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## **Deutsche Konsum REIT-AG**

Annual General Meeting of Deutsche Konsum REIT-AG, Broderstorf  
on Friday, 31 May 2024, at 11:00 a.m. (CEST)

### **Information on Agenda item 8: Resolution on the cancellation of the existing 2021/I authorised capital and the creation of new 2024/I authorised capital as well as the corresponding amendment to the Articles of Association**

The Management Board reports on the exclusion of subscription rights in accordance with § 203 (2) AktG in conjunction with § 186 (4) AktG as follows:

Under agenda item 8, a proposal is made to the Annual General Meeting to create new 2024/I authorised capital in the total amount of EUR 17,577,969.00 instead of 2021/I authorised capital, which can be used until 30 May 2029. When the 2024/I authorised capital is utilized, the shareholders should generally be granted subscription rights. However, the Company should retain the option of excluding subscription rights in the six cases mentioned:

- a) The authorization to exclude subscription rights for fractional amounts serves to ensure that a practicable subscription ratio can be presented with regard to the amount of the respective capital increase. Without the exclusion of subscription rights for fractional amounts, the technical implementation of the

capital increase and the exercise of subscription rights would be considerably more difficult, particularly in the case of capital increases by round amounts. The new shares excluded from shareholders' subscription rights as fractional amounts are either sold on the stock exchange or otherwise disposed of in the best possible way for the Company.

- b) The exclusion of subscription rights in the event of a capital increase against non-cash contributions is intended to enable the Management Board to acquire companies, parts of companies or interests in companies (including increasing existing shareholdings) as well as receivables from the Company and other assets eligible for contribution in return for shares in the Company in suitable individual cases and to use such shares in the context of company mergers. This opens up the possibility of offering new shares in the Company to a seller as consideration for equity interests in companies or for other assets eligible for contribution in connection with such an acquisition project, including receivables from the Company, as well as offering new shares in the Company to a creditor of the Company instead of a cash payment to satisfy a receivable or to acquire other assets eligible for contribution in a manner that preserves liquidity.

Experience shows that owners of interesting acquisition targets often demand shares or a combination of shares and cash rather than cash in return for the sale. In the competition for attractive acquisitions, advantages can therefore arise if a seller can be offered new shares in the Company in return. In order to make use of such acquisition opportunities, the Company must be able to increase its capital against contributions in kind with the exclusion of subscription rights if necessary.

The possibility of transferring shares to acquire companies, parts of companies or interests in companies, to settle claims against the Company or to acquire other assets eligible for contribution can also prove to be a more favourable form of financing for the Company that protects liquidity than the transfer of cash and is therefore also in the interests of the shareholders.

The proposed authorization allows the Management Board, with the approval of the Supervisory Board, to react quickly and flexibly to such offers on the national or international market. The Management Board and the Supervisory Board will carefully examine in each individual case whether the use of this instrument is necessary and whether the value of the new shares is in reasonable proportion to the value of the company to be acquired, the interests in a company to be acquired or the other assets to be acquired (including receivables). The issue price for the new shares is determined by the Management Board, taking into account the interests of the shareholders and the Company.

c) The option of the so-called simplified exclusion of subscription rights in accordance with § 186 (3) Sentence 4 AktG serves the Company's interest in achieving the best possible issue price when issuing the new shares. The possibility of excluding subscription rights provided for in § 186 (3) Sentence 4 AktG enables the Management Board, with the approval of the Supervisory Board, to quickly, flexibly and cost-effectively take advantage of opportunities arising from the respective stock market situation. This ensures the best possible strengthening of equity in the interests of the Company and all shareholders. The issue price that can be achieved through open market pricing can lead to a significantly higher inflow of funds than the placement of shares with subscription rights and thus to the greatest possible strengthening of equity. By dispensing with the time-consuming and costly processing of subscription rights, the equity requirements arising from short-term market opportunities can be covered very promptly and new shareholder groups in Germany and abroad can also be acquired. The proposed amendment is intended to fully utilize the increased subscription right exclusion limit of 20% under the ZuFinG.

d) In the event that the authorised capital is utilized against cash contributions, a significant economic disadvantage for the shareholders excluded from the subscription right is prevented and the loss of influence for the shareholders

is limited by linking the placement price to the stock market price, which may not be significantly lower.

When making use of the authorization, the Management Board will endeavour to issue the new shares from the capital increase in a manner that is gentle on the market. In particular, the Management Board will set any discount on the then applicable stock market price as low as possible in accordance with the market conditions prevailing at the time of the final determination of the issue price. Shareholders who wish to maintain their shareholding quota in the event of a capital increase with the exclusion of subscription rights have the option of acquiring the required number of shares on the stock exchange. The shares issued with the exclusion of subscription rights in accordance with § 186 (3) Sentence 4 AktG may not exceed a total of 20% of the share capital existing at the time the 2024/I authorised capital is entered in the commercial register or – if this amount is lower – 20% of the share capital existing at the time the new shares are issued.

Overall, this ensures that the interests of the shareholders are adequately protected in accordance with the legal assessment of § 186 (3) Sentence 4 AktG when using the authorised capital with the exclusion of shareholders' subscription rights, while the Company is given further scope for action in the interests of all shareholders.

- e) Furthermore, the authorization to exclude subscription rights in favour of the holders of bonds with warrants or creditors of convertible bonds that have been or will be issued by the Company serves the purpose of not having to reduce the option or conversion price in accordance with the so-called anti-dilution clauses in the event of subsequent share issues. Rather, instead of this cost-intensive reduction, the Company is to have the option of granting dilution protection in subsequent share issues by granting subscription rights to new shares. This puts the holders of the bonds in the same position as if they were already shareholders. In order to provide the bonds with such dilution protection, shareholders' subscription rights to the new shares must be excluded.

On the other hand, the exclusion of subscription rights is intended to ensure that the holders of bonds with warrants and creditors of convertible bonds can

be granted as many shares as they are entitled to after exercising their option or conversion rights. This will be necessary in particular if the shares available via conditional capital are not sufficient to service the conversion or option rights in full. This will prevent the Company from having to resort to any cash payment options with a negative impact on liquidity to meet its obligations arising from the bonds with warrants or convertible bonds.

- f) Finally, the subscription right can be excluded for the implementation of a scrip dividend, in the context of which shareholders are offered the option of contributing their entitlement to payment of the dividend arising from the resolution on the appropriation of profits by the Annual General Meeting (in whole or in part) to the Company as a non-cash contribution against the granting of new shares from 2024/I authorised capital. This is intended to enable the Company to distribute a scrip dividend at optimal conditions. The distribution of a scrip dividend can be carried out as a rights issue, in particular in compliance with the provisions of § 186 (1) AktG (minimum subscription period of two weeks) and § 186 (2) AktG (announcement of the issue amount no later than three days before the end of the subscription period). In individual cases, however, depending on the capital market situation, it may be preferable to structure the distribution of a scrip dividend in such a way that the Management Board offers all shareholders entitled to dividends new shares for subscription in return for the contribution of their dividend entitlement, thereby economically granting the shareholders a subscription right, but legally excluding the shareholders' subscription right to new shares altogether, while observing the general principle of equal treatment (§ 53a AktG). Such an exclusion of subscription rights enables the distribution of the scrip dividend without the aforementioned restrictions of § 186 (1) and (2) AktG and therefore on more flexible terms. In view of the fact that all shareholders are offered the new shares and excess dividend amounts are settled in the form of a cash dividend payment, an exclusion of subscription rights in such a case appears justified and appropriate.

There are currently no concrete plans to utilize the 2024/I authorised capital. In the event that the proposed authorization for the 2024/I authorised capital is actually utilized, the Management Board will report on this to the Annual

General Meeting. In each case, the Management Board will carefully examine whether the utilization of the 2024/I authorised capital and the exclusion of shareholders' subscription rights are in the interests of the Company and its shareholders.