4,920.5
Total real estate assets	**995,363.9**	**1,055,629.6**
Loan-to-Value (LTV), %	**61.6**	**49.7**

Photo: Local retail centre Linden-Center
Lindenallee 25, 18437 Stralsund

5.5. Valuation categories of financial instruments according to IFRS 9

An overview of the valuation categories of financial assets and liabilities at the balance sheet date in accordance with IFRS 9 is shown in the following table:

Figures in TEUR	Category acc. to IFRS 9	Carrying amount as of 30/09/2023	AC	FVtOCI	IFRS 16	Fair value as of 30/09/2023	Valuation hierarchy
Financial assets							
Other non-current financial assets	FVtOCI	– (8.7)	– (–)	– (8.7)	– (–)	– (8.7)	Level 3
Trade receivables	AC	2,721.5 (1,691.6)	2,721.5 (1,691.6)	– (–)	– (–)	– (–)	
Cash and cash equivalents	AC	4,933.6 (4,827.0)	4,933.6 (4,827.0)	– (–)	– (–)	– (–)	
Other current assets	FVtOCI	0.8 (5,755.3)	– (–)	0.8 (5,755.3)	– (–)	0.8 (5,755.3)	Level 3
Other current assets	AC	24,264.8 (105,324.0)	24,264.8 (105,324.0)	– (–)	– (–)	– (–)	
Total financial assets		**31,920.7 (117,606.6)**	**31,919.9 (111,842.6)**	**0.8 (5,764.0)**	**– (–)**	**0.8 (5,764.0)**	
Financial liabilities							
Liabilities to banks	AC	423,416.1 (418,044.2)	423,416.1 (418,044.2)	– (–)	– (–)	390,103.6 (402,071.3)	Level 2
Liabilities from convertible bonds	AC	36,763.6 (36,609.3)	36,763.6 (36,609.3)	– (–)	– (–)	82,643.0 (125,756.0)	Level 1
Liabilities from corporate bonds	AC	177,886.9 (182,013.3)	177,886.9 (182,013.3)	– (–)	– (–)	165,600.0 (180,000.0)	Level 1
Liabilities from leases	–	12,239.8 (10,143.5)	– (–)	– (–)	12,239.8 (10,143.5)	– (–)	
Trade payables	AC	936.9 (1,345.3)	936.9 (1,345.3)	– (–)	– (–)	– (–)	
Other current liabilities	AC	2,344.2 (1,678.2)	2,344.2 (1,678.2)	– (–)	– (–)	– (–)	
Liabilities in connection with non-current assets held for sale	–	– (2,292.5)	– (2,292.5)	– (–)	– (–)	– (2,292.5)	Level 2
Total financial liabilities		**653,587.5 (652,126.3)**	**641,347.7 (641,982.8)**	**– (–)**	**12,239.8 (10,143.5)**	**638,346.6 (710,119.8)**	

For current items, it was assumed that the carrying amount represents a reasonable estimation of the fair value. For this reason, no fair value was stated in the above table in these cases.

5.6. Fair value of assets and liabilities

IFRSs determine the fair value of various assets and liabilities.

The fair value is defined in IFRS 13 and is to be determined using the most near-to-market valuation methods and input parameters. A valuation hierarchy divides the input data according to their quality in three levels:

Level 1 Quoted (unadjusted) prices in active markets for identical assets or liabilities, such as stock prices

Level 2 Input factors other than quoted prices included in level 1 but which are observable for the asset or liability either directly or indirectly (i.e. derived from prices)

Level 3 Factors not based on observable market data for the valuation of the asset or liability

Insofar as input factors of different levels are used, the fair value is assigned to the respective lower hierarchy level. The Company recognises reclassifications between different levels in principle as of the end of the reporting period in which the change occurred. During the financial year, an investment property, which was recognized under investment properties in the previous year with a carrying amount of TEUR 800.0, was reclassified to assets held for sale and recognized there at a fair value of TEUR 1,000.0 and subsequently sold. In addition, a property that was reported under assets held for sale in the previous year at a fair value of TEUR 10,900.0 is still reported there at the balance sheet date at the expected sale price of TEUR 6,350.0. In this respect, there was a level transfer from level 3 to level 1.

The assets and liabilities recognised at fair value in the balance sheet are as follows:

In TEUR	Valuation hierarchy	30/09/2023	30/09/2022
Investment properties	Level 3	989,013.9	1,030,959.1
Acquired loans	Level 3	0.8	5,764.0
Investment properties held for sale	Level 1	6,350.0	8,850.0
Investment properties held for sale	Level 3	0.0	10,900.0
Total assets		**995,364.7**	**1,056,473.0**
Liabilities in connection with investment properties held for sale	Level 2	**0.0**	2,292.5
Total equity and liabilities		**0.0**	**2,292.5**

The fair value of non-current assets or liabilities corresponds to the present value of the expected payments, taking into account market interest rates for matching maturities and risks, if no stock market price is available. Short-term trade receivables and other assets and cash and cash equivalents therefore approximate their fair values.

The fair value of the loans acquired corresponds to the acquisition costs adjusted for repayments, taking into account valuation adjustments based on credit-specific default probabilities, which are updated on a regular basis.

Since the selling price represents a fair value at level 1 of the fair value hierarchy, it was used and a transfer from level 3 (market value appraisals) to level 1 (sale price at the market) was made.

6. Other information

6.1. Contingent receivables, contingent liabilities and other financial obligations

Should the Company prevail in the legal dispute with the tax authorities, so that the REIT status would not be called into question, no tax expenses would have been recognised. In this respect, the contingent receivable for taxes totalled TEUR 18,505.2 as at the reporting date.

The Company has the following financial obligations from non-current contracts:

TEUR	30/09/2023	30/09/2022
Asset and property management contracts	7,837.5	9,350.6
Contracts on management levy	217.6	523.3
Car leasing	36.8	10.7
Total	**8,091.9**	**9,884.6**
of which up to 1 year	4,909.3	5,337.2
of which one year to five years (undiscounted)	3,182.6	4,547.4
of which over five years (undiscounted)	0.0	0.0

As at the balance sheet date of 30 September 2023, the Company had no purchase price obligations from notarised purchase agreements.

There are no other contingent liabilities.

6.2. Lease obligations

As a lessee of leasehold agreements, parking spaces and access roads, there are long-term lease liabilities, which result in disbursements in subsequent years. These are distributed as follows:

in TEUR	Total	up to 1 year	1 to 5 years	over 5 years
Minimum lease payments 30/09/2023	**36,763.0**	**868.5**	**3,434.9**	**32,459.6**
of which interest payments	24,523.2	673.2	2,577.2	21,272.8
of which repayments	12,239.8	195.3	857.7	11,186.8
Minimum lease payments 30/09/2022	**31,022.4**	**666.3**	**2,664.1**	**27,692.0**
of which interest payments	20,889.6	561.8	2,176.7	18,151.1
of which repayments	10,132.8	104.5	487.4	9,540.9

The leasehold contracts have an average remaining useful life of 38.9 years and are adjusted to agreed indices by means of value protection clauses. Six index adjustments were made in the reporting year, as a result of which the carrying amounts of the leaseholds were increased.

6.3. Information on related parties

The Company maintains business relationships with related companies and persons (related parties). These relationships essentially comprise Group levies, financial services through the short-term provision of liquidity on the basis of contracts concluded, and services for the property and asset management of the real estate portfolio.

The companies and persons affiliated to the Company in accordance with IAS 24 comprise the following groups:

- Parent company,
- Other shareholders,
- Other related parties – including subsidiaries, joint ventures and associates of the shareholders with at least significant influence and companies controlled by the management,
- Members of the Management and Supervisory Boards of the Company and the Management and Supervisory Boards of the parent company and their close family members.

The scope of individual transactions with related parties is shown below:

As Obotritia Capital KGaA and its subsidiaries did not hold a majority at the Annual General Meeting on 13 July 2023 for the first time, Obotritia Capital no longer has a controlling influence over Deutsche Konsum. The following disclosures on the transactions with the companies are nevertheless made for the entire financial year 2022/2023.

Obotritia Capital KGaA holds a significant stake in Deutsche Konsum REIT-AG. For the use of business premises, the provision of office equipment and administrative staff, including the activities of the former Chairman of the Management Board (CEO) of DKR, Mr Rolf Elgeti, Obotritia Capital KGaA charged a levy of TEUR 386.4 (previous year: TEUR 426.4) in the reporting period under the concluded agency agreement.

By contract dated 13 April 2013 and supplements dated 29 January 2015, 30 June 2016 and 1 December 2016, DKR was granted a credit line of TEUR 25,000 by Obotritia Capital KGaA as part of a current account loan facility. The loan is paid out at the request of Deutsche Konsum REIT-AG and must be repaid at any time, but no later than the end of the contract period on 31 December 2023. Irrespective of the possibility of extraordinary cancellation, the contract can be terminated in writing by registered letter with a notice period of three months. Interest will only be charged on the outstanding amount; commitment interest will not be charged additionally. The interest rate is 8.0% and is calculated annually. The interest payments are deferred and are due at the latest upon termination of the loan. No collateral was agreed. In the 2022/2023 financial year, TEUR 0.0 of this amount was utilised (previous year: TEUR 0.0). No interest expenses were incurred for the 2022/2023 financial year.

A framework loan agreement was concluded with Obotritia Capital KGaA on 30 April 2015, under which the company can provide a loan to Obotritia Capital KGaA. The loan facility was increased to up to TEUR 95,000.0 with the last addendum dated 1 May 2020. The interest payments are deferred and are due at the latest upon termination of the loan.

The contract was terminated prematurely by DKR in a proper and timely manner in a letter dated 5 April 2023 with effect from 4 July 2023. An initial repayment agreement was concluded between the contracting parties, which stipulated repayment by September 2023. After repayment failed to materialise, the lender and borrower agreed a further deferral until June 2025 at the latest against the provision of various collateral in rem, which was notarised on 9 December 2023. The agreed interest rate was set at 8% p.a. for both loans in view of comparable loans without collateral. After the loan matured on 4 July 2023, the loan bears interest at 5% above the base rate of 3.12% set on 1 July 2023, thus a total of 8.12%. Interest income of TEUR 4,444.1 was generated from this for the 2022/2023 financial year (previous year: TEUR 5,444.0). Due to the increased default risks, a general value adjustment is no longer recognised on the loan receivable from Obotritia Capital KGaA, but instead a specific value adjustment is recognised. In this respect, the general value adjustment of TEUR 3,968.0 recognised in the previous year was reversed and a specific value adjustment of TEUR 44,094.3 was recognised. In total, an additional value adjustment of TEUR 40,126.3 was recognised on the loan receivable against Obotritia in the financial year, meaning that the total value adjustment as at 30 September 2023 amounted to TEUR 44,094.3 (previous year: TEUR 3,968.0). When calculating the value adjustment amount, only the collateral that can be realised in the near future was recognised for reasons of prudence and reliable valuation, despite a significantly higher collateral volume overall in the agreement dated 9 December 2023. As at the reporting date of 30 September 2023, there was a receivable including interest of TEUR 18,421.2 (previous year: TEUR 94,294.2) after value adjustment on nominal value and interest in the amount of TEUR 40,126.3 (previous year: TEUR 3,968.0).

The purchase price receivable resulting from the sale of the acquired Edeloptics loans to Obotritia Capital on 22 June 2022 was repaid in full, including interest, in the reporting period. This resulted in interest income of TEUR 6.8 in the 2022/2023 financial year (previous year: TEUR 97.3).

There is a property management agreement for the material property portfolio with Elgeti Brothers GmbH, Rostock. The agreed remuneration is between 2% and 3% of the net rental income received (plus VAT) per month, depending on the property. Expenses of TEUR 2,093.9 (previous year: TEUR 1,941.7) were incurred in the reporting period.

A management and consulting contract exists with Elgeti Brothers GmbH for asset management. The agreed remuneration amounts to 0.5% per annum of the gross asset value of the properties, calculated on the basis of the acquisition prices and transaction costs, and is paid in quarterly instalments. In the reporting period, expenses amounted to TEUR 4,291.0 (previous year: TEUR 3,991.0).

Various licence agreements exist with Elgeti Brothers GmbH for the rental of car park facilities at various properties by Elgeti Brothers GmbH. With one exception (limited until 16 December 2023), the licence agreements run for an indefinite period and can be terminated in writing by either party with one month's notice. In the reporting period, revenue of TEUR 8.0 (previous year: TEUR 14.8) was generated from licence agreements with Elgeti Brothers GmbH.

With the contract dated 6 December 2019, a lease agreement was concluded with Diana Contracting GmbH for the use of the roof areas for the operation of photovoltaic systems. The term of the contract runs until 31 December 2030 and the annual lease amounts to TEUR 1.5.

Deutsche Konsum sold the photovoltaic system located on the roof of the Rennerod property to Diana Contracting GmbH by contract dated 6 July 2022 and effective 1 April 2022. The system has a nominal output of 36.0 kWp. The purchase price for the plant was TEUR 120.0. The purchase price receivable was subject to statutory interest on arrears in accordance with § 247 BGB (German Civil Code) 9% above the base interest rate of the European Central Bank. The receivable from Diana Contracting GmbH, including interest, was settled in full in the reporting period. Interest income of TEUR 2.5 (previous year: TEUR 1.7) was recognised.

Also on 6 July 2022, a roof lease agreement was concluded with Diana Contracting GmbH for the property in Rennerod. Deutsche Konsum REIT-AG leases parts of the roof of the property, on which the photovoltaic system is located, to Diana Contracting GmbH. The contract runs until 31 December 2030 and the annual lease amounts to 10% of the respective annual turnover of the installed PV system. In the reporting period, this generated rental income of TEUR 2.7 (previous year: TEUR 0.0).

On 1 October 2022, a further roof lease agreement was concluded with Diana Contracting GmbH. Deutsche Konsum REIT-AG leases parts of the roof of the property in Lohra, on which a photovoltaic system is located, to Diana Contracting GmbH. The contract runs until 31 December 2024 and the annual lease amounts to EUR 20.00 per KW plus VAT. In the reporting period, this generated rental income of TEUR 2.8 (previous year: TEUR 0.0).

There are no lease receivables from Diana Contracting GmbH as at 30 September 2023 (previous year: TEUR 0.0).

The company has short-term financial arrangements in the form of acquired SME loans that were acquired via the platform of creditshelf solutions GmbH, Frankfurt. Due to the size of Obotritia Capital KGaA's equity interest in creditshelf AG, the latter and its subsidiary, creditshelf solutions GmbH, have been classified as related parties. creditshelf received TEUR 3.9 from DKR for ongoing loan processing and servicing in the 2022/2023 financial year (previous year: TEUR 99.2).

In addition, the Company had acquired a loan to Syntellix AG ("Syntellix"), Hanover, via the creditshelf solutions GmbH platform in the previous year. Due to the level of participation of subsidiaries of Obotritia Capital, Syntellix AG was a related party of DKR. The nominal amount of TEUR 2,300.0 was fully value-adjusted in the reporting period, the interest receivable of TEUR 115.0 was also fully individually value-adjusted. Existing lump-sum value adjustments of TEUR 616.9 were reversed in the reporting period. In the 2022/2023 financial year, interest income of TEUR 12.1 was recognised from the Syntellix loan.

The following receivables and liabilities to related companies and persons exist in the balance sheet:

TEUR	30/09/2023	30/09/2022
Other non-current / current assets		
against Obotritia Capital KGaA	18,421.2	98,829.3
against Diana Contracting GmbH	0.0	121.7
against Syntellix AG	0.0	1,786.0
Other current liabilities		
against creditshelf solutions GmbH	0.0	35.6

Furthermore, Mr. Rolf Elgeti has assumed directly enforceable guarantees totalling TEUR 16,470.0 (previous year: TEUR 5,970.0) for DKR's loans to banks.

No loans and advances were granted to related persons. Close family members of the Management Board and the Supervisory Board have no influence on the Company's business decisions.

6.4. Supervisory Board and Management

In the reporting period, the Supervisory Board consisted of the following members:

Active Supervisory Board mandates:

Name	Profession	Memberships in other supervisory bodies
Sebastian Wasser Chairman of the Supervisory Board since November 2023. Member of the Supervisory Board since July 2023.	Managing Director, ehret + klein Capital Markets GmbH and related companies, Starnberg	• None
Achim Betz Deputy Chairman of the Supervisory Board Member and Deputy Chairman since November 2014. Chairman of the Audit Committee since January 2022.	German CPA and Tax Consultant, Master in Business Administration, ba audit gmbh Wirtschaftsprü-fungs-gesellschaft, Berlin (Managing Partner).	• Hevella Capital GmbH & Co. KGaA, Potsdam (Chairman of the Supervisory Board, until 14 June 2023) • Deutsche Leibrenten Grundbesitz AG, Frankfurt am Main (Deputy Chairman of the Supervisory Board) • NeXR Technologies SE, Berlin (Deputy Chairman of the Administrative Board), listed company • Bankhaus Obotritia GmbH, Munich (Member of the Audit Committee, until 31 March 2023)
Johannes C. G. (Hank) Boot Member of the Supervisory Board Member since April 2016.	CIO, Lotus Family Office, London	• Francotyp-Postalia Holding AG, Berlin (Member of the Supervisory Board), listed company • Gerlin NV, Maarsbergen, The Netherlands (Member of the Supervisory Board) • Orange Horizon Capital Group S.A., Leudelange, Luxembourg (Director/ Member of the Administrative Board), listed company
Antje Lubitz Member of the Supervisory Board since July 2023. Member since July 2023. Member of the Audit Committee from July 2023.	Managing Director, 3PM Services GmbH, Berlin.	• None
Rolf Elgeti Member of the Supervisory Board since July 2023. Chairman from July 2023 to November 2023. Member of the Audit Committee since July 2023.	General Partner of Obotritia Capital KGaA, Potsdam.	• TAG Immobilien AG, Hamburg (Chairman of the Supervisory Board, until 16 May 2023), listed company • Deutsche Leibrenten Grundbesitz AG, Frankfurt am Main (Chairman of the Supervisory Board) • creditshelf Aktiengesellschaft, Frankfurt am Main (Chairman of the Supervisory Board), listed company • NeXR Technologies SE, Berlin (Chairman of the Administrative Board), listed company • Obotritia Hotel GmbH (former Obotritia Hotel SE), Potsdam (Chairman of the Administrative Board until 16 October 2023) • OboTech Acquisition SE, Bitbourg, Luxembourg (Chairman of the Administrative Board and CEO until 18 August 2023), listed company • HLEE (Highlight Event and Entertainment AG), Pratteln, Switzerland (Member of the Administrative Board, until 27 March 2023), listed company • Laurus Property Partners, Munich (Member of the Advisory Board) • Bankhaus Obotritia GmbH, Munich (Member of the Audit Committee until 4 April 2023)

Resigned Supervisory Board mandates:

Name	Profession	Memberships in other supervisory bodies
Hans-Ulrich Sutter Chairman of the Supervisory Board Member and Chairman from November 2014 until July 2023. Deputy Chairman of the Audit Committee from January 2022 until July 2023.	Retired, Member of other supervisory boards	• TAG Colonia-Immobilien AG, Hamburg (Deputy Chairman of the Supervisory Board)
Kristian Schmidt-Garve Second Deputy Chairman of the Supervisory Board Member from March 2018 until July 2023. Second Deputy Chairman from March 2020 until July 2023.	Lawyer, MIG Verwaltungs AG (Member of the Executive Board/General Partner), Munich.	• Linus Digital Finance AG, Berlin (Member of the Supervisory Board), listed company • Cynora GmbH, Munich (Chairman of the Advisory Board) • NavVis GmbH, Munich (Member of the Advisory Board)
Cathy Bell-Walker Member of the Supervisory Board Member from March 2020 until November 2022. Member of the Audit Committee from January 2022 until November 2022.	Solicitor (England & Wales), Allen & Overy LLP, London.	• None
Nicholas Cournoyer Member of the Supervisory Board Member from April 2016 until May 2023.	Chairman, Montpelier Foundation Limited, London	• None

Ms. Cathy Bell-Walker, member of the Supervisory Board and the Audit Committee, resigned from office on 11 November 2022 for personal reasons with immediate effect. Supervisory Board members Mr. Nicholas Cournoyer and Mr. Kristian Schmidt-Garve informed the Company in January 2023 that they would be stepping down from their positions for personal reasons with effect from the end of the 2023 Annual General Meeting. Mr. Cournoyer already did so on 5 May 2023 for health reasons. By resolution of the Annual General Meeting on 13 July 2023 the Supervisory Board was reduced to five members. Mr. Rolf Elgeti, Mr. Sebastian Wasser and Ms. Antje Lubitz were newly elected to the Supervisory Board by the Annual General Meeting on 13 July 2023. Rolf Elgeti was elected Chairman of the Supervisory Board at the subsequent constituent Supervisory Board meeting. On 13 November 2023, Mr Sebastian Wasser was elected Chairman of the Supervisory Board by the members of the Supervisory Board with immediate effect, while Mr Rolf Elgeti remains a member of the Supervisory Board and Audit Committee.

During the reporting period, the Management Board consisted of the following members:

Name	Profession	Memberships in other supervisory bodies
Rolf Elgeti Chairman of the Management Board until July 2023.	Chief Executive Officer (CEO)	• See details of the Supervisory Board mandate
Alexander Kroth Member of the Management Board	Chief Investment Officer (CIO)	• None
Christian Hellmuth Member of the Management Board	Chief Financial Officer (CFO)	• None

At the end of the Annual General Meeting on 13 July 2023, Mr. Rolf Elgeti resigned from his position as Chief Executive Officer (CEO) of the Company. The Annual General Meeting elected Mr. Elgeti to the Supervisory Board, from which he was elected Chairman of the Supervisory Board. The Management Board now consists of two members.

The compensation of the Supervisory Board for the financial year amounted to TEUR 38.3 (previous year: TEUR 40.0) excluding VAT and exclusively comprises fixed, non-variable compensation. In the reporting period, the members of the Management Board earned total compensation of TEUR 371.0 (previous year: TEUR 434.3), of which TEUR 371.0 (previous year: TEUR 343.2) was fixed compensation including fringe benefits and TEUR 0.0 (previous year: TEUR 91.1) was variable compensation. In the previous year, the variable remuneration consisted of a short-term component of TEUR 41.0 and a long-term component of TEUR 50.1. In addition, inflation adjustment bonuses in the amount of TEUR 3.0 (previous year: TEUR 0.0) were granted in the financial year.

No loans or advances were granted to members of the Supervisory Board and Management Board; likewise, no contingent liabilities were entered into in favour of members of the Supervisory Board and Management Board.

6.5. Consolidated Financial Statements

Since Deutsche Konsum REIT-AG is no longer an affiliated company of Obotritia Capital due to the first-time absence of a majority presence of Obotritia Capital KGaA, Potsdam and its subsidiaries at the Annual General Meeting on 13 July 2023, DKR will be included in the consolidated financial statements of Obotritia Capital KGaA for the last time as of 31 December 2022.

6.6. Fee of the auditor

The auditors' fees in the past financial year were as follows:

TEUR	30/09/2023	30/09/2022
Audit services	180.0	167.1
Other confirmation services	6.3	7.3
Total	**186.3**	**174.4**

The other confirmation services relate to the audit in accordance with Section 1 (4) of the REITG (REIT Act) as at 30 September 2022. TEUR 1.3 (previous year: TEUR 4.4) of fees relating to other periods are included from subsequent calculations.

6.7. Significant events after the balance sheet date

On 13 November 2023, the Supervisory Board elected Mr. Sebastian Wasser as the new Chairman of the Supervisory Board, replacing Mr. Rolf Elgeti in this role. Mr. Elgeti remains a member of the Supervisory Board and the Audit Committee.

By notarisation dated 9 December 2023, DKR and Obotritia Capital KGaA concluded a loan repayment and collateral agreement. According to this agreement, DKR defers its loan claim against Obotritia until June 2025 at the latest. In return, DKR is granted a further collateral package, which includes the provision of collateral in rem.

6.8. Corporate Governance Code (Declaration on the German Corporate Governance Code pursuant to § 161 AktG)

On 12 December 2023, the Management Board and Supervisory Board of Deutsche Konsum REIT-AG issued the current Declaration of Compliance with the German Corporate Governance Code pursuant to Section 161 AktG (German Stock Corporation Act); the current Corporate Governance Declaration was also published on 12 December 2023. The declaration was made permanently available to shareholders on the Company's website (http:// www.deutsche-konsum.de/en).

Potsdam, 18 December 2023

Alexander Kroth
Member of the
Management Board (CIO)

Christian Hellmuth
Member of the
Management Board (CFO)

Deutsche Konsum REIT-AG, Broderstorf

Statement from the Company`s legal representatives

"We assure to the best of our knowledge that, in accordance with the applicable accounting standards, the financial statements as of 30 September 2023 give a true and fair view of the asset, financial and earnings position of the Company and that the Management Report gives a true and fair view of the development of the business including the business result and the situation of the Company and describes the main opportunities and risks associated with the Company's expected future development."

Potsdam, 18 December 2023

Alexander Kroth
Member of the
Management Board (CIO)

Christian Hellmuth
Member of the
Management Board (CFO)

Audit certificate of the independent individual auditor

To Deutsche Konsum REIT-AG, Broderstorf

AUDIT CERTIFICATE ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

Audit opinions

We have audited the separate financial statements of Deutsche Konsum REIT-AG – consisting of the balance sheet to 30 September 2023, the statement of comprehensive income, the cash flow statement and the statement of changes in equity for the 1 October 2022 to 30 September 2023 financial year and the notes, including a summary of significant accounting methods. Also, we have audited the Management Report of Deutsche Konsum REIT-AG for the financial year from 1 October 2022 to 30 September 2023. In accordance with German legal requirements, we have not audited the content of the components of the Management Report mentioned in the "Other information" section of our audit certificate.

In our assessment, on the strength of the findings gained as a result of the audit,

- the attached separate financial statements comply with the IFRS, as applicable in the EU, in all material aspects and with the German statutory regulations applicable in addition subject to § 315e (1) German Commercial Code (HGB) and so presents, subject to these regulations, a picture of the Company's asset and finance situation matching the actual circumstances obtaining at 30 September 2023 and matching the Company's earnings position for the 1 October 2022 to 30 September 2023 financial year and
- the attached Management Report presents overall an accurate picture of the Company's situation. In all material aspects, this Management Report harmonises with the separate financial statements, complies with the German statutory regulations and accurately represents the opportunities and risks inherent in future developments.

Pursuant to § 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not produced any reservations about the correctness of the separate financial statements or the Management Report.

Basis for the audit opinions

We have conducted our audit of the separate financial statements and the Management Report in conformity with § 317 German Commercial Code (HGB) and the EU Financial Statement Auditing Regulation (Abschlussprüferverordnung) (No. 537/2014; referred to below as "EU-APrVO") with reference to the German principles laid down by the Institute of Auditors (IDW) for the proper conduct of financial statement audits. Our responsibility under these regulations and principles is further described in the section 'Responsibility of the auditor for auditing the separate financial statements and Management Report' in our audit certificate. We are independent of the Company in conformity with the regulations under European law, German commercial law and the rules of professional conduct and have satisfied our other German professional obligations in conformity with these requirements. Further, we declare, pursuant to Article 10 (2f) EU-APrVO, that we have not rendered any prohibited non-auditing services under Article 5 (1) EU-APrVO. We are of the view that the evidence obtained by us is sufficient and suitable to serve as the basis of our audit opinions on the separate financial statements and Management Report.

Material uncertainty in connection with the going concern assumption

We refer to the information provided by the legal representatives in chapter 5.1.2 "Liquidity and financing risk" of the notes and in chapter 3.1.2 "Company-specific risks – liquidity risks in connection with maturing loans and bonds in 2023 and 2024" of the Management Report, according to which the management has identified liquidity risks if plans for bond repayments/extensions and the refinancing of collateralised debt instruments/loans are not effective for individual instruments or as a whole. According to management, this could result in a significant liquidity shortfall, which could result in material uncertainty with regard to the going concern assumption. Our audit opinions on the annual financial statements and the Management Report have not been modified in this regard.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 1 October 2022 to 30 September 2023. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the following, we describe what we consider to be key audit matters:

Property valuation

Reasons for designation as a key audit matter

Deutsche Konsum REIT-AG measures the properties at fair value. The fair value of the land and buildings is determined using the discounted cash flow (DCF) method by external independent experts.

The fair value is determined on the basis of a discounted cash flow (DCF) method by an independent valuer who prepares valuation reports for the properties. Numerous valuation-relevant parameters are included in the valuation, which are associated with considerable estimation uncertainties and scope for judgement. Even minor changes to the valuation-relevant parameters can lead to significant changes in the fair value.

There is a risk for the financial statements that the fair value was determined incorrectly.

Auditing procedure

For the entire property portfolio, the fair values of the properties are determined by an independent expert using a discounted cash flow (DCF) method.

We have satisfied ourselves that the external appraiser commissioned by Deutsche Konsum REIT-AG is qualified, objective and independent.

In addition, our audit procedures included in particular the assessment of the valuation method applied in the appraisals with regard to whether it was selected appropriately for the valuation occasion. Furthermore, we assessed the accuracy and completeness of the data used for the property portfolios and the derivation and appropriateness of the valuation parameters used, such as the discount and capitalisation rates applied, for valuations deliberately selected in part from a risk perspective.

Furthermore, in individual cases we verified the valuation by calculation and fully compared the market values determined with the carrying amounts.

Our conclusions
Our audit procedures did not lead to any reservations relating to the valuation of the properties and their recognition in the balance sheet.

Reference to related disclosures: Please refer to the “Investment properties and properties held for sale” chapter in the notes and the “Portfolio and valuation risks” chapter in the Management Report.

Appropriateness of recognised value adjustments on receivables

Reasons for designation as a key audit matter
Deutsche Konsum REIT-AG recognises risk provisions in the form of value adjustments to account for potential losses due to defaults on receivables. In the 2022/2023 financial year, the value adjustments on receivables from tenants and on loans increased significantly compared to the 2021/2022 financial year. The measurement of the value adjustments is determined in particular by estimates of the legal representatives of Deutsche Konsum REIT-AG with regard to the creditworthiness of the debtors, also with regard to the consequences of the Ukraine conflict such as changed energy prices, inflation, changed interest rate environment and the age of the receivables.

Due to the increase in value adjustments, these have a significant impact on the earnings position of Deutsche Konsum REIT-AG. In addition, there is considerable room for discretion in the assessment of the legal representatives of Deutsche Konsum REIT-AG.

Against this background, the matter was significant in the context of our audit.

Auditing procedure
In order to assess the appropriateness of the value adjustments recognised, we have

- examined the method and the underlying assumptions used to recognise the value adjustments,
- derived the calculation of the identified value adjustments and
- assessed the recognised value adjustments on the basis of the actual bad debt losses incurred in the financial year.

Our conclusions
Our audit procedures did not lead to any reservations relating to the recognition of the value adjustments and their recognition in the balance sheet and income statement.

Reference to related disclosures: Please refer to the notes, chapters “Other current and non-current assets”, “Trade receivables” and “Related party disclosures” as well as the Management Report, chapters “Business performance”, “ Earnings position” and “Company-specific risks”.

Appropriateness of the treatment of preliminary results of the tax audit

Reasons for designation as a key audit matter

DKR prepares its financial statements in accordance with the regulations for REIT companies, which are accompanied by the fulfilment of special legal requirements. If the legal requirements are not met, DKR may lose its tax exemption. This can lead to certain subsequent taxation obligations. The Company currently has a preliminary partial report on the tax audit for the years 2014 to 2017 from the Potsdam tax office/tax audit office of the Königs Wusterhausen tax office, which assumes that at the time of DKR's IPO on 15 December 2015, the required initial free float ratio of 25% in accordance with Section 16 REITG was not available. Accordingly, the tax audit has doubts as to whether DKR achieved REIT status in 2016 or in subsequent years.

Due to the potentially far-reaching accounting consequences of the loss of REIT status and the existing uncertainties until the conclusion of the entire proceedings, there is a significant impact on the Company's financial statements.

Against this background, the matter was significant in the context of our audit.

Auditing procedure

In order to assess the appropriateness of the recognition of the matter in these financial statements, we

- critically assessed the available documents, in particular the partial audit report, the opinion of the Company and the supervising tax advisor as well as the opinion of the supervising lawyers,

- analysed the procedure and the underlying assumptions regarding the accounting treatment of the facts,

- analysed the derivation of the accounting entries determined and assessed the provisions recognised in the financial year.

Our conclusions

Our audit procedures did not lead to any reservations concerning the presentation of the facts in the balance sheet and income statement.

Reference to related disclosures: We refer to the notes, chapter "Significant accounting judgements and estimates" and the Management Report, chapters "Business development", "Company-specific risks" and "Assessment of the overall risk".

Assessment of liquidity risk reporting

Reasons for designation as a key audit matter

The legal representatives have identified liquidity risks in connection with expiring loans and bonds in 2023 and 2024, which could lead to a liquidity shortfall if the plans for the bond repayments/extensions and the refinancing of the collateralised debt instruments/loans do not materialise for individual instruments or as a whole, which could result in material uncertainty with regard to the Company's ability to continue as a going concern.

The potential liquidity gap stated in the Management Report could constitute a material uncertainty with regard to the Company's ability to continue as a going concern. If there is a material uncertainty regarding the Company's ability to continue as a going concern, there would be corresponding reporting obligations in the notes and Management Report of the Company.

Against this background, the matter was significant in the context of our audit.

Auditing procedure
As part of our audit, we first obtained from the legal representatives of DKR their assessment of possible events and circumstances that could raise significant doubts about DKR's ability to continue as a going concern. Taking into account the events and circumstances identified by the legal representatives that may cast significant doubt on DKR's ability to continue as a going concern, we have assessed whether the application of the going concern basis of accounting used by the legal representatives in the preparation of the annual financial statements is appropriate and whether there is material uncertainty related to the identified events or circumstances in connection with the continuation of the Company's operations. As a starting point for our assessment of the subsequent events, we assessed the significant prolongation and repayment risks with the resulting liquidity risks. Our assessment was based on the planning for the 2023/2024 financial year prepared by the legal representatives of DKR. We assessed the plausibility and comprehensibility of the planning assumptions made and the reliability of the underlying data. We also assessed whether the measures initiated by the legal representatives of DKR, in particular the efforts to prolong and sell properties, are suitable to prevent the possible liquidity shortfall. Based on the findings of our audit procedures, we have assessed whether the presentation of the material uncertainty in connection with the going concern assumption in the annual financial statements and the Management Report is appropriate under the given circumstances.

Our conclusions
Our audit procedures did not lead to any reservations relating to the presentation of the facts in the balance sheet, income statement and Management Report.

Reference to related disclosures: Please refer to the "Liquidity and financing risk" chapter in the notes and the "Liquidity risks in connection with maturing loans and bonds in 2023 and 2024" and "Assessment of the overall risk" chapters in the Management Report.

Other information
The legal representatives or the Supervisory Board are responsible for the other information. The other information comprises:

- the assurances pursuant to §§ 264 (2) sentence 3, 289 (1) sentence 5 of the German Commercial Code (HGB) on the annual financial statements and the Management Report as well as
- the report of the Supervisory Board.

Other information also includes the remaining parts of the annual report. It does not include the annual financial statement, the audited content of the Management Report and our audit certificate thereon.

The Supervisory Board is responsible for the report of the Supervisory Board. The legal representatives and the Supervisory Board are responsible for the declaration pursuant to § 161 of the German Stock Corporation Act (AktG) on the German Corporate Governance Code, which is part of the corporate governance statement contained in section 1.6 of the Management Report, as well as for the Compensation Report pursuant to § 162 of the German Stock Corporation Act (AktG). Otherwise, the legal representatives are responsible for the other information.

Our audit opinions on the separate financial statements and the Management Report do not cover the other information and correspondingly we give neither an audit opinion nor any other form of audit conclusion on this information.

In connection with our audit, we have the responsibility of reading the other information and thereby of judging whether the other information

- displays material discrepancies from the separate financial statements, the Management Report or our other findings gained through conducting the audit or

- in any other way appears to be presented falsely.

Responsibility of the legal representatives and of the Supervisory Board for the separate financial statements and the Management Report

The legal representatives are responsible for the preparation of the separate financial statements, which comply with the IFRS, as applicable in the EU, and the German statutory provisions applicable in all material respects pursuant to § 315e (1) HGB, and that the separate financial statements, under compliance with these provisions, represent a true and fair view of the financial position and performance of the Company. Also, the legal representatives are responsible for the internal controls which they have determined to be necessary in order to facilitate compilation of the separate financial statements which are free of material – intended or unintended – false representations.

When compiling the separate financial statements, the legal representatives are responsible for assessing the ability of the Company to continue the corporate activity. Furthermore, they are also responsible for supplying facts linked to the continuation of the corporate activity, where relevant. They are also responsible for drawing up their balance sheet on the basis of the accounting principle that the corporate activity will continue, unless it is intended to liquidate the Company or to cease trading or unless there is no realistic alternative to it.

Also, the legal representatives are responsible for compiling the Management Report, which conveys overall an accurate picture of the Company's situation and which harmonises in all material aspects with the separate financial statements, complies with the German statutory regulations and accurately represents the opportunities and risks inherent in future developments. Also, the legal representatives are responsible for the arrangements and measures (systems) which they have determined to be necessary in order to facilitate compilation of a Management Report harmonising with the applicable German statutory regulations and in order to be able to furnish sufficient and suitable evidence for the statements contained in the Management Report.

The Supervisory Board is responsible for monitoring the Company's accounting process for compilation of the separate financial statements and the Management Report.

Responsibility of the auditor for auditing the separate financial statements and the Management Report

It is our aim to establish sufficient confidence over the question of whether the separate financial statements as a whole are free of material – intended or unintended – false representations and whether the Management Report conveys overall an accurate picture of the Company's situation and which harmonises in all material aspects with the separate financial statements and with the findings gained during the auditing process, complies with the German statutory regulations and accurately represents the opportunities and risks inherent in future developments and to issue an audit certificate containing our audit opinions on the separate financial statements and the Management Report.

Sufficient confidence is a high level of confidence, but no guarantee that an audit of a financial statement conducted properly in conformity with § 317 German Commercial Code (HGB) and the EU Financial Statement Auditing Regulation and in compliance with the German principles laid down by the Institute of Auditors (IDW) will always reveal a material false representation. False representations may be the result of infringements or inaccuracies and are seen as material if it could be sensibly anticipated that they, either singly or taken together, will influence the commercial decisions taken by the intended recipients on the basis of these separate financial statements and Management Report.

During the audit, we exercise an obligatory level of discretion and maintain a critical basic attitude. Furthermore,

- we identify and assess the risks of material – intended or unintended – false representations in the separate financial statements and Management Report, plan and conduct audit actions as a response to these risks and obtain audit evidence, which is sufficient and suitable for serving as the basis of our audit opinions. The risk that material false representations will not be revealed is greater with infringements than with inaccuracies because infringements may involve fraudulent collusion, falsifications, intended incomplete statements, misleading representations or the setting aside of internal controls;

- we gain an understanding of the internal control system relevant for auditing the separate financial statements and of the relevant arrangements and measures for auditing the Management Report in order to plan auditing actions which are appropriate under the given circumstances, though not with the aim of issuing an audit opinion on the efficacy of these systems.

- we assess the appropriateness of the accounting methods used by the legal representatives and the acceptability of the estimated values presented by the legal representatives and the associated information.

- we draw conclusions on the appropriateness of the accounting principles applied by the legal representatives for continuation of the corporate activity and, on the basis of the auditing evidence obtained, whether there is material uncertainty in connection with events or circumstances which may throw significant doubt on the ability of the Company to continue its corporate activity. If we come to the conclusion that there is material uncertainty, we will be obliged to draw attention in the audit certificate to the associated information in the separate financial statements and in the Management Report or, if such information is inappropriate, to modify our audit opinion. We draw our conclusions on the basis of the auditing evidence obtained up to the date of our audit certificate. Future events or circumstances may however cause the Company to be unable to continue the corporate activity.

- we assess the overall presentation, the structure and the content of the separate financial statements including the information and whether the separate financial statements present the underlying business events and occurrences in such a way that the separate financial statements present a picture reflecting the actual circumstances of the asset, finance and earnings situation of the Company in compliance with the IFRS, as applicable in the EU, and the German statutory regulations applicable in addition under §315e(1) HGB.

- we assess conformity of the Management Report with the separate financial statements, its compliance with the law and the picture conveyed by it of the Company's situation.

- we conduct audit actions in accordance with the future-orientated information in the Management Report presented by the legal representatives; on the basis of sufficient and suitable audit evidence we reproduce the significant assumptions taken as their basis by the legal representatives for their future-orientated information and assess the proper derivation of the future-orientated information from these assumptions. We do not issue an independent audit opinion on either the future-orientated information or the underlying assumptions. There is a considerable unavoidable risk that future results will differ materially from the future-orientated information.

With those responsible for monitoring, we discuss, among other matters, the planned scope and scheduling of the audit and the significant audit observations including any defects in the internal control system which we note during our audit.

We give a declaration to those responsible for monitoring that we have maintained the relevant independence conditions and discuss with them all the relations and other facts about which it may be sensibly assumed that they have an effect on our independence and have taken precautionary measures in this respect.

Of the facts which we have discussed with those responsible for monitoring we determine which facts have the greatest significance for the current reporting period in the audit of the separate financial statements and which therefore are the most important auditing facts. We describe these facts in the audit certificate, unless laws or other legal regulations exclude the publication of the facts.

OTHER STATUTORY AND OTHER LEGAL REQUIREMENTS

Audit certificate on the audit of the electronic reproductions of the separate financial statements and the Management Report prepared for the purpose of disclosure in analogous application of § 317 (3a) of the German Commercial Code (HGB)

Audit Opinion

We performed a reasonable assurance audit in analogous application of § 317 (3a) HGB on whether the reproductions of the separate financial statements and the Management Report (hereinafter also referred to as “ESEF documents”) contained in the file “18-12-2023-10-12_xbrl_file.zip” (SHA256:014c9f f2a26a8de69247e63bd4063496a2442f 0d65a41b605447ccf6178c47d5) and prepared for disclosure purposes comply in all material respects with the requirements of § 328 (1) HGB on the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this audit extends only to the conversion of the information of the separate financial statements and the Management Report into the ESEF format and therefore neither to the information contained in these reproductions nor to any other information contained in the aforementioned file.

In our opinion, the reproductions of the separate financial statements and the Management Report contained in the aforementioned file and prepared for disclosure purposes comply, in all material respects, with the requirements of § 328 (1) HGB regarding the electronic reporting format. We do not express any opinion on the information contained in these reproductions or on the other information contained in the above-mentioned file other than this opinion and our opinions on the accompanying separate financial statements and the accompanying Management Report for the financial year from 1 October 2022 to 30 September 2023 contained in the preceding “Audit certificate on the audit of the separate financial statements and the Management Report”.

Basis for the audit opinion
We conducted our audit of the reproductions of the separate financial statements and the Management Report contained in the above-mentioned file in analogous application of § 317 (3a) HGB and in accordance with the IDW Auditing Standard: Audit of Electronic Reproductions of Financial Statements and Management Reports Prepared for Disclosure Purposes in Accordance with § 317 (3a) HGB (IDW PS 410 (06.2022)). Our responsibility thereafter is further described in section "Auditor's Responsibility for the Audit of the ESEF Documents". Our auditing practice has applied with the quality assurance system requirements of the IDW Quality Assurance Standard: Requirements for Quality Assurance in the Auditing Practice (IDW QS 1).

Responsibility of the legal representatives and the Supervisory Board for the ESEF documents
The legal representatives of the Company are responsible for the preparation of the ESEF documents with the electronic reproductions of the separate financial statements and the Management Report in accordance with § 328 (1) sentence 4 no. 1 HGB.

Furthermore, the legal representatives of the Company are responsible for the internal controls they deem necessary to enable the preparation of the ESEF documents that are free of material – intentional or unintentional – violations of the requirements of § 328 (1) HGB regarding the electronic reporting format.

The Supervisory Board is responsible for monitoring the process of preparing the ESEF documents as part of the financial reporting process.

Auditor's Responsibility for the Audit of the ESEF Documents
Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material – intentional or unintentional – violations of the requirements of § 328 (1) HGB. During the audit, we exercise professional judgement and maintain a critical attitude. Furthermore, we

- identify and assess the risks of material – intentional or unintentional – violations of the requirements of § 328 (1) HGB, plan and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.

- obtain an understanding of internal control relevant to the audit of the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of those controls.

- evaluate the technical validity of the ESEF documentation, i.e., whether the file containing the ESEF documentation complies with the technical specification for that file as set out in Delegated Regulation (EU) 2019/815 as applicable at the end of the reporting period.

- evaluate whether the ESEF documentation provides a consistent XHTML representation of the audited separate financial statements and the audited Management Report.

Other information under Article 10 EU-APrVO
We were selected as auditors of the financial statements the Annual General Meeting on 13 July 2023. We were appointed by the Supervisory Board on 21 September 2023. We have been working without interruption since the 2016 financial year as auditors of Deutsche Konsum REIT-AG.

We declare that the audit opinions contained in this audit certificate harmonise with the additional report to the audit committee under Article 11 EU-APrVO (audit report).

OTHER MATTERS – USE OF THE AUDIT CERTIFICATE

Our audit certificate should always be read in conjunction with the audited separate financial statements and the audited Management Report as well as the audited ESEF documents. The separate financial statements and Management Report converted into the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited separate financial statements and the audited Management Report and do not replace them. In particular, the ESEF opinion and our audit opinion contained therein can only be used in conjunction with the audited ESEF documents provided in electronic form.

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Mr. Marius Rohmann.

Berlin, dated 18 December 2023

DOMUS Steuerberatungs-AG
Wirtschaftsprüfungsgesellschaft

Fechner
Auditor

Rohmann
Auditor

Compensation Report for financial year 2022/2023

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 2021/2022 as well as 2022/2023, 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 2021/2022 and 2022/2023 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. The Deputy Chairman receives 1.5 times this basic remuneration, while the Chairman of the Supervisory Board receives two times this amount. 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 members of the Audit Committee receive additional fixed remuneration of TEUR 2.5 for their work on the Audit Committee. The Chairman of the Audit Committee receives twice this basic remuneration each year, while the Deputy Chairman of the Audit Committee receives 1.5 times this basic remuneration each year. 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 2022/2023 amounted to TEUR 38.3 (2021/2022: TEUR 40.0) plus expenses. Supervisory Board compensation is distributed as follows:

Supervisory Board	2022/2023 (TEUR)	2021/2022 (TEUR)
Hans-Ulrich Sutter (Former Chairman – resigned on 13 July 2023)	7.9	10.0
Rolf Elgeti (Chairman from 13 July 2023 to 13 November 2023)	3.1	0.0
Achim Betz (Deputy Chairman)	8.7	7.5
Kristian Schmidt-Garve (Former Second Deputy Chairman – resigned on 13 July 2023)	5.9	7.5
Antje Lubitz (since 13 July 2023)	2.8	0.0
Johannes C.G. (Hank) Boot	5.0	5.0

Supervisory Board	2022/2023 (TEUR)	2021/2022 (TEUR)
Nicholas Cournoyer (resigned on 5 May 2023)	3.0	5.0
Cathy Bell-Walker (resigned on 11 November 2022)	0.6	5.0
Sebastian Wasser (from 13 July 2023 and Chairman since 13 November 2023)	1.3	0.0
Total	**38.3**	**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 former Chairman of the Management Board, Rolf Elgeti, was excluded from this Compensation System and received pro rata a lump-sum annual compensation of approximately TEUR 53.6 until 13 July 2023. The compensation is paid via an agreement with Obotritia Capital KGaA, as there was no employment contract between the Company and the former Chairman of the Management Board.

The non-performance-related basic compensation consists of the fixed annual salary, which is paid in twelve monthly installments. 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 Management 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 (severance cap). When calculating the severance payment cap, the variable remuneration components are generally based on the previous financial year and the fixed variable remuneration is therefore extrapolated to two full years. If the variable remuneration set by the Supervisory Board for the current financial year, assuming 100% target achievement, is higher than that achieved in the previous financial year, both the bonus for the previous financial year and the bonus for the current financial year must be taken into account equally in the calculation.

In this case, a target achievement of 100% is to be assumed for the current financial year, unless it is clear that this level will not be achieved (for which the company bears the burden of proof). If it is likely that the targets will be achieved by more than 100%

in the current financial year, the Supervisory Board may take this into account accordingly up to the agreed cap on the bonus of 150%. It is obliged to do so if it is sufficiently certain that the targets will be exceeded.

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 resign from the Management Board with a notice period of two months to the end of the month and to terminate their employment contract at the same time. If this special right of termination is exercised, the Management Board member is entitled to a severance payment due at the time of his departure, which corresponds to the remuneration to be paid by the company during the remaining term of the employment contract, up to a maximum of the severance payment cap.

Variable compensation for financial year 2022/2023
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. By resolution dated 15 December 2022, the target achievement levels for FFO per share and EPRA NTA per share were lowered.

Accordingly, the following equally weighted targets were used as the basis for variable Management Board compensation in the Supervisory Board solution in the past financial year 2022/2023:

- Increase in share price by 20% in the financial year (after elimination of the dividend paid in the financial year),
- Increase in EPRA NTA[1] per share by 10% in the financial year (after elimination of the dividend paid in the financial year), (previous year: 20% in the financial year),
- Increase in FFO per share (excluding sales) by 5% in the financial year (previous year: 20% in the financial year).

In the event of full target achievement (100%), the Supervisory Board has set variable compensation of TEUR 125.0 (previous year: TEUR 125.0) per Management Board member for financial year 2022/2023. 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

[1] The EPRA NTA is a standardized indicator defined by the 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.

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 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.

Compensation earned by the Management Board in financial year 2022/2023

The compensation of the Management Board earned in the past financial year amounts to TEUR 371.0 (2021/2022: TEUR 434.3).

Individual Management Board compensation was as follows based on target achievement in financial year 2022/2023:

in TEUR	Rolf Elgeti CEO until 13 July 2023		Alexander Kroth CIO				Christian Hellmuth CFO			
	2022/2023 (Actual)	2021/2022 (Actual)	2022/2023 (Actual)	2022/2023 (Min.)	2022/2023 (Max.)	2021/2022 (Actual)	2022/2023 (Actual)	2022/2023 (Min.)	2022/2023 (Max.)	2021/2022 (Actual)
Earned compensation										
Fixed compensation	53.6	71.4	142.5	142.5	142.5	120.0	142.5	142.5	142.5	120.0
Fringe benefits	0	0	18.0	18.0	18.0	19.0	11.4	11.4	11.4	12.7
Total	**53.6**	**71.4**	**160.5**	**160.5**	**160.5**	**139.0**	**153.9**	**153.9**	**153.9**	**129.0**
STI	0	0	0	0	84.4	20.5	0	0	84.4	20.5
LTI	0	0	0	0	103.1	25.1	0	0	103.1	25.1
Inflation equalisation premium	0	0	1.5	1.5	1.5	0	1.5	1.5	1.5	0
Total	**0**	**0**	**1.5**	**1.5**	**189.0**	**45.6**	**1.5**	**1.5**	**189.0**	**45.6**
Total compensation	**53.6**	**71.4**	**162.0**	**162.0**	**349.5**	**184.6**	**155.4**	**155.4**	**342.9**	**178.3**

Compensation granted and owed to the Management Board in financial year 2022/2023

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 2022/2023:

in TEUR	Rolf Elgeti CEO until 13 July 2023		Alexander Kroth CIO		Christian Hellmuth CFO	
	2022/2023 (Actual)	2021/2022 (Actual)	2022/2023 (Actual)	2021/2022 (Actual)	2022/2023 (Actual)	2021/2022 (Actual)
Compensation granted and owed						
Fixed compensation	53.6	71.4	142.5	120.0	142.5	120.0
Fringe benefits	0.0	0.0	18.0	19.0	11.4	12.7
Total	**53.6**	**71.4**	**160.5**	**139.0**	**153.9**	**132.7**
Payment of STI for financial years 2020/2021 and 2021/2022, respectively	0.0	0.0	20.0	30.1	20.0	30.1
Payment of LTI for financial years 2018/2019 and 2019/2020, respectively	0.0	0.0	35.9	75.0	35.9	75.0
Inflation equalisation premium	0.0	0.0	1.5	0.0	1.5	0.0
Total	**0.0**	**0.0**	**57.4**	**105.1**	**57.4**	**105.1**
Total compensation	**53.6**	**71.4**	**217.9**	**244.1**	**211.3**	**237.8**

The performance criteria were applied in financial year 2022/2023 as follows:

STI

For the presentation of the performance criteria for the variable compensation components received in financial year 2022/2023, the key figures for financial year 2021/2022 apply to the STI. For full achievement of the performance criteria in the financial year 2021/2022, an increase in FFO per share from EUR 1.17 to EUR 1.41 (actually achieved: EUR 1.19 per share/target achievement 7.12%), an increase in the share price after dividend adjustment from EUR 13.85 to EUR 16.62 (actually achieved: EUR 9.3/ target achievement 0.0%) and an increase in the EPRA NAV per share after dividend adjustment from EUR 10.10 to EUR 11.52 (actually achieved: EUR 11.51 per share/target achievement 99.56%) was required. The overall target achievement was thus 35.6% across all targets.

LTI

In financial year 2022/2023, the LTI for financial year 2019/2020 was paid out after a 2-year vesting period. In the financial years 2020/2021 and 2021/2022, the minimum overall target achievement rate of 30% was met, fulfilling the requirement for payment of the LTI calculated for 2019/2020. The LTI from the 2019/2020 financial year is based on overfulfillment only in the area of the EPRA NAV per share key figure, which is why 20% of the maximum remuneration (cap) was reached for the variable part of the Management Board remuneration.

The relevant Compensation System was therefore complied with in fiscal year 2022/2023. No variable compensation components were clawed back.

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.

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	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019
Earnings performance					
Net income Deutsche Konsum REIT-AG according to IFRS financial statements in TEUR	–180,992.1	60,386.7	91,373.0	34,174.0	53,142.0
Change in %	*–399.7*	*–33.9*	*167.4*	*–35.7*	*71.9*
FFO per share in EUR	0.94	1.17	1.17	1.06	0.84
Change in %	*–19.5*	*0.0*	*10.9*	*25.0*	*35.9*
EPRA NAV per share in EUR	n/a	n/a	13.31	11.11	9.93
Change in %	*n/a*	*n/a*	*19.8*	*11.9*	*28.9*
EPRA NTA per share in EUR	7.64	10.98	10.10	n/a	n/a
Change in %	*–30.4*	*8.7*	*n/a*	*n/a*	*n/a*
Average employee compensation					
Average value commercial employees	63.4	58.5	52.8		
Change in %	*8.3*	*10.8*			
Average value property manager	37.3	32.9	29.7		
Change in %	*13.5*	*11.0*			
Development of Management Board compensation granted					
Rolf Elgeti (compensation granted in TEUR)	53.6	71.4	85.5	71.3	71.3
Change in %	*–24.9*	*–16.5*	*19.9*	*0.0*	*0.0*
Factor for Management Board compensation based on average salary of a commercial employee	*0.85*	*1.22*	*1.62*		
Factor for Management Board compensation based on average salary of a property manager	*1.44*	*2.17*	*2.88*		

Comparative presentation	2022/2023	2021/2022	2020/2021	2019/2020	2018/2019
Alexander Kroth (compensation granted in TEUR)	217.9	244.1	228.6	213.3	192.1
Change in %	*–10.7*	*6.8*	*7.2*	*11.0*	*36.4*
Factor for Management Board compensation based on average salary of a commercial employee	*3.44*	*4.17*	*4.33*		
Factor for Management Board compensation based on average salary of a property manager	*5.84*	*7.41*	*7.71*		
Christian Hellmuth (compensation granted in TEUR)	211.3	237.8	219.0	129.4	255.4
Change in %	*–11.1*	*8.6*	*69.2*	*–49.3*	*92.8*
Factor for Management Board compensation based on average salary of a commercial employee	*3.33*	*4.07*	*4.15*		
Factor for Management Board compensation based on average salary of a property manager	*5.66*	*7.22*	*7.38*		
Development of compensation granted to the Supervisory Board					
Hans-Ulrich Sutter (Compensation granted in TEUR)	7.9	10.0			
Change in %	*–21.4*	*0.0*			
Achim Betz (Compensation granted in TEUR)	8.7	7.5			
Change in %	*16.7*	*0.0*			
Kristian Schmidt-Garve (Compensation granted in TEUR)	5.9	7.5			
Change in %	*–21.5*	*0.0*			
Cathy Bell-Walker (Compensation granted in TEUR)	0.6	5.0			
Change in %	*–87.5*	*0.0*			
Johannes C.G. (Hank) Boot (Compensation granted in TEUR)	5.0	5.0			
Change in %	*0.0*	*0.0*			
Nicholas Cournoyer (Compensation granted in TEUR)	3.0	5.0			
Change in %	*–40.5*	*0.0*			
Rolf Elgeti (Compensation granted in TEUR)	3.1	–			
Change in %	–	–			
Antje Lubitz (Compensation granted in TEUR)	2.8	–			
Change in %	–	–			
Sebastian Wasser (Compensation granted in TEUR)	1.3	–			
Change in %	–	–			

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 gross annual fixed salary in the 2022/2023 financial year for the members of the Management Board was TEUR 142.5 p.a. An exception to this was the previous Chairman of the Management Board, who received a pro rata fixed salary of TEUR 53.6 until 13 July 2023 and to whom no variable compensation components were 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 compensation 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
Fixed compensation	142.5	120.0
STI	84.4	84.4
LTI	103.1	103.1
Total	**330.0**	**307.5**

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

Approval of the Compensation Report for the previous financial year

The Annual General Meeting of DKR on 13 July 2023 approved the Compensation Report for the 2021/2022 financial year with the required majority.

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 2022 to 30 September 2023 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 (09.2022))*. 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 the Auditing Practice (IDW QMS 1 (09.2022))*. 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 that is free from material misstatement, whether due to fraud (i.e. accounting fraud or fraudulent misrepresentation) 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 18 December 2023

DOMUS AG
DOMUS Steuerberatungs-AG
Wirtschaftsprüfungsgesellschaft

Fechner	Rohmann
Auditor	Auditor

Declaration of compliance with the requirements of the REITG

In connection with the annual financial statements as at 30 September 2023, the Management Board issues the following declaration of compliance with the requirements of the German REIT act (REITG):

Section of German REIT act	Regulation	Date	DKR	REIT criteria fulfilled
§ 11 (1)	Freefloat of shares > 15%	30/09/2023	40.8%	Yes
§ 11 (2)	No investor holds > 10% of the shares	30/09/2023	–	Yes
§ 12 (2a)	Immovable assets of at least 75% of all assets	30/09/2023	96.6%	Yes
§ 12 (3a)	At least 75% of the income is generated by immovable assets	30/09/2023	100.0%	Yes
§ 13	Dividend distribution of > 90% of the annual result according to German GAAP	30/09/2023	98.2%[1]	Yes
§ 14	Exclusion of real estate trading	30/09/2023	9.1%	Yes
§ 15	Equity of at least 45%	30/09/2023	35.0%[2]	No
§ 19	Composition of income in terms of income subject to and not subject to income tax	30/09/2023	n/a	Yes

Regarding the minimum freefloat of shares as at 31 December 2022, we notified the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) of this by way of letter dated 11 January 2023. The Management Board‘s declaration of compliance with the REIT criteria is under reserve until approval by the auditor, which will occur presumably in January 2024.

Deutsche Konsum REIT-AG
Potsdam, 18 December 2023

The Management Board

Alexander Kroth
Member of the
Management Board (CIO)

Christian Hellmuth
Member of the
Management Board (CFO)

[1] Based on the remaining net income for the year after creation of the reinvestment reserve in accordance with Section 13 (3) REITG.
[2] Excluding deferred taxes.

Photo: Local retail centre
Brückenstraße 12a/b, 15562 Rüdersdorf

Financial calendar

19/12/2023
Publication of the final annual statements/annual financial report for the financial year 2022/2023

14/02/2024
Publication of the quarterly statement for the first quarter of 2023/2024 financial year

21/03/2024
Annual General Meeting

15/05/2024
Publication of the half-yearly financial report of 2023/2024 financial year

14/08/2024
Publication of the quarterly statement for the third quarter of 2023/2024 financial year

19/12/2024
Publication of the final annual statements/annual financial report for the financial year 2023/2024

For detailed information please visit the menu item “Financial Calendar” in the Investor Relations section of the website at https://www.deutsche-konsum.de/en/.

Imprint

Publisher
The Management Board
of Deutsche Konsum REIT-AG

Real estate photography
Marcus Müller-Witte, Berlin
www.mueller-witte.de

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Layout and typesetting
zweiband.media
Agentur für Mediengestaltung
und -produktion GmbH, Berlin
www.zweiband.de

Contact
Deutsche Konsum REIT-AG
(Incorporated in the Federal Republic of Germany)
(Registration number: HRB 13072)
FSE Share Code: A14KRD (primary listing)
JSE Share Code: DKR (secondary listing)
ISIN: DE000A14KRD3
LEI: 529900QXC6TDASMCSU89

Business address:
Marlene-Dietrich-Allee 12b
14482 Potsdam
Phone: +49 (0) 331 74 00 76 – 555
Fax: +49 (0) 331 74 00 76 – 599
E-mail: info@deutsche-konsum.de
Web: www.deutsche-konsum.de/en

JSE Sponsor
PSG Capital

Disclaimer
This report contains forward-looking statements. These statements are based on the current experience, assumptions and forecasts of the Management Board and the information currently related to it. These forward-looking statements are not to be understood as guarantees of the future developments and results mentioned therein. Rather, they are influenced by a number of factors; they comprise various risks and imponderables and are based on assumptions that may not prove to be accurate. These risk factors include, in particular, the factors mentioned in the Risk Report of this Annual Report.

We do not assume any obligation beyond the legal requirements to update the forward-looking statements made in this report. This Annual Report does not constitute an offer for sale and does not constitute an invitation to submit an offer to purchase securities of Deutsche Konsum REIT-AG.

This report has been translated from the German version. In case of doubt, the German version shall prevail.

Deutsche Konsum REIT-AG
Marlene-Dietrich-Allee 12b
14482 Potsdam

Phone +49 (0) 331 74 00 76 – 555
Fax +49 (0) 331 74 00 76 – 599
E-Mail ir@deutsche-konsum.de
Web www.deutsche-konsum.de/en