

**Report of the General Partner**  
**pursuant to § 278 para 3 AktG in conjunction with § 203 para. 2 p. 2 in**  
**conjunction with § 186 para. 4 p. 2 AktG**  
**on agenda item 8**

The previous Authorised Capital 2014 pursuant to Article 5 of the Articles of Association of the Company, after corresponding utilisation of EUR 6,412,715.00 for a capital increase against contribution in kind, still amounts to EUR 12,525,780.00 at the time the General Meeting is convened. However, this authorisation expires on 17 June 2019. Therefore, under agenda item 8, the resolution on the creation of a new Authorised Capital 2019 in the amount of EUR 5,652,657.00 with a term until 18 June 2024 shall be proposed to the General Meeting. The new Authorised Capital 2019 is limited to a total amount of 10% of the Company's current share capital. Including the Contingent Capital proposed under agenda item 9 and the other contingent capitals available in the Articles of Association, the total amount of all authorisations is significantly less than 50% of the Company's share capital.

The new authorisation enables the company to within an appropriate framework flexibly use market opportunities and to quickly and liquidity-preservingly cover any capital demand by issuing new shares. This way, the equity equipment of the company can also be strengthened in light of strategic further development of the group in the shareholders' interest and adjusted to business needs. Since the decisions on the coverage of a capital demand usually must be made on short notice, it is important that the company – independently of the specific utilisation plans – has the required instruments for capital procurement.

If the Authorised Capital 2019 is utilised, the shareholders of the company generally have a subscription right. It can be granted according to § 186 paragraph 5 AktG in the manner that the new shares are assumed by a new credit institution with the obligation to offer them to the shareholders for subscription indirectly.

The General Partner should, however, be authorised to exclude the subscription right in specific subsequently explained cases with the consent of the supervisory board.

The resolution suggested in agenda item 8 initially intends for the General Partner being authorised with the consent of the Supervisory Board to exclude the statutory subscription right of the shareholders for **peak amounts** arising due to the subscription relationship that cannot be evenly distributed among all shareholders. The possibility of excluding peak amounts from the subscription right serves to present a practical subscription situation and thus facilitation of the technical performance of the capital increase. The new shares excluded from the subscription right of the shareholders as free peaks are either utilised through sale via the stock exchange or otherwise in the best manner for the company.

The General Partner and Supervisory Board therefore consider this authorisation for the exclusion of subscription rights to be appropriate.

Furthermore, the General Partner is able to exclude the subscription right of the shareholders with the consent of the Supervisory Board in case of **capital increases against contributions in kind**, specifically – but without limitation to this – for acquisition of companies, company parts or participations in companies.

This authorisation to exclusion of the subscription rights is specifically to enable the company to purchase contribution in kind in the form of companies, company parts, participation in companies or other assets against provision of shares of the company. The possibility of offering shares of the company as compensation in suitable exceptions is of benefit in competition for interesting acquisition objects and creates the necessary freedom to use opportunities for purchase of companies, company shares, company participations or other assets on short notice. This can improve the market position and the competitiveness of the company and develop it further. Granting of new shares of the company may also bind the seller closer to the company, specifically when purchasing company participations, since they will participate in the future economic development of the company and profit of possible rate gains. Furthermore, the suggested authorisation to issue new shares in the scope of capital increases in kind permits best financing of the company, since this will protect the company's liquidity and strengthen the equity basis. The company does not incur any disadvantage from this, since the emission of shares against contributions in kind requires that the value of the contributions in kind is at an appropriate ratio to the value of the shares. When specifying the valuation relations, the General Partner will ensure that the interest of the company and its shareholders are appropriately maintained and that an appropriate issue amount for new shares is achieved. Additionally, each shareholder is generally given the opportunity to balance out the dilution caused by capital increase with exclusion of subscription rights by purchasing shares via the stock exchange. The General Partner and Supervisory Board therefore consider this authorisation for the exclusion of subscription rights to be appropriate.

The General Partner should also be authorised to exclude the subscription right of the shareholders at capital increase against cash contributions with the approval of the Supervisory Board if the issued amount of the new shares does not undercut the stock exchange rate of the already stock-listed shares of the same type and equipment at the time of the final specification of the issuing amount considerably in the sense of §§ 203 paras. 1 and 2, 186 para. 3 s. 4 AktG and the prorated amount of the equity arising for new shares issued pursuant to § 186 para. 3 s. 4 AktG does not exceed a total of **10 % of the company's equity**, neither at the time of entering into effect of this authorisation nor at the time of its execution. The suggested authorisation for exclusion of the subscription right permits the General Partner to place shares under flexible use of beneficial market situations on short notice. This option intended for by law in § 186 para. 3 sentence 4 AktG for excluding subscription rights permits placement close to the stock-exchange rate since the usual discharge at subscription rights emissions does not apply. This also permits a high inflow of funds than in case of subscription rights emission, since placement is possible at once after specification of the issuing amount so that no rate change risk for the duration of the subscription period needs to be considered. This authorisation is to enable the General

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Partner to perform the strengthening of equity equipment required for the future business development at best conditions. The amount intended for the authorisation is limited according to the statutory specification in § 186 para. 3 sentence 4 AktG to 10 % of the company's equity. Against this maximum amount, the prorated amount of the equity that arises for new or own shares that have been issued or sold since 19 June 2019 under simplified exclusion of subscription rights pursuant to or according to § 186 para. 3 s. 4 AktG is to be set off. Furthermore, the prorated amount of the equity arising for shares that refer to option and/or conversion rights or obligations from bonds or usufruct issued since 19 June 2019 in corresponding application of § 186 para. 3 s. 4 AktG must be set off as well. This setoff takes place in the interest of the shareholders in the lowest possible dilution of their participations. Since the subscription right according to this suggested authorisation can only be excluded if the issue amount of the new shares does not essentially undercut the stock price of shares of the company of the same category, the shareholders' need for a value dilution protection is taken into consideration.

Furthermore, the General Partner is to be authorised to exclude the subscription right with the consent of the Supervisory Board where required to grant the **holders of option certificates or creditors of convertible bonds or usufruct with convertible or option rights** that are used by the company or the companies dependent on it or majority-owned by it a subscription right for new shares at the scope as is due to them after execution of the option or conversion rights or after performance of the conversion obligation. Such bonds and usufruct are usually equipped with a dilution protection for facilitating placement on the capital market that intends for the owners or creditors to be granted a subscription right for new shares at subsequent share emissions, as it is due to shareholders. They are thus put as if they were already shareholders. This has the benefit that the conversion price of the already-issued instruments does not have to be reduced at later capital increases. To equip such bonds and usufruct with such dilution protection, however, the subscription right of the shareholders for these shares must be excluded. Such exclusion of subscription rights serves easier placement of these financing instruments and thus strengthening of the finance structure of the company. As a result, this may optimise the competitiveness and profitability of the company in the interest of the shareholders.

The total number of shares issued against contributions in cash or in kind on the basis of the above authorisation to the exclusion of the subscription right of the shareholders in the event of capital increases, may not exceed 10% of the share capital either at the time this authorisation becomes effective or - if this value is lower - at the time it is exercised. This maximum amount of 10% shall include the pro rata amount of the share capital of those shares issued during the term of this authorisation on the basis of another authorisation to the exclusion of the subscription right. Also to be included are rights issued during the term of this authorisation until they are exercised on the basis of other authorisations to the exclusion of the subscription right, and which facilitate or oblige the subscription of shares in the Company.

When considering all of the circumstances named, the General Partner believes, in correspondence with the supervisory board, that the authorisations for exclusion of the

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subscription rights for the above reasons are properly justified and appropriate under consideration of the possible dilution effect to the detriment of the shareholders when utilising

the respective authorisations. The General Partner shall carefully review in each individual case whether it will make use of the authorisation to the exclusion of subscription rights. Utilisation of these possibilities shall only take place if this is in the interest of the company and thus its shareholders according to the assessment of the General Partner and the supervisory board.

The General Partner shall report to the general meeting about any utilisation of the Authorised Capital 2019. At the time, there is no specific plan for utilising these authorisations.

Cologne, May 2019

Ströer SE & Co. KGaA  
General Partner  
Ströer Management SE  
Management Board

Udo Müller  
(Co-CEO)

Christian Schmalzl  
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