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**STRÖER**

## **Transformation Report**

of the Management Board of

**Ströer SE**

on the transformation of Ströer SE into a KGaA  
(partnership limited by shares)

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## I. INTRODUCTION

The Management Board and the Supervisory Board of Ströer SE (hereinafter referred to as the *Company* and jointly with its subsidiaries, *Ströer*, *Ströer Group* or the *Undertaking*) have decided to propose to the extraordinary General Meeting of Ströer SE to take place on 25 September 2015 the Company's transformation from a European company (*societas europaea*, *SE*) into a partnership limited by shares (*KGaA*). The provisions of the Transformation Act (*UmwG*) and of Council Regulation (EC) No 2157/2001 of 8 October 2001 on the Statute for a European company (SE) (*SE Regulation*) provide that such transformation implying a change of legal form (hereinafter referred to as the *Change of Legal Form*) requires the consent of the Company's General Meeting.

The agenda of the extraordinary General Meeting of the Company to be held on 25 September 2015 is attached to this transformation report as Annex 1.

### *History*

Ströer is a listed company that for many years has been strongly marked by the entrepreneurial influence of the Ströer and Müller families.

By establishing *Ströer City Marketing GmbH* in 1990, Heinz W. Ströer and Udo Müller (now chairman of the Company's Management Board) laid the foundation for the Undertaking as it is today. Ströer SE as such was founded in 1994, first as a GmbH (limited liability company) (*Ströer Out-of-Home GmbH*), which then, in 2002, was transformed into an Aktiengesellschaft (stock corporation) (first, *Ströer Out-of-Home AG*, then *Ströer Media AG*). In 2010, the Company's IPO took place; today, it is the parent company of Ströer Group. The acquisition of the online business of Media Ventures GmbH and adscale GmbH in 2013 enabled Ströer to enter the marketing of online advertising, which it consistently expanded by internal growth and numerous further acquisitions ever since.. The proceeds of the issue generated within the scope of the IPO, for instance, was used in particular for Ströer Group's further growth. The international expansion of the Undertaking has furthermore been promoted since the mid-90ies. This way, Ströer has developed from a provider of pure outdoor advertising spaces to one of the leading providers of out-of-home and online advertising, offering individualised and fully integrated premium communication solutions to its advertising customers.

In 2014, the Company was transformed into the legal form of an SE (*Ströer Media SE*). Since June 2015, the Company has been acting under the name of *Ströer SE*.

On 13 August 2015, Ströer SE then signed a sale and purchase agreement with Deutsche Telekom AG on the acquisition of Interactive Media CCSP GmbH and of

the internet portal T-Online.de. This further expands and substantially broadens Ströer's online business.

#### *Current shareholder structure and corporate governance*

The Company's shareholder structure is significantly influenced by the Ströer and Müller families. The entrepreneur Dirk Ströer, member of the Company's supervisory board and the son of the Company's founder, Heinz W. Ströer, who died in 2004, currently holds approximately 29.95 per cent of the share capital of Ströer SE, directly or as attributable to him, while Udo Müller, chairman of the Management Board and co-founder of the Undertaking, holds another approx. 24.22 per cent of the ordinary shares. According to the information available to the Company, out of the remaining 45.83 per cent of the share capital of the Company that is free float, approximately 5.73 per cent are held by Sambara Stiftung, 5.13 per cent by Allianz Global Investors Europe, and approximately 4.63 per cent by Credit Suisse. The Company is not aware of any further notifiable shareholders.

Vote-pooling has not been agreed on between the two families, ie in particular between Dirk Ströer and Udo Müller. Nevertheless, the Ströer and Müller families can pass simple majority resolutions in the general meeting, provided they cast their votes in favour of the same proposal and no prohibition from voting applies in the individual case. This relates in particular to the election of the auditor for the Company and of the members of the Company's Supervisory Board. In addition, Udo Müller has for many years been the chairman of the Company's Management Board. Dirk Ströer has for many years been a member of the Supervisory Board of Ströer SE and its predecessor companies.

#### *Reasons for the Change of Legal Form*

The Ströer and Müller families deem the continuation of Ströer Group's strict course towards growth to be an integral part of the Group's future strategy and to be required in order to continue the Company's so far success story. It furthermore is the wish of the Ströer and Müller families to open up further perspectives of growth for the Undertaking, which requires inter alia an improvement of the financing possibilities via the capital market.

In addition, the Ströer and Müller families intend to make the Company more attractive to important domestic and foreign investors. For this purpose, in particular an increase of the number of free float shares and, due to this, higher liquidity and an improved tradability of the Company's shares are strived at. In the past, major investors criticised more and more often the low degree of liquidity of the shares issued by the Company and demanded that measures be taken in order to increase liquidity. Ströer SE's shares shall in particular continue to be usable as an acquisition currency,

which is an important factor in the continuation of the Undertaking's course for growth.

Nevertheless, the characteristic impact of the Ströer and Müller families shall not be lost, which has existed since the Undertaking was established. In particular Dirk Ströer and Udo Müller, authentic businessmen, who for many years have had a decisive share in the responsibility for Ströer's success, shall continue to have an influence on the Company. Future capital measures and the opening of the Undertaking for a broader circle of shareholders shall thus not be accompanied by an elimination of the identity-forming position as a family-owned business.

The aforementioned objectives can be implemented only in a corporate structure where a majority interest in the Company's share capital is not a condition for preserving the influence of the Müller and Ströer families on the Undertaking. In the Company's current legal structure as a European company (SE), capital measures in which the Ströer and Müller families do not or cannot participate, for instance, would result in a reduction or even a loss of the families' entrepreneurial influence on the Group. The legal form of a KGaA, in contrast, allows for a separation of capital interest and entrepreneurial influence. Therefore, it is the corporate structure most suitable for achieving the aforementioned objectives.

#### *Change of Legal Form*

Upon the Change of Legal Form becoming effective, the factual influence of the Ströer and Müller families on the Undertaking that currently is conveyed through their respective interests in the share capital shall be transformed into an influence conveyed by structure, which is independent from the respective interest in the share capital.

In the legal form of a KGaA, the management and the representation of the Company are the obligations of the general partner who, in this respect, will take the position of the Management Board of the Company. Within the scope of the Change of Legal Form, Atrium 78. Europäische VV SE (acting in the future under the name of Ströer Management SE and, therefore, hereinafter referred to as **Ströer Management SE**), a dualistic SE, will join the Company as the sole general partner and assume the management and representation of the Company through its management board. The entrepreneurs Dirk Ströer and Udo Müller hold the shares in Ströer Management SE at a ratio of 49 to 51, thereby ensuring the Ströer and Müller families' long-term influence on the Undertaking. Moreover, Dirk Ströer and Udo Müller shall continue to work as members of the supervisory board and the management board, respectively, also in Ströer Management SE. Choosing an SE as the general partner is to connect to the former legal form of Ströer SE and to ensure as much acceptance in the capital market as possible.



This means for the relationship between the Ströer and Müller families, on the one hand, and to the remaining limited shareholders of the Company, on the other hand: The Ströer and Müller families keep their existing influence on the Undertaking through Ströer Management SE as the general partner. Via the composition of the supervisory board of Ströer Management SE, they can influence the composition of the management board. At the same time, the interests in the share capital of the KGaA will not be changed by the Change of Legal Form, so that the Ströer and Müller families can pass simple majority resolutions provided both cast their votes in favour of the same proposal.

However, both the management board and the controlling shareholders of the general partner in a KGaA are subject to a number of prohibitions from voting when exercising their voting rights in the general meeting of the KGaA. This applies in particular to the election of the auditor and of the Supervisory Board of the KGaA, so that in this respect, the remaining limited shareholders can decide alone. Hence, at least Udo Müller, being a member of the Management Board and a controlling shareholder of Ströer Management SE, is subject to the aforementioned prohibitions from voting. It is disputed whether the prohibitions from voting apply also to non-controlling shareholders of the general partner (in the case at hand, Dirk Ströer), but this is mostly rejected.

For the sake of completeness, it is pointed out that the acquisition of Interactive Media CCSP GmbH and of the internet portal T-Online.de from Deutsche Telekom AG will after completion probably result in a shift in the participation structure in the Company's General Meeting, as the mentioned business units are to be contributed to the Company as a contribution in kind in exchange for the issuance of shares from the authorised capital. Depending on Ströer's share price from time to time, Deutsche Telekom AG will thus receive an interest of approximately 11–13 per cent of the Company's share capital. This will lead to a corresponding dilution of the interests held by the Ströer and Müller families.

\*\*\*\*

The following considerations essentially support the Change of Legal Form:

- **Continuation of the course for growth:** Ströer's long-term strategic direction of continual growth, as shaped and supported by the Ströer and Müller families, remains ensured through flexible financing possibilities, in particular in the capital market.
- **Maintaining the position of a family-owned business:** The Change of Legal Form to a KGaA will preserve the long-term influence of both the Müller family and the Ströer family on the Undertaking, independently from their future interests in the share capital. This applies even if, due to a reduction of their

interest share in the Company's capital in limited partnership shares (eg by shares being issued from the Company's authorised capital to Deutsche Telekom AG or the non-participation in future increases of the Company's capital), the Ströer and Müller families together will hold neither formally nor factually a majority in the General Meeting.

- **Increased free float / improved liquidity of the share:** Maintaining the existing influence of the Ströer and Müller families will probably result in the two families being more inclined to support future capital measures, even if they cannot, or do not want to, participate in them, or not to their full extent. In all likelihood, this will lead to an increased liquidity of the Company's share and an increased free float, which takes account of the investors' wishes.

This transformation report of the Management Board of Ströer SE contains information pursuant to section 192 UmwG that are to serve the purpose of the shareholders' formation of opinion and decision regarding the Change of Legal Form into that of a KGaA. It in particular explains and gives reasons for the legal and economic significance of the Change of Legal Form and its impact on the legal position of the shareholders and the Company's corporate governance.

## **II. STRÖER SE**

### **1. GENERAL INFORMATION**

Ströer SE is a European company (SE) and has been existing as such since 15 October 2014. It is registered in the commercial register of the Amtsgericht (Local Court) of Cologne under HR B 82548. The Company is headquartered in Cologne. Its business address is: Ströer Allee 1, 50999 Köln/Cologne, Germany, phone: +49-2236-9645-0. The Company's business year corresponds to the calendar year.

The object of the Company according to the articles of association is the work of a managing holding, ie a combination of companies, their consulting and the assumption of other economic tasks and services for companies that are active in the following areas:

- (a) advertising in respect to advertising carriers of all forms, specifically in the outdoor and online areas by management of the respective advertising carriers and mediation and marketing of advertising areas, including the (further) development of suitable technology;
- (b) media of all kinds, specifically in the online area, including the marketing of online portals for information, communication (including social networks), entertainment (including videos and games) and e-commerce (including sale of products as well as rendering of services of all kinds).

The Company may also itself become active in the aforesaid areas of activities; it may particularly carry out all transactions and measures associated with the aforesaid activities. It may also participate in other companies of the same or similar type in Germany and abroad or establish, acquire and sell such companies. It may establish, acquire, manage and sell participation in companies of all types for investment purposes and limit itself to the administration of the participations. The Company may grant guarantees or loans to companies in which it holds direct or indirect participations, assume their liabilities or support them otherwise.

### **2. HISTORY AND DEVELOPMENT**

On 12 February 1990, Heinz W. Ströer and Udo Müller established *Ströer City Marketing GmbH* as equal shareholders and thus laid the foundation for the Undertaking as it is today. In 2004, *Ströer City Marketing GmbH* was merged onto *Ströer Media Deutschland GmbH & Co. KG*. The latter was transformed by way of change of legal form into *Ströer Media Deutschland GmbH* according to a resolution adopted by the General Meeting on 19 May 2010. The change of legal form was registered in the commercial register of the Cologne Amtsgericht under HR B 69534 on 18 June 2010.

Ströer Media Deutschland GmbH in operative terms conducts the segment Ströer Germany as a direct subsidiary of Ströer SE.

Ströer SE was established by Heinz W. Ströer and Udo Müller, each holding a 50 per cent interest, on 3 June 1994, first as a GmbH (limited liability company) under the company name of *Ströer Gesellschaft für innovative Außenwerbung mbH* and registered as such in the commercial register of the Cologne Amtsgericht under HRB 25192 on 18 August 1994. On 27 July 2000, the General Meeting adopted the resolution (registered in the commercial register on 23 August 2000) to rename the Company *Ströer Out-Of-Home Media GmbH*. On 29 May 2002, the shareholders' meeting resolved on the transformation of the Company into an AG (stock corporation) by way of a change of legal form. At the same time, the Company was renamed *Ströer Out-of-Home Media AG*. The transformation was registered in the commercial register of the Cologne Amtsgericht under HR B 41548 on 29 July 2002.

The first project of Heinz W. Ströer and Udo Müller following the establishment of Ströer City Marketing GmbH in 1990 was the development of a convincing poster network on private property and of a product and service offer for innovative street furniture in the new Länder (federal states). Following the successful completion of the privatisation of *Kölner Außenwerbung GmbH*, which before had been publicly owned, Ströer City Marketing GmbH for the first time acquired an important public licence in the old Länder in 1994. Furthermore, the Undertaking secured a huge number of newly issued public licences in the new Länder between 1990 and 1996.

In 1997, a majority interest in *BlowUP Media GmbH* was acquired, which enabled the Undertaking to enter (first) the German market for giant posters. BlowUP Media GmbH, with its subsidiaries in Germany, the United Kingdom, the Netherlands, Spain, and Belgium meanwhile has become a leading west-European provider of giant posters.

In 1998, the Undertaking entered into the Turkish outdoor advertising market within the scope of a strategic partnering with Mustafa Ilbak. The segment Ströer Turkey is now operatively conducted by *Ströer Kentvizyon Reklam Pazarlama A.S.*, a joint venture in which originally one half was held by Akademi Reklam and in which the Company, since its IPO in 2010, has been holding a 90 per cent interest; its Chief Executive Officer is Mustafa Ilbak.

After completing intensive research and acquisition work, the Undertaking in the 1990ies introduced the concept of Mega-Lights in Germany; these are glazed and backlit media situated at cross-roads, in which posters automatically rotate within a few seconds.

Between 1999 and 2002, the Undertaking acquired seven Polish companies in total which later on were combined to form a single company, and thus entered the Polish

market of outdoor advertising. By now, Ströer shares market leadership in Poland with a competitor of similar size.

In 2004, when it acquired *DSM Deutsche Städte Medien GmbH*, Ströer became the biggest undertaking – in terms of sales proceeds – in the German outdoor advertising market. By acquiring *Infoscreen Gesellschaft für Stadtinformationsanlagen mbH* (today: *INFOSCREEN GmbH*) in the same year, Ströer established its portfolio in the area of electronic advertising media.

Ströer SE's IPO took place on 15 July 2010. The Company's share is listed in the prime standard of the Frankfurt Stock Exchange and has been listed in the selection index SDAX of Deutsche Börse AG since September 2010. On the basis of the respective year-end closing prices, the Company's market capitalisation in the past three years increased from approximately EUR 278m (30 December 2012) to approximately EUR 1.2bn (30 December 2014). The average daily trade volume of the Company's share at the German stock exchanges was about 70,000 items in 2014 and thus has clearly increased as compared to the two previous years (approximately 41,500 items in 2012 and 44,000 items in 2013).

In 2013, Ströer could successfully enter the marketing of online advertising by means of the acquisition of the online business of Media Ventures GmbH and adscale GmbH. On 13 August 2015, Ströer SE signed a sale and purchase agreement with Deutsche Telekom AG on the acquisition of Interactive Media CCSP GmbH and of the internet portal T-Online.de in order to expand its online business even further.

Following a resolution of the General Meeting of 18 June 2014, the Company was transformed into a European stock corporation (*societas europaea*, SE). The transformation was registered in the commercial register of the Cologne Amtsgericht under HR B 82548 on 15 October 2014.

### **3. BUSINESS ACTIVITY OF STRÖER**

The Company with its subsidiaries is one of the leading providers marketing outdoor and online advertising spaces and offers advertising customers individualised and integrated communications solutions. The Company acts as a mere holding company and coordinates the strategic orientation of the Group as well as the financing and liquidity of the Undertaking. In the 2014 business year, Ströer attained group sales revenues of EUR 721.1m and an operational EBITDA of EUR 148.1m.

The table below shows the operating performance and the essential economic figures of Ströer Group in the business years 2012 through 2014:

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EURm	2012	2013	2014
<b>Total sales<sup>1</sup></b>	560.6	622.0	721.1
<b>Revenue by segment</b>			
Ströer Germany <sup>2</sup>	411.7	420.6	465.1
Ströer Turkey	91.3	94.6	85.5
Ströer Digital (Online)	0.0	64.4	122.9
Other (Poland and BlowUP)	57.9	56.4	61.8
<b>Revenue by product group</b>			
Billboard <sup>2</sup>	286.6	288.8	322.1
Street Furniture <sup>2</sup>	147.2	144.9	149.5
Transport <sup>2</sup>	91.5	97.7	101.9
Digital (Online)	0.0	64.2	122.2
Other <sup>2</sup>	35.3	39.2	38.0
Organic growth <sup>3</sup> (in %)	-4.0	3.5	11.4
Gross profit <sup>4</sup>	174.1	187.8	215.9
<b>Operational EBITDA<sup>5</sup></b>	107.0	118.0	148.1
<b>Operational EBIT margin<sup>5</sup> (in %)</b>	19.1	18.6	20.2
Adjusted EBIT <sup>6</sup>	67.4	72.0	98.5
Adjusted EBIT <sup>6</sup> margin (in %)	12.0	11.3	13.4
Adjusted profit or loss for the period <sup>7</sup>	24.0	36.3	56.3
Adjusted result per share <sup>8</sup> (in EUR)	0.54	0.77	1.10
Profit or loss for the period <sup>9</sup>			
Earnings per share <sup>10</sup> (in EUR)	-0.07	0.08	0.44

<sup>1</sup> Joint ventures are consolidated at equity – consistent with IFRS 11 (as from 2013).

<sup>2</sup> Joint ventures are consolidated proportionally (management approach).

<sup>3</sup> Without exchange rate effects and effects from (de)consolidation and discontinuation of business areas.

<sup>4</sup> Revenue less cost of sales.

<sup>5</sup> Earnings before interest, taxes, depreciations, adjusted for non-recurring effects (joint ventures are consolidated proportionally).

<sup>6</sup> Earnings before interest and taxes, adjusted by non-recurring effects, depreciations for purchased advertising rights licences and value reduction expenses for intangible assets (joint ventures are consolidated proportionally).

<sup>7</sup> Adjusted EBIT before minorities minus financial result adjusted by non-recurring effects and normalised tax expenses (joint ventures are consolidated proportionally).

<sup>8</sup> Adjusted period result after deduction of the indicated minority result, divided by the number of shares that result from the stock after the IPO (42,098,238) plus the addition of shares *pro rata temporis* from capital increase (6,771,546) on 3 June 2013.

<sup>9</sup> Profit or loss for the period before minorities (joint ventures are consolidated at equity – consistent with IFRS 11) (as from 2013).

<sup>10</sup> Actual period result after deduction of the indicated minority result, divided by the number of shares that result from the stock after the IPO (42,098,238) plus the addition of shares *pro rata temporis* from capital increase (6,771,546) on 3 June 2013.

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Investments <sup>11</sup>	42.6	39.0	45.2
Free cash-flow <sup>12</sup>	10.8	4.1	65.5

EURm	31 DEC 2012	31 DEC 2013	31 DEC 2014
Total equity and liabilities <sup>1</sup>	863.7	953.6	952.0
Equity <sup>1</sup>	279.6	296.7	320.1
Equity ratio (in %)	32.4	31.1	33.6
Net debt <sup>13</sup>	302.1	326.1	275.4
Employees <sup>14</sup> (Number)	1,750	2,223	2,380

### 3.1 Ströer Group's strategy

The business model of the Company and its subsidiaries is based on the offer of outdoor advertising on classic media (Out-of-Home, *OOH*) and the screens installed in train stations and shopping centres for the digital Out-of-Home-Channel (*DOOH*) as well as the online display and video marketing via stationary internet and via mobile end devices and tablets. With about 90 offices across Europe, Ströer maintains relationships with contracting partners and offers advertising customers a great number of various communication options at the same time. The sales organisations in the respective countries control the target group analyses and market research, support sales and marketing activities and serve regional and national advertisers, media agencies, and special agents.

Ströer employs a total of 2,472 employees in the core markets of Germany, Turkey, and Poland, as well as in Belgium, the Netherlands, Spain, the United Kingdom, Hungary, the Czech Republic, and New Zealand.

### 3.2 Overview of the business segments

By the end of 2014, the Undertaking had its business bundled in four segments that in operative terms acted independently on the market in close cooperation with the Company as the group holding. The classic area of outdoor advertising (*OOH* and *DOOH* activities) is summarised in three segments under regional aspects: the segment "Ströer Germany", the segment "Ströer Turkey", and the segment "Other",

<sup>11</sup> Contains payments for investments into the fixed assets and payments for investments into intangible assets (joint ventures are consolidated at equity – consistent with IFRS 11) (as from 2013).

<sup>12</sup> Cash-flow from operations minus cash-flow from investing activities (joint ventures are consolidated at equity – consistent with IFRS 11) (as from 2013).

<sup>13</sup> Financial liabilities minus derivative financial instruments and liquid funds (joint ventures are consolidated proportionally)

<sup>14</sup> According to number of persons (full and part-time employees) (joint ventures are consolidated proportionally).



which comprised the business in Poland and the giant poster business BlowUP. The fourth segment “Ströer Digital” contained all activities of the online/mobile display and video marketing, including the required technology platforms.

At the beginning of the 2015 business year, Ströer adjusted its internal steering and, thus, also the segmenting of its business units to current developments and the new orientation of the Group. In this context, the public-video business (DOOH), which until then as digital business had formed part of the segment Ströer Germany, was allocated to the segment Ströer Digital due to similarities regarding contents. Thus, exclusively the German outdoor advertising business has ever since constituted the remaining segment Germany, which is reflected correspondingly in its new name “Out-of-Home Germany (OOH Germany)”. Internal steering was also adjusted as regards the international out-of-home business. In this connection, the units Ströer Turkey, Ströer Poland and BlowUP were combined to form a new segment “Out-of-Home International (OOH International)”.

### **3.2.1 Outdoor advertising**

The basis of the outdoor advertising business is the portfolio of contracts with private and public property and building owners through which Ströer acquires advertising rights licenses for sites with a strong reach. The product range in outdoor advertising covers all advertising forms that are used out of home – from classic poster media (Billboard) to advertising in waiting halls (Street Furniture) and transport to digital and interactive offers. The portfolio is made up of more than 290,000 marketable advertising spaces in Europe.

#### *Segment Out-of-Home Germany*

The segment Out-of-Home Germany is operatively conducted by Ströer Media Deutschland GmbH, which together with its numerous subsidiaries is active in all product groups of the Company (Street Furniture, Billboard, Transport, Other), except for Digital. While current business is driven from individual regional offices and from the Cologne headquarters, essential operational decisions as well as all functions in the areas of accounting, human resources, and controlling are centrally steered by Ströer SE.

#### *Segment Out-of-Home International*

In this segment, the outdoor advertising business in Turkey is operatively conducted by Ströer Kentvizyon Reklam Pazarlama A.S., in which the Company holds a 90 per cent interest. Ströer Kentvizyon is present in seven out of the ten biggest Turkish cities and, with regard to outdoor advertising, active in all product groups of the Company. The outdoor advertising business in Poland is conducted by Ströer Polska Sp. z.o.o. The segment BlowUP is conducted by BlowUP Media GmbH. BlowUP



Media GmbH is a leading west-European provider of giant posters that are placed on building facades. This Company is currently marketing more than 150 sites, part of them digital, which are booked by advertisers either individually or in blocks, at a national level or cross-border. BlowUP Media is present in Europe with companies in Germany, the United Kingdom, the Netherlands, Spain, and Belgium.

### **3.2.2 Digital business**

In the segment Ströer Digital, the Company offers digital advertising spaces on the internet and on mobile end devices. Under the intermediate holding Ströer Digital Group GmbH, inter alia the subsidiaries Ströer Digital Media GmbH, Ströer Mobile Media GmbH, Ströer Primetime GmbH, adscale GmbH, Business Advertising GmbH, pacemaker AoR GmbH, and MBR Targeting GmbH are bundled. With its subsidiaries, Ströer Digital Group holds a very strong position in advertising marketing in Germany, covering the entire value-added chain of digital marketing from classic online banner ads to special advertising formats and individual advertising integration to video and mobile advertising.

The broad offer of different advertising formats, the comprehensive portfolio of attractive advertising environments and the sophisticated technology solutions enable Ströer Digital Group GmbH to meet demand for branding (image campaigns) as well as performance campaigns (transaction-oriented solutions). Ströer Digital International GmbH (formerly: Ballroom International Group) offers comparable communication solutions with a special focus on the foreign core markets of Poland and Turkey. All in all, Ströer reaches about 100 million unique users per month on the core markets.

In order to complete its portfolio, Ströer SE took over individual attractive publishers during the past few quarters. These publishers were bundled in Ströer Content Group GmbH (formerly: Ströer Venture GmbH). The core tasks of Ströer Content Group GmbH are the further development and expansion of the existing portal business and the development of content strategies in order to enhance the reach. In addition, Ströer SE further extended its digital offer at a regional level by acquiring Regiohelden GmbH. Ströer now has successful and proven technology solutions in regional online marketing at its disposal.

## **4. CORPORATE BODIES OF STRÖER SE**

The bodies of the Company are the Management Board as the managing body, the Supervisory Board as the supervisory body, and the General Meeting. The competences of these corporate bodies are stipulated in Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European Company (SE) (SE Regulation) and in the Law for the Implementation of Council Regulation (EC) No. 2157/2001 of 8 October 2001 on the Statute for a European Company (SE) (SE Implementation Act, *SEAG*), in the Aktiengesetz (Stock Corporation Act, *AktG*), the

Company's articles of association, and in the rules of procedure for the Management Board and the Supervisory Board. In its articles of association, the Company opted for a dualistic management and supervision system, comprising the Management Board and the Supervisory Board. The two bodies work independently from each other; no person can be a member of both bodies at the same time.

#### **4.1 The Management Board of Ströer SE**

The Management Board manages the business and represents the Company vis-à-vis third parties. According to its articles of association, the Company is principally represented by two members of the Management Board or by one Management Board member together with a Prokurist (authorised signatory). The Management Board consists of three members, each of whom is entitled to represent the Company alone. Pursuant to the rules of procedure, each member is competent for his own area of responsibility, but the members are jointly responsible for managing the Ströer Group. The Management Board shall report to the Supervisory Board in regular intervals, in particular on the envisaged business policy and strategy, the profitability of the business, the ongoing business operations and all other transactions that may have a material impact upon the profitability or liquidity of the Company.

The Management Board has the following members:

*Udo Müller, Chief Executive Officer*

Udo Müller was born in Rüdeshelm in 1962. At the young age of 19, he managed his first publishing house. In 1985, he founded the advertising agency Lunenburg & Partner, which developed to be one of Berlin's leading agencies. With the foundation of Lunenburg & Partner Mediaservice GmbH in 1987, he entered the field of out-of-home advertising through the marketing of his handball club. In 1990, he teamed up with Heinz W. Ströer to open up new outdoor advertising markets with Ströer City Marketing GmbH. The first success was the acquisition of extensive advertising rights in East Germany after the fall of the Berlin Wall. After the Company became Ströer Out-of-Home Media AG in 2002, Udo Müller advanced the growth of the Undertaking with the takeover of Deutsche Städte Medien GmbH (2004) and Deutsche Eisenbahn Reklame GmbH (2005). In 2011, Udo Müller was named Senator h.c. by the Bundesverband mittelständische Wirtschaft (the Federal association of medium-sized businesses) as a recognition of his exemplary merits for medium-sized businesses and excellent entrepreneurial achievements. Under Udo Müller's direction, Ströer Group developed to become Germany's biggest undertaking for outdoor advertising and one of the leading international providers of out-of-home media. When entering the field of the marketing of online advertising in 2013, Udo Müller extended the Company's business activities, making Ströer a comprehensive and independent marketing company. Not even one year later, Ströer was among the three leading online marketers in

Germany. Being the chairman of the Company's Management Board, Udo Müller is responsible in particular for developing and implementing the corporate strategy.

*Dr. Bernd Metzner, Chief Financial Officer*

Dr. Bernd Metzner was born in Ruit auf den Fildern near Stuttgart in 1970. He studied business management at the University of Siegen and is tax adviser. After completing his PhD, he joined the Flick Gocke Schaumburg law firm and then went on to assume various management positions in finance at the Bayer Group. He was responsible for coordinating the IPO of Lanxess, was the CFO of Bayer Italy and head of finance of Bayer's pharma business. From mid-2011 to mid-2014, Dr. Bernd Metzner was the CFO of the family-owned Döhler Group. Dr. Bernd Metzner assumed the position as the Chief Financial Officer of Ströer SE as of 15 June 2014 and, as such, is responsible for the fields of finance and taxes, human resources, IT, law, M&A / corporate finance, and investor relations, also at group level.

*Christian Schmalzl, Chief Operating Officer*

Christian Schmalzl was born in Passau in 1973. He studied political science, philosophy, literature, and sociology in Passau, Munich, and Cardiff. After graduating from college, he joined Munich-based MediaCom as a trainee. In 2002, he became the managing director of the agency group. In 2007, he assumed full responsibility for all business activities in Germany, before being appointed Worldwide Chief Operations & Investment Director (COO) of the international agency group in 2009. Christian Schmalzl has joined Ströer's Management Board at the end of the year 2012. As COO, he heads overall group operations in Germany and abroad. Christian Schmalzl is responsible in particular for managing and controlling the country and digital companies and, at the group's level, for the areas of business development and corporate communications.

## **4.2 The Supervisory Board of Ströer SE**

The Supervisory Board appoints the members of the Management Board and supervises the acts of the Management Board in conducting the business of the Undertaking. The Supervisory Board must principally not exercise any management functions. The Company's articles of association and the rules of procedure of the Management Board, however, provide that the Management Board may not carry out certain transactions without the consent of the Supervisory Board.

The composition of Ströer SE's Supervisory Board is subject to the Stock Corporation Act and to the SE-Beteiligungsgesetz (Act on the Participation of Employees in a European Company, **SEBG**). When the Company, in 2014, was transformed into an SE by way of change of legal form, it did not fall within the scope of application of the MitbestG (Co-Determination Act) or the DrittelbG (One Third Participation Act). No

participation agreement was entered into with the special negotiating body that was formed in Ströer SE in this context for negotiating on the involvement of employees. Hence, according to the relevant provisions of the SEBG, the provisions under co-determination law that were applicable already prior to the Company's Change of Legal Form shall continue to apply. As a consequence – just as before the Company's transformation into an SE – the Supervisory Board of Ströer SE is not co-determined; the employees are not represented on it.

The Supervisory Board of Ströer SE consists of the following three members:

*Christoph Vilanek (chairman of the Supervisory Board)*

Christoph Vilanek was born in Innsbruck in 1968. After studying business administration at the Leopold-Franzen University in Innsbruck, Christoph Vilanek began his professional career with the publishing house Time-Life International. Before becoming managing director of the online fashion business boo.com, he worked in various positions within the mail-order business. In 2001, the native Austrian switched to the management consultancy McKinsey, where his focus was on the field of telecommunication in Germany and Eastern Europe. In 2004, he became joint managing director of iPublish, a subsidiary of the Ganske publishing group in Hamburg. Before his appointment as Chief Executive Officer of freenet AG, Vilanek from 2005 until 2009 held various positions within the area of customer communications, customer development, customer service, and customer retention at debitel AG in Stuttgart.

*Dirk Ströer*

Dirk Ströer was born in 1969. He is managing partner of Media Ventures GmbH. As early as in 1998, he founded City Design GmbH with the purpose of marketing information media in German cities. Since 1999, he has built up the Polish states corporation in Warsaw for the corporate group of his father, Heinz W. Ströer. In 1999, he founded orangemedia (today: Ströer Digital Media) and neu.de. This venture formed the foundation for Media Ventures GmbH, which in the following years developed portals and market places, such as weg.de, neu.de, or pkw.de, into successful business models. Furthermore, Dirk Ströer is managing director of other out-of-home advertising companies in Germany.

*Ulrich Voigt*

Ulrich Voigt was born in Cologne in 1965. After completing his training as a commercial banker at Stadtsparkasse Köln in 1987 and further training as a savings bank business administrator at the Rheinische Sparkassenakademie (Rhineland Savings Bank Academy), he worked for the bank in a number of different roles. Between 1997 and 1999, he completed a degree course at the Lehrinstitut für das Kommunale Sparkassen- und Kreditwesen (Institute for Communal Savings Banks and Credit Institu-

tions) in Bonn and became a graduate savings bank business administrator. He occupied a number of management positions at Sparkasse KölnBonn before becoming an authorised representative of the company with responsibility for the Institutional Investments, Asset Management and Shareholdings business unit in 2007. He has been a member of the management board of Sparkasse KölnBonn since 2008. Since 2010, he has been responsible for the business areas Central and Local Corporate Clients, Institutional and Municipalities, Shareholdings, and Treasury.

#### *Auditing committee*

The Supervisory Board of the Company has formed an auditing committee from among its members, which comprises Ulrich Voigt as its chairman and Christoph Vilanek.

Inter alia, it is the auditing committee's task to prepare the Supervisory Board's decisions on the adoption of the annual financial statements and the consolidated financial statements as well as the Supervisory Board's proposal to the General Meeting for the election of the auditor, and to pre-audit the proposal for the appropriation of profits. Furthermore, it is to validate the quarterly reports prior to publication and – after consultation with the Management Board – to engage the auditors (including the fee agreement), to determine audit focuses, and to agree on the auditor's reporting commitments vis-à-vis the Supervisory Board. In addition, it deals in particular with issues of risk management and compliance.

The chairman of the auditing committee is appointed in accordance with section 5.3.2 of the German Corporate Governance Code. Ulrich Voigt as the chairman of the auditing committee meets the qualification requirements for the independent member having expertise in the fields of accounting or auditing (*Financial Expert*) within the Supervisory Board of Ströer SE pursuant to section 100(5) AktG.

## **5. EMPLOYEES OF STRÖER SE**

On 31 December 2014, Ströer Group had 2,380 employees in total. 1,144 of them worked in the business segment *Ströer Deutschland*, 221 in the segment *Ströer Turkey*, 583 in the segment *Ströer Digital*, and 197 in other units. Ströer SE as such had 245 employees.

When the Company was transformed into an SE, the number of Ströer Group's employees in Germany was less than 2,000. Hence, no employee representatives have been elected to the Supervisory Board of Ströer SE. Also now, the number of Ströer Group's employees in Germany is less than 2,000.

On 13 August 2015, Ströer SE entered into a sale and purchase agreement with Deutsche Telekom AG on Ströer's acquisition of Interactive Media CCSP GmbH and

of the internet portal T-Online.de. Said business units currently have approximately 460 employees, who will become employees of Ströer Group upon completion of the acquisition – without prejudice to objections raised by individual employees against the transfer of business preceding the sale of the portal business. This will increase the total number of the employees of Ströer Group in Germany to an estimated 2,450.

Within Ströer Group, a regional organisation joint works council of the Ströer-DSM Group as well as a combined works council of Ströer DERG Media GmbH and DERG Vertriebs GmbH at the Kassel site were established in Germany.

Moreover, an SE works council is to be established at Ströer SE on the basis of the SEBG. This is to safeguard the right of Ströer Group's employees in the member states of the EU and the signatory states to the EEA to be informed and heard. As no participation agreement was entered into with the special negotiating body formed within the scope of the SE transformation, exclusively the provisions of the SEBG shall be applicable to the formation of the SE works council at Ströer SE. The election of the SE works council members shall be carried out in accordance with national legislation and/or practice. To date, the employees of Ströer Group have not yet carried out any elections for the SE works council. Should the General Meeting of Ströer SE vote in favour of the Company's transformation into a KGaA on 25 September 2015, the obligation to form an SE works council becomes irrelevant.

## **6. CAPITAL STRUCTURE OF STRÖER SE**

### **6.1 Share capital of Ströer SE**

The share capital of the Company amounts to EUR 48,869,784.00 and is divided into 48,869,784 no-par-value bearer shares with a pro-rated share in the share capital of EUR 1.00 each. Each no-par-value share grants one vote. The total number of voting rights thus amounts to 48,869,784. At the time of convening the extraordinary General Meeting to be held on 25 September 2015, the Company holds no treasury shares. Of the total 48,869,784 no-par-value shares of the Company, 48,869,784 shares thus are entitled to vote at the time of this convocation of the General Meeting.

The shares are represented in a global certificate. The shareholders' right to have their shares embodied in individual certificates is excluded, unless certificates are required under the rules applicable at a stock exchange where the shares are admitted to trading.

No shares have been issued with special rights conferring powers of control. Within the scope of Ströer's acquisition of Interactive Media CCSP GmbH and the internet portal T-Online.de agreed on with Deutsche Telekom AG on 13 August 2015, Deutsche Telekom AG contractually undertook that, during one year following the issuance of the shares from the Company's authorised capital, it will not sell such



shares. Exceptions corresponding to normal market practice, inter alia for intra-group transfers, were agreed. The Management Board does not know of any further restrictions concerning voting rights or the transfer of shares.

The Company is authorised to repurchase treasury shares until 29 June 2020 (incl.) for certain purposes, in part also excluding the shareholders' subscription right, up to a limit of 10 per cent of its share capital as of 30 June 2015 in the amount of EUR 48,869,784.00 or as of the date on which the authorisation is exercised, if the latter value is lower. The Company is furthermore authorised to acquire treasury shares by (i) selling options that oblige the Company to acquire shares in the Company upon exercise of the option (*Put Options*); (ii) acquiring options that give the Company the right to acquire shares in the Company upon exercise of the option (*Call Options*); or (iii) with the use of a combination of Put Options and Call Options. For the acquisition and use of treasury shares and for the use of Put and/or Call Options within the scope of the acquisition of treasury shares, the conditions set forth in the relevant authorisation resolution of the General Meeting of 30 June 2015 shall apply, in particular with regard to the acquisition price, the possibilities to exclude the shareholders' subscription and tender rights, and the other framework conditions.

## **6.2 Authorised capital of Ströer SE**

The Management Board is authorised pursuant to § 5 para. 1 of the articles of association to increase the registered share capital of the Company until 17 June 2019, with the consent of the Supervisory Board, once or repeatedly by up to a total of EUR 18,938,495.00 by the issuance of up to 18,938,495 new no-par-value bearer shares against contributions in cash and/or in kind (Authorised Capital 2014). The shareholders' subscription right can be excluded with the approval of the Supervisory Board on certain conditions specified in § 5 para. 2 of the articles of association. With the consent of the Supervisory Board, the Management Board shall determine other contents of the rights of the shares, the subscription amount, the price to be paid for the new shares, and the other conditions for the issue of the shares.

Up to the time of convening the extraordinary General Meeting to be held on 25 September 2015, the Management Board has not yet made use of the aforementioned authorisation. On 13 August 2015, however, Ströer SE entered into a sale and purchase agreement with Deutsche Telekom AG on the acquisition of Interactive Media CCSP GmbH and of the internet portal T-Online.de. Interactive Media CCSP GmbH and the business unit T-Online.de first are to be contributed to Digital Media Products GmbH, a wholly-owned subsidiary of Deutsche Telekom AG, which in turn is to be contributed to the Company as a contribution in kind. In return, Deutsche Telekom AG shall receive a number of shares (probably 6.5–7.0 million shares according to current plans) from the Company's authorised capital equivalent to the value of Digital Media Products GmbH. The Management Board will probably take the rele-

vant capital increase decisions with the approval of the Supervisory Board in late September 2015, with the subscription right of the (limited partnership) shareholders being excluded in accordance with § 5 para. 2 (ii) of the Company's articles of association. The Company's share capital would thus be increased by the total issue amount of the shares issued to Deutsche Telekom AG, while the Authorised Capital 2014 would be used up in the same amount. As the subscription right is excluded, this will result in a dilution of the shareholdings of the Company's other (limited partnership) shareholders, including the Ströer and Müller families.

### **6.3 Conditional capital of Ströer SE**

The General Meeting held on 13 July 2010 authorised the Management Board of Ströer SE to issue, with the consent of the Supervisory Board, convertible bonds and/or equity warrant bonds in a total nominal amount of up to EUR 11,776,000.00. For this purpose, conditional capital in that amount was created under § 6 of Ströer SE's articles of association (Conditional Capital 2010), which has not been used. The authorisation granted by the General Meeting expired on 12 July 2015. Insofar, the conditional capital has become obsolete.

Moreover, the share capital of the Company is conditionally increased by up to EUR 3,176,400.00 by issuance of up to 3,176,400 no-par-value bearer shares, provided that holders of share option rights under the 2013 Share Options Programme exercise their subscription rights and the Company does not fulfil these share option rights by cash payments (Conditional Capital 2013). On the basis of the resolution adopted by the General Meeting on 8 August 2013 – adjusted by way of a resolution adopted by the General Meeting on 18 June 2014 – the Management Board is entitled to grant, with the Supervisory Board's approval, up to 3,176,400 subscription rights for up to 3,176,400 no-par-value bearer shares of the Company within the scope of the 2013 Share Options Programme in accordance with the conditions of the 2013 Share Options Programme. The shareholders of the Company are not due a statutory subscription right for the share option rights. Out of the share options rights to be issued, 2,274,700 have been issued to date; the remaining 901,700 shall no longer be issued also in the future. Therefore, it is proposed to the extraordinary General Meeting to be held on 25 September 2015 to cancel both the granted authorisation and the Conditional Capital 2013.

Furthermore, it is proposed to the extraordinary General Meeting to be held on 25 September 2015 to resolve on a new share options programme of the Company. The Management Board is to be entitled to grant, with the Supervisory Board's approval, up to 2,123,445 subscription rights for up to 2,123,445 no-par-value bearer shares of the Company within the scope of the 2015 Share Options Programme. Accordingly, a new Conditional Capital 2015 in the amount of EUR 2,123,445.00 shall be created exclusively for granting rights to the owners of share options rights under



the Share Options Programme 2015. Further details in this respect can be gathered from the invitation to the General Meeting to be held on 25 September 2015.

## 7. GROUP AND SHAREHOLDER STRUCTURE

The following diagram provides an overview of the current structure of Ströer Group:

Ströer SE							
Management company	Ströer Content Group GmbH	Ströer Digital Group GmbH	Ströer Digital International GmbH	Ströer Media Deutschland GmbH	Ströer Polska sp. z.o.o.	Ströer Kentvizyon Reklam Pazarlama A.S.	BlowUP Media GmbH
Geographical activity	Germany	Germany	Germany/ Hungary/ Poland/ Czech Republic	Germany	Poland	Turkey	Germany/ Great Britain/ Belgium/ Spain/ Netherlands
Subsidiaries*	11	11	10	32	3	2	4

\* Number of fully consolidated companies

### 7.1 Structure of the Group

The Group's parent company, Ströer SE, is a holding company that exclusively performs tasks in the area of controlling the group of companies and provides administrative and support services for the entire group. These include in particular the areas of finance and group accounting, corporate and capital market communications, IT services, group controlling and risk management, research and product development, legal and compliance, as well as corporate development. Ströer Group's operative business is mainly done by the direct and indirect subsidiaries of Ströer SE. A list of the fully consolidated group companies is attached to this transformation report as [Annex 2](#). The table below gives a simplified overview of the essential participation structure of Ströer SE:

Company	Geographical activity	Segment	Sales by segment 2014	Share
<b>Ströer Media Deutschland GmbH</b>	Germany	Ströer Germany (now: Out-of-Home Germany)	EUR 465m	100%
<b>Ströer Kentvizyon</b>	Turkey	Ströer Turkey (now: Out-of-Home International)	EUR 86m	90%
<b>Ströer Polska Sp. z.o.o</b>	Poland	Other (now: Out-of-Home International)	EUR 62m	100%

<b>BlowUP Media GmbH</b>	Germany / United Kingdom / Belgium / Spain / Netherlands			100%
<b>Ströer Digital Group GmbH</b>	Germany	Ströer Digital	EUR 123m	100%
<b>Ströer Digital International GmbH</b>	Germany / Hungary / Tur- key / Poland / Czech Republic			100%
<b>Ströer Content Group GmbH</b>	Germany			100%

## 7.2 Shareholder structure of Ströer SE

The share capital of Ströer SE is divided into no-par-value bearer shares. Accordingly, the Company principally is not able to ascertain who are its shareholders and how many shares are held by any given shareholder. According to the notifications under the Wertpapierhandelsgesetz (Securities Trading Act, *WpHG*) available to the Company, however, the Company is aware of the following voting interests in Ströer SE of more than three per cent at the date of drawing up this report:

<b>Shareholder</b>	<b>Voting interest</b>
Dirk Ströer*	29.95%
Udo Müller	24.22%
Sambara Stiftung	5.73%
Allianz Global Investors Europe GmbH	5.13%
Credit Suisse	4.63%

With voting interests of 29.95 per cent and 24.22 per cent, respectively, Dirk Ströer and Udo Müller are the major shareholders of the Company. As regards the remaining shares in the Company, the shareholders named in the list above hold a total of approximately 15.49 per cent of the shares. The remaining approximately 30.34 per cent of the Company's shares are held by shareholders of unknown identity.

As described in Section I above, Ströer SE, under a sale and purchase agreement of 13 August 2015, undertook to acquire Interactive Media CCSP GmbH and the internet portal T-Online.de from Deutsche Telekom AG, which are to be contributed to the

\* Comprises the voting interests under the WpHG (Securities Trading Act) held by Ströer Beteiligung GmbH (participation ratio: 100 per cent Dirk Ströer) and Media Ventures GmbH (participation ratio: 51 per cent Dirk Ströer, 49 per cent Udo Müller) that are attributed

Company as a contribution in kind in exchange for the issuance of shares from the authorised capital. As the subscription right of the (limited liability) shareholders upon issuance of the shares from the authorised capital is to be excluded, the participating ownership structure will be shifted in this context, ie the voting interests of the existing shareholders at the date of the capital increase from the authorised capital will be proportionally reduced.

### **III. OVERVIEW OF THE CHANGE OF LEGAL FORM TOGETHER WITH ECONOMIC AND LEGAL REASONING FOR THE CHANGE OF LEGAL FORM**

The Ströer SE Management Board and Supervisory Board have resolved to propose a change of the Company's legal form from an SE to a KGaA to the General Meeting. The Change of Legal Form into a KGaA is intended in particular to strengthen Ströer SE's financing ability on the capital market and facilitate possible attempts to raise capital in future and thereby the company's further development whilst preserving Ströer SE's position as a family company.

The following sections explain the implications associated with the change of legal form to a KGaA.

#### **1. CHANGE OF LEGAL FORM INTO A PARTNERSHIP LIMITED BY SHARES – THE PARTICIPANTS' INTERESTS**

The structural requirements for access to the capital market, which is independent from the financing ability and willingness of the Ströer and Müller families, and does not endanger Ströer SE's founding identity as a family company, can only be realised by separating corporate governance and interest in the share capital. In turn, this separation is only possible by changing the company's legal form to that of a KGaA. The Change of Legal Form to that of a KGaA will prevent either the Ströer or Müller families from losing their influence over the company as a consequence of their voting rights being diluted as part of capital measures by the company in which they can/do not participate to the extent of their holdings. As measures such as these, which have the effect of reducing influence, are unattractive to the Ströer and Müller families, the implementation thereof is correspondingly unlikely under the current legal form. By contrast, in the KGaA, a long-term influence of the families Ströer and Müller will be preserved because in this legal form the capital structure is detached from the Company's corporate governance. This enables the Company's position on the capital market to be strengthened whilst maintaining the Ströer and Müller families' influence. At the same time, the corporate governance rights of the remaining shareholders will not be materially reduced compared to today.

## **1.1 Interests of the Undertaking**

The Change of Legal Form to a KGaA is intended to strengthen the Company's position on the capital market as well as its opportunities for financing and expansion.

The Change of Legal Form to a KGaA removes one hurdle for future equity capital measures (with or without excluding subscription rights), since a dilution in relation to the shares (to the 10 per cent limit described in section VI.3.1) would no longer cause either the Ströer or Müller families to lose their influence over the Company. This increases flexibility when using the Company's shares as a transaction currency and facilitates the Company's share-capital-based financing. This is decisive in enabling the Undertaking to continue growing in future.

In addition, the intended Change of Legal Form is expected to make the Company more attractive to important domestic and foreign investors. Future capital measures are expected to lead to an increased liquidity of the shares and to an increased free float, which is what has been demanded by investors for quite some time.

## **1.2 Interests of the Ströer and Müller families**

Currently, the Ströer family holds approx. 29.95 per cent of the Company's voting rights and the Müller family currently holds 24.22 per cent of the Company's voting rights. Although the Ströer and Müller families do not act jointly in exercising their voting rights, their respective voting rights would enable them, where their interests are identical, to determine the result of resolutions by the General Meeting where only a simple majority is required. This applies for instance to the election of members of the Supervisory Board and the auditor for the Company.

Having built up the undertaking over the course of decades and played a crucial role in its success, the Ströer and Müller families have an interest in substantially preserving a long-term influence on the Company also for future generations. In the current legal form of the European Company (SE), every capital measure in which the Ströer and Müller families can/do not participate to the extent of their respective holdings would lead to their interest share sinking, and with it their influence on the Company's business activities, too. As a result, the position of Ströer SE as a family company would be at risk. Accordingly, suggesting and carrying out such capital measures in the SE legal form is unattractive to the Ströer and Müller families, which makes their implementation less likely. However, a change of legal form to a KGaA protects the opportunities for the Ströer and Müller families to exert influence and the position of the Company as a family business, regardless of the families participation in future capital measures. Because, on the one hand, the Ströer and Müller families are interested in keeping the Ströer Group as a family business but on the other hand want to provide it with flexible financing options, their view is that a change of legal form is appropriate.

The aforementioned interests the Ströer and Müller families also benefit the Company. In the two families, it has reliable shareholders focused on the long-term interests of the Undertaking, and whose most important members, at the same time as being members of the Supervisory Board and Management Board, have contributed significantly to the Company's success to date and intend to contribute to its future success.

### **1.3 Interests of the remaining shareholders**

The intended Change of Legal Form from an SE to a KGaA changes the shareholders' legal position and affects their interests. Such changes are particularly significant for the shareholders outside of the Ströer and Müller families.

The Change of Legal Form will also mean that the Company's other shareholders are no longer able to indirectly influence the appointment of the Management Board via the elections to the Supervisory Board of the current SE and future KGaA, because in a KGaA the Management Board is appointed by the Supervisory Board of the General Partner ie Ströer Management SE. However, there is no significant change for the other shareholders of Ströer in this respect because the Ströer and Müller families achieve majorities in elections to the Supervisory Board already now if they coordinate their conduct accordingly in each individual case.

As previously described, one additional significant and advantageous change for the remaining shareholders is that Udo Müller will not be entitled to take part in the election of the Ströer SE & Co. KGaA Supervisory Board due to a future voting ban. As discussed above, the supervisory board in a KGaA is not responsible for appointing and dismissing the company management, in this specific case for appointing the members of the Management Board of Ströer Management SE. The Management Board of Ströer Management SE is appointed by its Supervisory Board. Both the Ströer family and the Müller family will be able to influence the composition of the Supervisory Board. However, it is important to consider in this regard that the Ströer and Müller families achieve majorities in elections to the Supervisory Board at the General Meeting already now if they co-ordinate their conduct accordingly in each individual case. In this way, they would also be able to influence the composition of the Management Board of Ströer SE. This situation would be just as unlikely to change in the foreseeable future without the Change of Legal Form.

The Management Board of Ströer SE has worked towards achieving standards of corporate governance and transparency similar to the current company structure by designing the articles of association of Ströer SE & Co. KGaA and its General Partner (Ströer Management SE) accordingly. In particular, the proposed articles of association for Ströer SE & Co. KGaA contain a provision which allows the Company's outside shareholders to also profit from a premium paid for control over Ströer SE & Co. KGaA after the Change of Legal Form becomes effective. After the Change of Legal

Form, the General Partner or rather the shareholders dominating it will primarily be in control of the Company's business transactions. According to the statutory provision of the WpÜG, should a buyer of the majority of the shares in Ströer Management SE pay a control premium to the selling shareholders for this reason, this would not benefit the limited shareholders of Ströer SE & Co. KGaA. Therefore, the proposed articles of association for Ströer SE & Co. KGaA specify that the limited shareholders are also to continue to profit from such a premium (details in § 8 of the proposed articles of association for Ströer SE & Co. KGaA, explained in section VI.3.3).

The other changes associated with the Change of Legal Form are set out and explained in detail in section VI.

## **2. INFLUENCE OF THE CHANGE OF LEGAL FORM ON THE SHARE PRICE**

There can be no guarantee that the Change of Legal Form of an SE into a KGaA will not have a negative effect on the share price in isolation. This may be due to the fact that – in comparison to AGs or SEs – there are fewer KGaAs on the capital market and they have a more complex organisational structure. Therefore, even though other undertakings like Henkel AG & Co. KGaA, Merck KGaA, Fresenius Medical Care AG & Co. KGaA, Fresenius SE & Co. KGaA, CEWE Stiftung & Co. KGaA, also listed on SDAX, and CTS Eventim AG & Co. KGaA have had success in this legal form on the capital market, in some cases for a number of years, there can generally be no guarantee that there will not be a fall in the share price linked to the legal form.

However, in the specific case of a Change of Legal Form by Ströer SE to a KGaA the Management Board has good reasons for believing that the potential for a fall in the share price will either not occur or can be compensated for in the medium term. The design of the KGaA proposed specifically here ensures standards of corporate governance and transparency comparable to that of Ströer SE to date. Furthermore, there is no possibility of the Company being taken over contrary to the wishes of the Ströer and Müller families either before or after the Change of Legal Form becomes effective.

However, it is likely crucial that the Change of Legal Form not represent an isolated measure. Instead, it is important for acceptance of the Change of Legal Form on the capital market that a structure can thereby be found which enables new equity capital to be acquired in future for further external growth. In this context, the Management Board is working on the assumption that the capital market will reward the Change of Legal Form as an important step in terms of upholding the Company's growth strategy whilst at the same time maintaining the influence of the Ströer and Müller families.

### **3. NO CHANGE TO THE OWNERSHIP STRUCTURE**

The shareholders who have a holding in Ströer SE at the time the Change of Legal Form is entered into the commercial register will have the same size of holding and the same number of shares in Ströer SE & Co. KGaA as previously in Ströer SE. This applies to both to the Ströer and Müller families and to the remaining shareholders. The Ströer SE & Co. KGaA shares will be arranged as no-par shares – just as with Ströer SE shares. The proportionate interest that each no-par share represents in the share capital will not be affected by the Change of Legal Form.

### **4. ALTERNATIVES**

The Management Board has paid considerable attention to conceivable alternatives to transforming the Company into a KGaA. After careful consideration of the pros and cons of the conceivable alternatives, it has reached the conclusion that there is no alternative to the proposed Change of Legal Form which takes the interests of the Company and its shareholders into consideration to the same or a greater extent. The following applies in this regard:

#### **4.1 Reject the Change of Legal Form**

The Management Board firstly considered rejecting a change of legal form. However, if the Company rejected the Change of Legal Form, it would not be able to realise the its pursued objectives which are described in sections I and III. Therefore, maintaining the current SE structure does not constitute a meaningful alternative from the Management Board's perspective.

#### **4.2 Issue preference shares without voting rights**

The Management Board considered issuing preference shares without voting rights in Ströer SE as another possible alternative. In this respect, it looked into whether transforming the Company's existing ordinary shares into preference shares would enable the financing of the intended growth and in doing so whether a company structure or shareholder structure could be created in which the interests of the Company and the shareholders, including those of the Ströer and Müller families, would be preserved in the same way as with a change of legal form.

The outcome is that there are many reasons why this is not the case. Despite their more attractive dividend distribution, preference shares enjoy a lower level of capital market acceptance due to having no voting right and guarantee a lower financing effect than voting ordinary shares due to the fall in the share price which is regularly associated with them. Because of the haircuts which the capital market generally gives to preference shares as opposed to ordinary shares, preference shares are mostly less well suited as a means of generating capital than ordinary shares.



Furthermore, the creation of preference shares would cause the Company to surrender its uniform share structure, which in the Management Board's assessment would tend to weaken rather than strengthen the Company's position on the capital market and complicate rather than facilitate possible attempts to raise capital and thereby also the Company's growth. Moreover, there is a danger that the separation of investor interests into ordinary shareholders and preference shareholders might considerably reduce the liquidity of the ordinary shares. Since the liquidity of a share is an important investment criterion for institutional investors, liquidity and thereby attractiveness of the shares needs to be further enhanced, not reduced. In addition, the reduction of liquidity associated with the juxtaposition of ordinary shares and preference shares may adversely affect the share price. For this reason, listed undertakings have increasingly transformed preference shares into ordinary shares in recent years (such as what is today Fresenius SE & Co. KGaA in 2010 and just recently Hornbach Holding AG (now Hornbach Holding AG & Co. KGaA)).

Finally, it is only permissible to issue preference shares up to a half of share capital (section 139 (2) AktG)). When this limit is reached, at the latest, the problems which the Change of Legal Form to a KGaA are intended to solve will arise again. In particular, the Ströer and Müller families would then be forced to participate every time the Company raises capital so as not to be diluted and to maintain the Company's position as a family company. If they are then unwilling or unable to participate in the capital increase to the extent of their holding, then the capital increase would fail. Therefore, issuing preference shares would not definitively solve the problem but merely delay it.

#### **4.3 Rights of appointment for the Supervisory Board benefitting the Ströer and Müller families**

As a possible alternative, the Management Board also considered creating rights of appointment for the Company Supervisory Board benefitting the Ströer and/or Müller families. However, rights of appointment are limited by statute to a maximum of a third of supervisory board members (section 101 (2) sentence 4 AktG). Therefore, creating rights of appointment of members of the Supervisory Board can be a suitable means of strengthening the position of significant shareholders; however, when it comes to maintaining the current opportunities to exert influence for the Ströer and Müller families in the event of future capital measures and potential associated dilutions of voting rights and influence, due to the statutory limit of just a third – and thus a minority – of the Supervisory Board members, it is not a comparable measure to maintaining the current opportunities for influence by means of the envisaged Change of Legal Form.



#### **4.4 Change of Legal Form to a GmbH**

The Management Board also considered a change of legal form from a stock corporation to a GmbH (limited liability company). As this would cut off the Company's access to the capital market (because a GmbH cannot be listed on a stock exchange), which the intended Change of Legal Form is expected to improve in order to finance additional growth, the Management Board rejected this alternative. It would have contradicted the objectives described in sections I. and III. and the interests of the shareholders in having a marketable and tradable security in the Company.

#### **5. COSTS OF THE CHANGE OF LEGAL FORM**

According to the current estimate, the Change of Legal Form to a KGaA will cost the Company a total of approx. €1,000,000.00 (in words: one million euros). In particular, this amount includes the costs of the formation audit, the requisite publications, the notary and court fees, the costs of listing the Company's shares on the stock market and the costs of external consultants.

### **IV. THE ROUTE TO THE CHANGE OF LEGAL FORM AND EXPLANATION OF THE TRANSFORMATION RESOLUTION**

#### **1. PROCEDURE FOR THE CHANGE OF LEGAL FORM**

The Company's Change of Legal Form is to take place by way of a transformation in accordance with the provisions of the German Transformation Act (sections 190 et seqq. UmwG). The provisions of the Transformation Act also apply to a change of legal form from an SE to a KGaA by virtue of Art. 9 (1) lit. c) ii) SE Regulation or alternatively Art. 10 SE Regulation. The Change of Legal Form will become effective once it has been entered into the Company commercial register. Once it has been entered into the commercial register, the Company will continue to exist in the legal form of a partnership limited by shares as determined in the transformation resolution. The details of the Change of Legal Form are contained in the transformation resolution which will be submitted to the General Meeting on 25 September 2015 for resolution and are explained in more detail in section IV.3. The draft of the transformation resolution is attached to this transformation report as Annex 1.

#### **2. IMPORTANT LEGAL STEPS IN THE CHANGE OF LEGAL FORM**

The legal basis for the Change of Legal Form is the transformation resolution which will be submitted to the extraordinary General Meeting on 25 September 2015 for resolution. In order to be effective, the transformation resolution requires notarial recording (section 193 (3) sentence 1 UmwG) and a majority of the votes cast in the Company's General Meeting on 25 September 2015 and a majority of at least three quarters of the shares represented at the time when the resolution is passed (sec-

tion 240 (1) sentence 1 UmwG). Pursuant to section 240 (2) sentence 1 UmwG, the Change of Legal Form also requires the consent of the acceding new General Partner, Ströer Management SE (which currently still bears the company name Atrium 78. Europäische VV SE). Pursuant to section 245 (2) UmwG, Ströer Management SE will assume the position of the founder of the legal entity in its new legal form. Another requirement for the Change of Legal Form to become effective is that the General Partner, Ströer Management SE, expressly approves the new articles of association of the KGaA (sections 240 (2) sentence 2, 221 sentence 2 UmwG). The declaration of consent by the General Partner must be notarially recorded (sections 240 (2) sentence 2, 221 sentence 1 UmwG). Such declaration is to be made also at the ordinary General Meeting on 25 September 2015.

Pursuant to Art. 66 (1) sentence 2 SE Regulation, in the event of a reconversion of a SE into a stock corporation, no transformation resolution may be passed before two years have elapsed since the registration of the SE or before the first two sets of annual accounts have been approved. Some authors in legal literature take the view that this provision would apply by analogy also to a transformation of an SE into a legal form other than that of a stock corporation in accordance with the Transformation Act, ie also in case of a transformation of an SE into a KGaA. However, Art. 66 (1) sentence 2 SE Regulation is not applicable in case of a change of legal form occurring solely on national level (without connection to foreign countries) in which the target legal form could have been achieved also without the “intermediate step” of the SE (in the present case by a change of the legal form of Ströer Media AG, which existed until autumn 2014, to a KGaA). The prevailing view in legal literature assumes that the scope of application of that provision must be reduced teleologically (ie not be applied) at least in cases in which an existing *German* SE is transformed into a *German* KGaA and thus the transformation has no connection at all with the protective purpose of the two-year waiting period. The purpose of the waiting period is to prevent that the legal form of the SE is used for a short period only for enabling a transfer of the registered office abroad and then (also abroad) for a “flight from co-determination” by transforming the SE into a stock corporation under the laws of a foreign jurisdiction that is not co-determined. Against this background, it is assumed that the waiting period is not applicable if a misuse of the SE for a limitation of co-determination rights of the employees, which would otherwise be possible, is ruled out from the outset because there is no connection to foreign countries. Accordingly, the fact that the Company was transformed into an SE only in autumn 2014 does not preclude the proposed Change of Legal Form to a KGaA.

Apart from that, no additional requirements for the Change of Legal Form of the Company to a KGaA follow from Art. 66 SE Regulation because sections 190 et seq. UmwG provide for an independent and also equivalent procedure which takes into account the interests of the shareholders and creditors of the Company as well as the interests of its employees and employee representations in an equal manner. A review

of whether the Company has assets at least equivalent to its share capital as provided for in Art. 66 (5) SE Regulation is not necessary because the formation audit under stock corporation law required pursuant to section 245 (2) sentence 2 in conjunction with section 220 (3) sentence 1 UmwG includes a corresponding review.

Pursuant to section 197 UmwG, the provisions on formation applicable to the legal entity in its new legal form apply to the Change of Legal Form, ie in this case the provisions applicable to the formation of a KGaA. According to such provisions, capital is raised by way of the transformation itself; it is not necessary for the shareholders to make a payment to the Company or other contributions to the company assets. This means that the founder, in the present case Ströer Management SE (cf. section 245 (2) UmwG), must produce a written formation report on the transactions in connection with the transformation (section 32 AktG). Amongst other things, the formation report contains statements on the content of the transformation resolution, on the adoption of the articles of association, on the amount of share capital, on the ownership structures, on the appointment of the Supervisory Board members and on the accession of the General Partner. The formation report must also set out the circumstances which cause the share capital to be covered by the Company's net assets. A formation audit is then carried out by Ströer Management SE which, as General Partner, is responsible in this regard pursuant to section 197 UmwG in conjunction with section 283 no. 2 AktG and by the Supervisory Board of the Company in its new legal form (section 33 (1) AktG). Furthermore, an audit by an external auditor is required (section 245 (2) sentence 2, 220 (3) sentence 1 UmwG, section 33 (2) AktG). The formation auditor is appointed by the commercial register court of Cologne which is the competent body for the Company. An accountant or an accounting firm is to be appointed as external formation auditor. The formation audit will focus particularly on the coverage of the share capital by the Company's net assets. There is to be a written report on the formation audit (section 34 (2) AktG). The formation report and the reports to be produced on the formation audit will be submitted to the commercial register together with the application for the Change of Legal Form (section 37 (4) no. 4 AktG).

Following approval by the Company's General Meeting and Ströer Management SE, and following the drafting of the formation report and execution of the formation audit, the Company Management Board will apply for the Change of Legal Form to be entered into the Company's commercial register. In the process, the Management Board must declare that court action has not been brought against the validity of the transformation resolution or has not been brought before the deadline or such action has been rejected without leave to appeal or has been withdrawn (known as a *Negativklärung* or 'negative declaration' under sections 198 (3) and 16 (2) UmwG). If this declaration is not presented, the transformation cannot be entered (this is called a *Registersperre* or 'register block'). Such action cannot be used to examine the ownership structure or the equality of the membership (section 195 (2) UmwG); this can be done via judicial valuation proceedings in accordance with the provisions of the

Spruchverfahrensgesetz (Act on Valuation Proceedings under Corporate Law) (cf. section 196 UmwG).

It is important to observe in this respect that, due to the statutory provision pursuant to section 250 UmwG, no compensation offer in accordance with section 207 UmwG is to be given where there is a change of legal form from an SE to that of a KGaA. Due to this provision, the Company is not authorised to give the shareholders the opportunity to leave the company in the course of the Change of Legal Form in return for compensation. In the event of court action against the validity of the transformation resolution by the Ströer SE General Meeting, what is known as a *Freigabeverfahren* (procedure for releasing measures despite pending court action against them) can be carried out under sections 198 (3) and 16 (3) UmwG. According to this, the *Registersperre* can be overcome upon application by Ströer SE if (i) the court action is inadmissible or obviously unfounded, (ii) the complainant has failed to provide evidence by submitting the corresponding deeds, within one week of having served the petition, that it has been holding a pro-rated amount of at least €1,000 since the notice convening the assembly was published, or (iii) the prompt entering into force of the Change of Legal Form appears to take precedence because the court holds, at its discretion and conviction, that the significant disadvantages for the Company and its shareholders as presented by Ströer SE outweigh the disadvantages the respondent stands to suffer; this shall not apply if the violation of the law is particularly grave (section 16 (3) sentence 3 UmwG).

The Change of Legal Form from Ströer SE to Ströer SE & Co. KGaA will become effective once it has been entered into the Company commercial register (section 202 (1) UmwG).

### **3. EXPLANATION OF THE TRANSFORMATION RESOLUTION**

The draft resolution on the transformation of Ströer SE into Ströer SE & Co. KGaA forms part of the agenda for the extraordinary General Meeting of the Company to be held on 25 September 2015 under item 2 and is attached to this transformation report as Annex 1. The transformation resolution is explained as follows:

#### **3.1 Change of Legal Form into a partnership limited by shares**

According to section 194 (1) no. 1 UmwG, the transformation resolution must state the legal form which the legal entity is to attain by virtue of the Change of Legal Form. Accordingly, clause (1) of the draft of the transformation resolution provides that the Company is to be transformed into a partnership limited by shares by way of a Change of Legal Form in accordance with the provisions of the Transformation Act.

According to section 202 UmwG, the Company's Change of Legal Form to that of a KGaA will become effective upon it being entered into the commercial register rele-

vant to the Company at Cologne Amtsgericht (Local Court) Upon being entered into the commercial register, the Company will continue to exist in the legal form of a KGaA. The Change of Legal Form only changes the legal form, not the identity of the Company (principle of the identity of the legal entity). Due to the change in legal form, the legal entity in its new legal form receives a new name (see section IV.3.2 in this regard) and new articles of association (see section IV.3.3 in this regard). However, the legal relationships between the Company and third parties remain unchanged. There is no ‘transfer’ of the Company’s assets. Insofar as public registers become incorrect by virtue of the change to the Company (see section IV.3.2 in this regard), then they will be corrected upon application by the legal entity in its new legal form.

The management positions of the members of the Company Management Board end when the Change of Legal Form becomes effective. Ströer Management SE then takes the place of the Management Board as the General Partner (see section IV.3.6 and VI.3.2 in this regard). Whilst the service agreements between the members of the Management Board and Ströer SE continue to exist once the Change of Legal Form becomes effective, the members of the Management Board consent by mutual agreement to the service agreements being cancelled without compensation being paid. Once the Change of Legal Form becomes effective, the current members of the Management Board will, subject to the corporate law competence of the Supervisory Board of Ströer Management SE, solely be members of the management board of the General Partner Ströer Management SE (see section VI.3.2 in this regard). It has not yet been decided for the time being whether the members of the management board of Ströer Management SE will enter into service agreements with Ströer Management SE or with Ströer SE & Co. KGaA after the Change of Legal Form. In any case, ie also if the management board members will enter into their service agreements with Ströer Management SE, their remuneration will, from an economic standpoint, continue to be paid by the Company because Ströer Management SE is to be entitled to reimbursement of expenses (§ 9 para. 3 sentence 2 of the proposed articles of association of Ströer SE & Co. KGaA which are attached to this transformation report as Annex 3).

The differences between the SE and KGaA legal forms and the associated implications for the shareholders are described in section VI. The tax implications for the Company and its shareholders are explained in sections V.3 and V.4.

### **3.2 Name and registered office of the new legal entity**

According to section 194 (1) no. 2 UmwG, the transformation resolution must contain the name of the legal entity in its new legal form. Accordingly, clause (2) of the draft of the transformation resolution provides that the name of the legal entity in its new legal form will be *Ströer SE & Co. KGaA*. The only change which the name of the legal entity in its new legal form undergoes in comparison to the name to date is the ad-

justment in response to the change of legal form which becomes effective upon entry in the commercial register. The legal form suffix contains not just a reference to the legal entity in its new legal form, namely 'KGaA', but the total suffix 'SE & Co. KGaA'. As such, this takes account of the fact that, in Ströer Management SE (which currently still bears the company name Atrium 78. Europäische VV SE), a new legal person is to become the sole General Partner of the legal entity in its new legal form. In such instances, section 279 (2) AktG provides that the company name must contain a designation which identifies the limited liability of the General Partner. This occurs by virtue of the suffix 'SE & Co.'.

Furthermore, clause (2) of the draft of the transformation resolution makes it clear that the legal entity in its new legal form has its registered office in Cologne.

### **3.3 Adoption of the new articles of association of Ströer SE & Co. KGaA**

According to clause (3) of the draft of the transformation resolution, the new articles of association for the legal entity in its new legal form will be adopted in the form attached hereto as Annex 3 (sections 243 (1) sentence 1, 218 (1) sentence 1 UmwG. The articles of association for the legal entity in its new legal form are described in section VI.3.3.

### **3.4 Capitals**

Clause (4) of the draft of the transformation resolution clarifies, first, that the share capital of the Company will become the share capital of Ströer SE & Co. KGaA as a result of the Change of Legal Form. This also applies if the share capital of the Company is increased during the period until the Change of Legal Form becomes effective (eg through the issuance of shares from authorised capital) and, accordingly, its amount is different from that known at the time of adoption of the transformation resolution.

As a result of the Change of Legal Form, generally also the existing authorised and conditional capitals of the Company will become authorised and conditional capitals of Ströer SE & Co. KGaA without any changes. It is only necessary to amend the wording of the relevant provisions of the articles of association to reflect the characteristics of the legal entity in its new legal form. Taking into account the transition of the management authority, the term 'Management Board' will be replaced in each instance by 'General Partner'

In addition, the Conditional Capital 2010 specified in § 6 of the articles of association of Ströer SE shall not be included in the new articles of association of Ströer SE & Co. KGaA. The Conditional Capital 2010 served the purpose of granting shares to the holders and respectively to creditors of convertible debentures and/or option debentures issued by the Company or an associated company on the basis of the authorisa-



tion approved by the General Meeting on 13 July 2010. However, since the authorisation of the Management Board of Ströer SE to issue convertible debentures and/or option debentures expired on 12 July 2015, no further shares can be issued and thus the share capital can no longer be increased on the basis of the Conditional Capital 2010. Accordingly, the Conditional Capital 2010 has become obsolete.

Furthermore, under item 1 of the agenda, a partial cancellation of the existing Conditional Capital 2013 and the creation of a new Conditional Capital 2015 are proposed to the extraordinary General Meeting to be held on 25 September 2015. These changes are to apply also to the Company in its current legal form, irrespective of the intended Change of Legal Form. Clause (4) of the draft of the transformation resolution clarifies that, subject to an adoption of the resolution on item 1 of the agenda by the General Meeting, the changes will also be reflected in the articles of association of Ströer SE & Co. KGaA upon a Change of Legal Form. In such case, the Management Board is instructed to file the articles of association of Ströer SE & Co. KGaA with a wording that has been amended accordingly for registration in the commercial register.

### **3.5 Shareholder participation in the legal entity in its new legal form**

In implementing the provision of section 194 (1) no. 3 and no. 4 UmwG, clause (5) of the draft of the transformation resolution sets out how the Company's shareholders will participate in the legal entity in its new legal form according to the provisions applicable thereto. Clause (4) first specifies that there are no changes to the Company's share capital due to the Change of Legal Form, but rather is to become share capital of the legal entity in its new legal form as specified in the articles of association.

Clause (5) of the draft of the transformation resolution specifies that the Change of Legal Form is to occur with exclusive participation of the Ströer SE shareholders. No change in the group of shareholders will take place in connection with the Change of Legal Form. The shareholders will have the same size of holding and the same number of shares in Ströer SE & Co. KGaA as previously in Ströer SE before the Change of Legal Form became effective (principle of shareholder continuity). The proportionate interest that each no-par share represents in the share capital will not be affected. Pursuant to section 202 (1) no. 2 UmwG, third party rights to shares (such as liens) will continue for ordinary shares in Ströer SE & Co. KGaA, which replace these shares; it is not necessary that such rights be re-constituted. The shareholders which are shareholders in Ströer SE at the time the Change of Legal Form is entered in the commercial register will become shareholders (known as limited shareholders) of Ströer SE & Co. KGaA.

### **3.6 Accession of the General Partner Ströer Management SE**

Pursuant to section 194 (1) no. 4 UmwG, the transformation resolution must specify to what extent the acceding General Partner is to be granted shares or membership in the legal entity in its new legal form. Clause (6) of the draft of the transformation resolution specifies in this regard that Atrium 78. Europäische VV SE (which will be renamed to Ströer Management SE) is to accede as General Partner. Item 2 of the agenda of the extraordinary General Meeting of 25 September 2015, under which the vote on the Change of Legal Form is set to occur, provides that Ströer Management SE declares its consent to this accession as General Partner and approves the articles of association of Ströer SE & Co. KGaA.

The General Partner was founded under the name Atrium 78. Europäische VV SE on 24 February 2015 and entered in the commercial register of the Amtsgericht (Local Court) Düsseldorf under HRB 74421 with a share capital of € 120,000 on 3 March 2015. On the basis of the purchase and transfer agreement of 17 August 2015, Dirk Ströer and Udo Müller have acquired all shares in the General Partner and are thereby its sole shareholders. Of the 120,000 no-par value shares in the General Partner, 58,800 are held by Dirk Ströer and 61,200 are held by Udo Müller. On 18 August 2015, Dirk Ströer and Udo Müller held a General Meeting of the General Partner at which the change to the articles of association of the General Partner, as explained in section VI.3.4, including the change of the General Partner's name to Ströer Management SE, was adopted. The amendments to the articles of association will be filed for registration in the commercial register with the Amtsgericht (Local Court) Düsseldorf as soon as possible and are expected to be registered in the commercial register of Ströer Management SE, and thus to become effective, before the extraordinary General Meeting of Ströer SE to be held on 25 September 2015.

Ströer Management SE's legal and de facto circumstances are explained in section VI.3.2.

As General Partner, Ströer Management SE assumes the legal position of founder of the legal entity in its new legal form pursuant to section 245 (2) UmwG. Amongst other things, this means that it must appoint the auditor for the first full and short financial year pursuant to section 30 (1) sentence 1 AktG and must produce a formation report pursuant to section 32 (1) AktG. The appointment of the auditor must be notari- ally recorded. Therefore, it is intended that Ströer Management SE will make the fol- lowing declaration under item 2 c) of the agenda at the General Meeting to be held on 25 September 2015 which requires notarial recording: "After the change of legal form of Ströer SE to a Kommanditgesellschaft auf Aktien (partnership limited by shares) proposed under this item 2 of the agenda becomes effective, the election of the auditor and of the group auditor for the financial year ending 31 December 2015 approved



under item 5 of the agenda by the General Meeting on 30 June 2015 shall remain in place for the 2015 financial year.”

Pursuant to statutory provisions, clause (6) of the draft transformation resolution also specifies the share of the capital which Ströer Management SE will receive in the legal entity in its new legal form as a result of the Change of Legal Form: It is specified that Ströer Management SE will not receive any interest in the share capital and therefore will not participate in the assets or in the profit and loss of Ströer SE & Co. KGaA. This means that Ströer Management SE does not have any contributions to make upon its accession to the Company; conversely, however, it does not have any right to participate in the profits. This is a provision that is customary for general partners that exclusively exercise management functions. Conversely, the result of this for the shareholders is that their right to a dividend is neither diluted nor adversely affected in any other way by the accession of Ströer Management SE to the Company.

The rights and obligations of the General Partner are set out in sections VI.3.2 and VI.3.3.

### **3.7 Special rights and advantages**

For reasons of legal precaution, ie irrespective of whether such statements would be required pursuant to section 194 (1) no. 5 UmwG, the draft of the transformation resolution describes in clause (7) first that, as a result of the Change of Legal Form, the beneficiaries under the Share Options Programme 2013 and, subject to the adoption of the resolution on item 1 of the agenda by the General Meeting to be held on 25 September 2015, under the Share Options Programme 2015 will be entitled to option rights for shares of Ströer SE & Co. KGaA instead of shares of Ströer SE. Subject to the adoption of the resolution on item 1 of the agenda by the General Meeting to be held on 25 September 2015, a beneficiary's option rights will not be affected by the fact that such beneficiary will enter into an employment relationship with Ströer SE & Co. KGaA or Ströer Management SE instead of Ströer SE after the proposed Change of Legal Form becomes effective. Also in other respects, the Change of Legal Form will not result in any changes with regard to the Share Options Programmes of the Company.

In addition, clause (7) of the draft of the transformation resolution points out that Ströer Management SE, in which Dirk Ströer and Udo Müller have a 100 per cent holding, will accede to the Company as General Partner and will assume the management of Ströer SE & Co. KGaA. Furthermore, by way of precaution, it is pointed out that the resolutions by the General Meeting, insofar as they concern the matters which, in a partnership, necessitate the agreement of the general partner and the limited partner, require the consent of the General Partner pursuant to § 17 para. 6 sen-

tence 1 of the proposed articles of association of Ströer SE & Co. KGaA – identical in this respect to section 285 (2) sentence 1 AktG – attached to this transformation report as Annex 3. In accordance with the statutory provisions (section 286 (1) sentence 2 AktG), also resolutions by the General Meeting on the adoption of the annual financial statements require the consent of the General Partner in order to be effective (§ 21 para. 5) of the proposed articles of association of Ströer SE & Co. KGaA).

Clause (7) of the draft of the transformation resolution also mentions that the current members of the Management Board of Ströer SE are also members of the Management Board of Ströer Management SE, and that the current members of the Supervisory Board of Ströer SE are also members of the Supervisory Board of Ströer Management SE. Since the proposed articles of association of Ströer SE & Co. KGaA provide for an increase in the number of members of the Supervisory Board to six, Julia Flemmerer, Michael Remagen and Martin Diederichs are proposed to be appointed by the General Meeting to be held on 25 September 2015 as members of the the Supervisory Board of the Company in its new legal form. These appointments, as well as the re-appointments of the current three members, will become effective only when the Change of Legal Form becomes effective.

### **3.8 No compensation offer for the shareholders**

Due to the statutory provision in section 250 UmwG, no compensation offer in accordance with section 207 UmwG is to be given where there is a change of legal form from an SE to that of a KGaA, such as in the present case.

Due to this provision, the Company is not authorised to give the shareholders the opportunity to leave the company in the course of the Change of Legal Form in return for compensation, since their legal position remains largely unchanged. Reference is made to this in clause (8) of the draft of the transformation resolution.

### **3.9 Consequences of the Change of Legal Form for the employees and their representation**

As provided for in section 194 (1) no. 7 UmwG, clause (9) of the transformation resolution contains details on the consequences of the Change of Legal Form for the employees and their representation as well as on the measures provided for in this regard. At Ströer SE, there exists a works council only for some employees in Kassel (the relevant establishment (*Betrieb*) includes Ströer DERG Media GmbH and DERG Vertriebs GmbH). In accordance with section 194 (2) UmwG, the draft of the transformation resolution will be forwarded to that works council within the required period of one month. It will not be forwarded to an SE works council because no SE works council has been elected at the Company. Purely as a matter of precaution, however, the draft of the transformation resolution will be forwarded also to the combined

works council for the regional organisation of the Ströer-DSM Group within the period of one month stipulated by section 194 (2) UmwG.

Due to statutory provisions, details on the consequences of the Change of Legal Form for the employees and their representation as well as on the measures provided for in this regard are explained as follows in the transformation resolution itself:

The Change of Legal Form has no impact on the employees and their employment relationships. The Change of Legal Form does not mean a change of employer; the employees' employment agreements will continue in force unchanged. Accordingly, all employer obligations arising from the employment relationships, including all pension obligations, will remain unchanged. After the Change of Legal Form, the employer's instruction powers will be exercised by Ströer SE & Co. KGaA, represented by the Management Board of the General Partner Ströer Management SE. Nothing changes for the employees as a result. Employment will not be interrupted by the Change of Legal Form.

There exists a works council at Ströer SE only for the employees of Ströer SE in Kassel (the relevant establishment (*Betrieb*) includes Ströer DERG Media GmbH and DERG Vertriebs GmbH). Accordingly, any works agreements/shop agreements apply to employees of Ströer SE only there. Those works agreements/shop agreements will not be affected by the Change of Legal Form but will continue in force without any changes for the employees currently falling within their scope. Also in other respects, the Change of Legal Form will not result in any changes under works constitution law. Since no SE works council has been established at Ströer SE, the Change of Legal Form will not result in any changes in this regard; however, the election of an SE works council will no longer be possible after the Change of Legal Form to a KGaA.

Ströer SE is not bound by collective bargaining agreements. For this reason alone, the Change of Legal Form will not result in any changes in relation to collective bargaining agreements.

In addition, the absence of employment-related consequences is, on the whole, due to the fact that the legal and economic identity of Ströer SE will remain unchanged as a result of the Change of Legal Form and that the Change of Legal Form has no impact on the operational structures.

To date, no employee representatives have been elected to the Supervisory Board of Ströer SE. As an SE, the Company is neither governed by the Co-Determination Act nor by the One Third Participation Act. As a KGaA, the Company falls within the scope of both of these Acts after the Change of Legal Form. However, the conditions for a co-determination of the employees under both Acts are not fulfilled so that the Change of Legal Form as such will not have the consequence that employee repre-

sentatives have to be elected to the Supervisory Board. Therefore, the Change of Legal Form has no consequences with regard to co-determination law.

No provision has been made for measures in connection with the Change of Legal Form which affect the employees of Ströer SE.

For the sake of completeness, it is pointed out again at this point that on 13 August 2015, Ströer SE entered into a sale and purchase agreement with Deutsche Telekom AG in relation to the acquisition of Interactive Media CCSP GmbH and of the internet portal T-Online.de. Said business units currently have approximately 460 employees, who will become employees of Ströer Group upon completion of the acquisition – without prejudice to objections raised by individual employees. As a result, the total number of staff employed by the Ströer Group in Germany is expected to increase to about 2,450.

### **3.10 Termination of the term of office of the members of the Supervisory Board**

The transformation resolution provides in clause (10) that the term of office of the members of the Supervisory Board shall end when the change of legal form becomes effective (section 203 sentence 2 UmwG). As a result, all seats of the Supervisory Board of Ströer SE & Co. KGaA, which will have six members after the Change of Legal Form, are to be filled by a new election. Therefore, six candidates are proposed for election to the General Meeting, including the three current members of the Supervisory Board Christoph Vilanek, Dirk Ströer and Ulrich Voigt, and additionally Julia Flemmerer, Michael Remagen and Martin Diederichs.

## **V. OPERATIONAL, ACCOUNTING, FINANCIAL AND TAX EFFECTS OF THE CHANGE OF LEGAL FORM**

### **1. OPERATIONAL EFFECTS**

The Change of Legal Form into a KGaA will not have any effects on the business activities of Ströer SE. Ströer SE & Co. KGaA will continue to act as the Group's parent holding company as before; the Change of Legal Form will not affect its relationship to the operating subsidiaries. The effects of the Change of Legal Form will be exclusively limited to the change of the capital structure and the legal form and will not affect the operating activities of the Company. The other anticipated economic effects, in particular the facilitating of potential future raising of capital, are described in detail in section III.

## 2. ACCOUNTING AND FINANCIAL EFFECTS

The Change of Legal Form of Ströer SE into a KGaA will not affect the equity capital of the Company. This applies, in particular, to the subscribed capital and the capital reserves and retained earnings.

The implementation of the Change of Legal Form does not require the preparation of a closing statement of financial position or an opening statement of financial position. Due to the use of the previous carrying amounts (carry-over), the Change of Legal Form will have no effect on profit or loss. The transactions costs incurred in connection with the Change of Legal Form in the amount of approx. EUR 1,000,000 (in words: one million euros) (see section III.5) shall be recognised as an expense. The Change of Legal Form may not be applied retrospectively as from any date earlier than the date of registration in the commercial register.

After the Change of Legal Form, any shareholders who recognise their shareholding in the Company in their balance sheets will continue to use the same carrying amount for their shareholding in Ströer SE & Co. KGaA without any change.

## 3. TAX EFFECTS FOR THE COMPANY

### *Income taxes*

The Change of Legal Form of Ströer SE into a KGaA while maintaining its legal identity under civil law will be ultimately income-tax neutral at the level of the Company, provided that – as scheduled in the present case – Ströer Management SE as General Partner of the KGaA will not hold any assets of the KGaA.

In the event of a change of legal form pursuant to the German Transformation Tax Act (*Umwandlungssteuergesetz - UmwStG*), hidden reserves included in the assets of the Company must be realised only if and to the extent that a transfer of assets from a corporation (*Kapitalgesellschaft*) to a partnership (section 9 UmwStG) or vice versa (section 25 UmwStG) occurs and, therefore, a so-called change in the taxation regime should be assumed. However, this is not the case here because the Change of Legal Form is a change from a corporation to another type of corporation and Ströer Management SE as General Partner will not hold any assets in the KGaA. For tax purposes, both the SE and the KGaA qualify as a corporation (*Kapitalgesellschaft*) (section 1 (1) no. 1 KStG).

### *Transaction taxes*

The Change of Legal Form of Ströer SE into a KGaA will not give rise to any liability for VAT or real estate transfer tax. A change of legal form while maintaining the legal

identify under civil law does not represent a supply that is subject to VAT; there is also no change in ownership that would give rise to real estate transfer tax.

#### **4. TAX EFFECTS FOR THE SHAREHOLDERS**

The following description of the tax effects of the Change of Legal Form for the shareholders is for information purposes only and provides an overview without taking into account the individual circumstances of each shareholder. Shareholders should consult their own tax advisers to assess their individual circumstances. This is recommended, in particular, for shareholders who are resident abroad or are subject to the tax laws of a foreign jurisdiction.

For shareholders subject to unlimited tax liability in Germany, the Change of Legal Form will ultimately have no tax consequences because no taxable profit will be realised. The Change of Legal Form will not constitute a disposal transaction and, in particular, the shares in Ströer SE will not be exchanged for the limited partnership shares in Ströer SE & Co. KGaA.

For shareholders subject to unlimited tax liability outside Germany, the tax consequences have not been assessed but it is expected that the Change of Legal Form will have no tax consequences for such shareholders.

#### **VI. FUTURE SHAREHOLDING OF THE SHAREHOLDERS IN STRÖER SE & CO. KGAA**

This section describes the future shareholding of the shareholders in Ströer SE & Co. KGaA. For this purpose, the main provisions of applicable law and of the articles of association which currently apply to Ströer SE will be compared to those which will apply to the future Ströer SE & Co. KGaA. The discussion will especially focus on the shareholders' rights and on corporate governance.

The general descriptions in the following sections VI.1 and VI.2 allow for a comparison of the main differences between a dualistic (two-tier) SE (like Ströer SE) and a KGaA which reflect, in each case, the legal concept. They are intended to inform the shareholders of the Company on the main differences between the two legal forms.

##### **1. GENERAL DESCRIPTION OF THE LEGAL FORM OF A “PARTNERSHIP LIMITED BY SHARES” (KGAA)**

###### **1.1 KGaA as a hybrid legal form**

Under corporate law, the KGaA is a hybrid legal form which incorporates characteristics of both a partnership and a corporation. The KGaA bears some similarities with a German limited partnership and some similarities with a German stock corporation (or dualistic SE). Like a stock corporation and an SE, the KGaA is a corporation



(*Kapitalgesellschaft*) whose share capital is divided into shares. The KGaA is therefore, like a stock corporation, suited to a broad range of investors, and the interests in its share capital can be easily traded. Apart from the stock corporation (*AG*) and the *SE*, the KGaA is the only legal form under German law whose shares can be traded on a stock exchange. The limited partnership and the KGaA have in common that the partnership interests are held by two different categories of persons, namely the general partner with unlimited personal liability (*persönlich haftender Gesellschafter*) on the one hand and the limited shareholders (*Kommanditaktionäre*) on the other hand.

## 1.2 Corporate bodies of the KGaA

The mandatory corporate bodies of the KGaA are the general partner, the supervisory board and the general meeting of shareholders.

The KGaA may have one or several general partners (also known as “Komplementäre”). The general partners manage the business of the KGaA. A general partner has the status of a corporate body already due to his status as a partner and is therefore a “per se corporate body” (*geborenes Gesellschaftsorgan*). By contrast, the management board of a stock corporation is appointed by the supervisory board (so-called “elective corporate body” (*gekorenes Gesellschaftsorgan*)). The supervisory board of a KGaA, however, has no influence on the appointment of the general partner, and the “removal from office” of a general partner is also possible only under very narrow conditions and only by court decision. The general partners may make a special contribution to the partnership and thereby acquire an interest in the KGaA's share capital, but such a shareholding is not mandatory. The general partners assume personal and unlimited liability to third parties for the liabilities of the KGaA.

The supervisory board of the KGaA is essentially constituted like the supervisory board of a stock corporation or of a dualistic *SE*. Like the supervisory board of a stock corporation or of a dualistic *SE*, the supervisory board of the KGaA is responsible for supervising the management. However, as a rule, the supervisory board of the KGaA is not entitled to issue rules of procedure for the management or to draw up a list of management measures which would require the supervisory board's approval. The supervisory board of the KGaA is elected by the limited shareholders at the general meeting of the KGaA. General partners who hold shares in the KGaA are not entitled to vote in the election of supervisory board members at the general meeting. According to the probably prevailing view in legal literature, this also applies to the management and to the controlling shareholders of a legal entity which acts as general partner of the KGaA.

The general meeting is the decision-making body of the limited shareholders. Unlike in the case of a stock corporation or an *SE*, the general meeting of the KGaA (subject to the consent of the general partners) also resolves on the approval of the annual fi-



nancial statements. The internal procedure of the general meeting of the KGaA corresponds to that of the general meeting of a stock corporation or an SE. Resolutions on amendments to the articles of association and other resolutions regarding fundamental issues of the company generally also require the consent of the general partners (effectively giving the general partners a veto right).

### **1.3 Position of general partners and limited shareholders**

Due to the structure of the KGaA, the different categories of members of the company, ie the category of limited shareholders on the one hand and the general partners on the other hand, have different legal positions in the company. In particular, this concerns the possibility to exercise influence on the company.

The limited shareholders have an influence through the exercise of voting rights in the general meeting. However, unlike in the case of a stock corporation or an SE, the legal concept of a KGaA provides for a veto right of the general partners with regard to important resolution matters so that, on the whole, the limited shareholders as a body can exercise less influence on the company through the general meeting than in the case of a stock corporation or an SE. As in the case of a stock corporation or a dualistic SE, the members of the supervisory board who are not employee representatives are elected by the general meeting. However, since the supervisory board of a KGaA has less powers than the supervisory board of a stock corporation or a dualistic SE, the indirect influence of the limited shareholders on the company through the supervisory board is, in the general case envisaged by the law, also less than in the case of a stock corporation or a dualistic SE.

In the structure of the KGaA, the general partners have a stronger position than the limited shareholders. This is due to the power of the general partners to manage the company, the existing veto right with regard to important resolutions of the general meeting, and the general partners' independence from the influence exercised by the limited shareholders as a body, which the legal concept of the KGaA provides in view of the general partner's personal liability. This independent position of the general partners means that the general partners or the shareholders/partners behind them cannot be deprived against their will, by subsequent amendments of the articles of association, of their possibilities to exercise influence. This generally also applies if the general partners or, as the case may be, the shareholders/partners hold no shares or only a small number of shares in the share capital of the KGaA.

Further details regarding the legal differences between a stock corporation or an SE on the one hand and a KGaA on the other hand are described below, first in general terms and then specifically with reference to the structure proposed for Ströer SE & Co. KGaA.

## **2. COMPARISON OF THE MAIN LEGAL BASIS OF SE AND KGAA**

### **2.1 General provisions**

#### *Share capital / Characteristics of the shares*

As in the case of an SE, the share capital of a KGaA shall be expressed in euro (sections 6, 278 (3) AktG and Art. 4 (1) SE Regulation, as applicable). Whereas the share capital of an SE shall be not less than EUR 120,000 (Art. 4 (2) SE Regulation), the share capital of a KGaA shall be not less than EUR 50,000 (sections 7, 278 (3) AktG).

As the shares of an SE, the shares of a KGaA can have different characteristics. Due to the reference to national law in Art. 5 SE Regulation, an SE with registered office in Germany is generally governed by the same provisions as those which apply to a German KGaA. The shares can thus be established either as par value shares or as no-par value shares. Both in the case of an SE and in the case of a KGaA, the shares can be in bearer form or in registered form. Registered shares can be subject to restrictions of transferability. Both in the case of a stock corporation and an SE and in the case of a KGaA, different classes of shares, in particular preference shares, can be issued.

#### *Registered office*

The registered office of an SE and of a KGaA shall be specified in its articles of association (for the SE: Art. 9 (1) lit. c) ii) SE Regulation, section 5 AktG; for the KGaA: sections 5, 278 (3) AktG), provided that the registered office of the KGaA shall be located in Germany (sections 5, 278 (3) AktG). The registered office of the SE, however, shall be located within the (European) Community, in the same member state as its head office (Art. 7 sentence 1 SE Regulation).

The registered office of an SE or of a KGaA may be transferred only through an amendment of the articles of association (for the SE: Art. 8 SE Regulation in conjunction with Art. 9 (1) lit. c) ii) SE Regulation, sections 179 et seq. AktG; for the KGaA: sections 179 et seq., 5, 278 (3) AktG). The SE may transfer its registered office within the EU without a dissolution of the SE. However, where an SE with registered office in Germany transfers its registered office abroad, it shall offer an adequate cash compensation to its shareholders (section 12 SEAG). This provision is modelled after sections 29, 207 UmwG which contain similar provisions for a merger and a change of legal form. By contrast, a resolution of the general meeting of a KGaA to transfer the registered office abroad generally constitutes a resolution for the dissolution of the company within the meaning of sections 131 (1) no. 2 of the Handelsgesetzbuch (German Commercial Code, *HGB*), section 289 (1) AktG.

### *Notification duties*

Both an SE and a KGaA are subject to the provisions of sections 21 et seq. WpHG (in the case of listed SE/KGaA) or sections 20, 21 AktG (in the case of non-listed SE/KGaA) with regard to notification duties for voting rights. This also includes the application of section 28 WpHG and sections 20 (7), 21 (4) AktG, as applicable, which provide for a loss of shareholder rights in the case of violation of notification duties.

## **2.2 Formation of the company**

As the formation of an SE is generally governed by the laws of the state in which the SE has its registered office (Art. 15 SE Regulation) and an SE upon its formation shall be regarded as a stock corporation (Art. 3 SE Regulation), the formation of an SE having its registered office in Germany is generally governed by the provisions concerning the formation of German stock corporations. The provisions concerning the formation (adoption of the articles of association, special benefits, formation expenses, founders, establishment of the company, appointment of the supervisory board, of the management board and of the auditor, formation report, formation audit, application for the registration of the company, examination of the application by the court as well as entry in the commercial register) are contained in sections 23 et seq. AktG. A change of legal form is, in addition, governed by sections 190 et seq. UmwG.

Except where otherwise provided for in sections 279 to 283 AktG, the provisions concerning the formation of a stock corporation also apply to the formation of a KGaA by virtue of the reference in section 278 (3) AktG. The specific provisions concerning the formation of a KGaA take account of the fact that at least one general partner is involved in the formation of a KGaA. A change of legal form is, in addition, governed by sections 190 et seq. UmwG. In the case of a transformation from an SE to a KGaA, the founders are the general partners of the KGaA (section 245 (2) UmwG).

As far as the raising of capital is concerned, the KGaA is governed by the provisions applicable to a stock corporation by virtue of the reference in section 278 (3) AktG. The same applies to the SE by virtue of the reference in Art. 5 SE Regulation.

## **2.3 Legal relationships of the company and of its members**

The Stock Corporation Act requires the equal treatment of the shareholders under equal circumstances (section 53a AktG). The same principle applies to the KGaA by virtue of the reference in section 278 (3) AktG, and to the SE by virtue of the general reference to national law in Art. 9 (1) lit. c) ii) SE Regulation.

A major difference between an SE and a KGaA is that the general partners are personally liable without any limitation to third parties for the liabilities of the KGaA.

Where the general partners are legal entities with limited liability, their liability for the liabilities of the KGaA is, in accordance with the provisions of law applicable to them, limited to their own assets.

Pursuant to Art. 5 SE Regulation, the capital maintenance provisions of the Stock Corporation Act also apply to the SE. For example, section 56 AktG prohibits the subscription of the company's own shares (treasury shares) and section 57 AktG prohibits the repayment of contributions. Likewise, the provisions concerning the appropriation of the annual net profit and the setting aside of reserves (section 58 (1) to (3) AktG) as well as the provisions concerning the shareholders' entitlement to the accumulated profit (*Bilanzgewinn*) (section 58 (4) AktG) also apply to the SE. Advance payments on account of accumulated profit are permitted only under strictly limited conditions (Art. 5 SE Regulation in conjunction with section 59 AktG). Pursuant to section 278 (3) AktG, the above provisions apply also to the KGaA.

In the case of the SE, the distribution of profits generally shall be made in proportion to the shares held by the shareholders, but the articles of association may provide for a different method of profit distribution (Art. 5 SE Regulation in conjunction with section 60 (3) AktG). In the case of the KGaA, the distribution of profits is governed by section 278 (2) AktG in conjunction with section 168 (1) HGB, unless the articles of association provide for a different distribution of profits. By virtue of section 278 (3) AktG, also section 60 AktG applies in relation to the distribution of profit among the limited shareholders. Like the articles of association of Ströer SE, the proposed articles of association of Ströer SE & Co. KGaA provide that the General Meeting resolves on the appropriation of the accumulated profit (see section VI.3.3).

In accordance with the principle of capital maintenance, the acquisition of own shares by an SE and by a KGaA is permitted only under certain limited conditions (cf. Art. 5 SE Regulation in conjunction with sections 71, 71a, 71b, 71c and 71d AktG).

## **2.4 Constitution of the company**

In addition to the dualistic (two-tier) system (Art. 39 et seq. SE Regulation in conjunction with sections 15 et seq. SEAG), the monistic (one-tier) system with a single administrative body is also permissible for an SE (Art. 43 et seq. SE Regulation in conjunction with sections 20 et seq. SEAG). The articles of association of Ströer SE provide for a dualistic system with a Management Board and a Supervisory Board. Although the KGaA also has a two-tier system, it does not consist of a management board and a supervisory board, but rather of general partners (sections 278 (2), 283 AktG, sections 161 (2), 114, 115 HGB) and a supervisory board (sections 95 et seq., 278 (3), 287 AktG).

## *Management body*

### Management of the company

In the case of an SE, the management board manages the company (Art. 39 (1) sentence 1 SE Regulation). In contrast to the SE, the KGaA has no management board. The general partners manage the KGaA on their own responsibility (sections 278 (2), 283 AktG, sections 161 (2), 114, 115 HGB). If the general partners are legal entities, they act through their management board or, as the case may be, their managing directors.

### Size and composition of the management body

In an SE with a share capital or more than EUR 3 million, the management board shall consist of at least two persons (section 16 SEAG). Accordingly, the articles of association of Ströer SE provide that the Management Board consists of at least two persons.

In a KGaA, the general partners are, due to their status as so-called “per se corporate body”, by law responsible for the management of the company (section 278 (2) AktG, sections 161 (2), 114, 115 HGB). The KGaA may have one or several general partners. A general partner of a KGaA can be a natural person, a partnership or a legal entity.

### Management

Unless provided otherwise in the articles of association and the rules of procedure, the principle of joint management applies to the SE. In addition, the principle of German stock corporation law according to which differences of opinion within the management board cannot be decided by one or several management board members against the majority of the members of the management board, also applies to an SE (Art. 9 (1) lit. c) (ii) SE Regulation in conjunction with section 77 (1) sentence 2 AktG). However, in the case of an SE, the chairman of the management board of an SE can be granted a veto right in respect of decisions of the management board. The exercise of the veto right has the consequence that the resolution is deemed to not have been passed.

In a KGaA with several managing general partners, the principle applies that each of them has sole authority to manage the company (section 278 (2) AktG, sections 161 (2), 115 HGB). Joint management can be agreed on in the articles of association. In this case, every transaction requires the consent of all managing partners (section 278 (2) AktG, sections 161 (2), 115 (2) HGB). Individual general partners can be excluded from the management of the company (section 278 (2) AktG, sections 161 (2), 114 HGB). The authority to manage the company extends to all acts arising in the ordi-

nary course of business (section 278 (2) AktG, sections 161 (2), 116 HGB). Any transactions outside the ordinary course of business and transactions concerning matters that are fundamental for the company (*Grundlagengeschäfte*) are excluded. Unless provided otherwise in the articles of association, transactions outside the ordinary course of business may be carried out only with the consent of all general partners, including the partners excluded from management, and with the approval of the general meeting (section 278 (2) AktG, section 116 (2) HGB). Matters that are fundamental for the company can only be changed by identical resolutions of the general partners and of the general meeting. The division of management powers between the managing general partners and the limited shareholders in accordance with applicable law may be laid down in the articles of association. In particular, the articles of association may provide that transactions outside the ordinary course of business shall not require the approval of the general meeting.

#### Representation of the company

There are no SE-specific provisions regarding representation; therefore, the provisions of the Stock Corporation Act and the provisions of the articles of association which are permitted under the Stock Corporation Act are applicable by virtue of the general reference to national law in Art. 9 (1) lit c) (ii) and (iii) SE Regulation. The SE is represented in court and out of court by the management board, and, unless provided otherwise in the articles of association, all members of the management board are authorised to represent the company only jointly (section 78 (1) and (2) AktG). In addition, the articles of association may provide that the company may be represented by individual members of the management board acting alone or together with a Prokurist (authorised signatory) (section 78 (3) AktG). The articles of association of Ströer SE provide that the Company shall be generally represented by two members of the Management Board or by one member of the Management Board together with an authorised signatory.

The KGaA is represented in court and out of court by its general partners. Unless provided otherwise in the articles of association, the principle of sole representation applies in the KGaA (section 278 (2) AktG, section 125 (1) HGB). Accordingly, every general partner is authorised to represent the company alone. The articles of association may provide otherwise.

#### Appointment and removal and term of office of members of the management body

The members of the management board of an SE are appointed by the supervisory board for a period laid down in the articles of association not exceeding six years (Art. 46 (1) SE Regulation). Subject to any provisions in the articles of association, members may be reappointed (Art. 46 (1) SE Regulation). The articles of association of Ströer SE provide for an appointment of members of the Management Board for a



maximum of five years. Members may be reappointed. Neither the SE Regulation nor the SEAG contain any provisions concerning the removal of members of the management board. By virtue of the general reference to national stock corporation law in Art. 9 (1) lit. c) (ii) SE Regulation, the supervisory board may revoke the appointment of a member of the management board for good cause (section 84 AktG).

The general partners of the KGaA manage the company without any time limit from the time of its formation or, as the case may be, from the admission of the general partner by a corresponding amendment of the articles of association. The general partners may cease to hold office on the basis of provisions of applicable law (section 289 AktG, sections 131 (3), 140 HGB) or may be expelled from the company (section 289 (1) AktG, sections 161 (2), 140 HGB) or may cease to hold office on the basis of provisions of the articles of association (section 289 (5) AktG).

#### Principles for the remuneration of the management bodies, prohibition of competition, granting of loans to members of the management bodies

By virtue of the general reference to national law in Art. 9 (1) lit c) (ii) SE Regulation, the provisions of the Stock Corporation Act regarding the principles for the remuneration of the members of the management board, the prohibition of competition and the granting of loans to members of the management board (sections 87 to 89 AktG) apply to the SE.

The statutory provisions are based on the assumption that the general partners of the KGaA are remunerated for their management activity by way of a profit participation. The law does, however, recognise the possibility to enter into agreements on remuneration for services (section 288 (3) AktG). In this case, a profit participation can be excluded. Such a determination of the remuneration requires a corresponding provision in the articles of association. The prohibition of competition for the general partners is based on section 284 AktG. The granting of loans to general partners is based on section 288 (2) AktG. According to that provision, the company must not grant a loan to a general partner if the conditions for endangering the capital bases of the company are fulfilled within the meaning of section 288 (1) sentence 2 AktG.

#### Reports to the supervisory board

The reporting duties of the management board of an SE to the supervisory board are modelled after the reporting duties of the management board of a stock corporation. The management board of the SE must report to the supervisory board at least once every three months on the progress and foreseeable development of the SE's business (Art. 41 (1) SE Regulation). In addition to the regular information, the management board must promptly pass on to the supervisory board any information on events likely to have an appreciable effect on the SE (Art. 41 (2) SE Regulation). The supervisory board of an SE may request any information required for the exercise of control by



the supervisory board (Art. 41 (3) SE Regulation). Also each member of the supervisory board may request any information from the management board, which shall, however, be given only to the supervisory board (Art. 41 (3) SE Regulation in conjunction with section 18 SEAG). The supervisory board may undertake or arrange for any investigations necessary for the performance of its duties (Art. 41 (4) SE Regulation). Each member of the supervisory board is entitled to examine all information submitted to the supervisory board (Art. 41 (5) SE Regulation).

The general partners have the same reporting duties to the supervisory board of the KGaA as those which apply to the management board of a stock corporation (section 283 (4) AktG). Pursuant to section 90 (1) AktG, reports shall be made to the supervisory board on (i) the intended business policy and other fundamental matters of corporate planning (in particular financial planning, investment planning and personnel planning), and any deviations of the actual development from targets reported earlier shall be explained stating reasons, (ii) the profitability of the company, in particular the return on equity, (iii) the course of business (in particular revenues) and the situation of the company, and (iv) transactions which may have a material impact on the profitability or liquidity of the company. If the company is the parent company, the report shall also deal with subsidiaries and joint ventures (section 90 (1) sentence 2 AktG). In addition, reports to the chairman of the supervisory board shall be made on the occurrence of other significant developments (section 90 (1) sentence 3 AktG). Such other significant developments shall also include circumstances concerning the business of an affiliated company which become known to the general partner and may have a material impact on the situation of the company. The Stock Corporation Act requires the reports to be submitted periodically. In addition, the supervisory board has the right at any time to request a report on matters concerning the company, on its business relationships with affiliated companies and on circumstances concerning the business of such companies which may have a material influence on the situation of the company (section 90 (3) AktG). Also each member of the supervisory board may request a report, which shall, however, be given only to the supervisory board. The reports shall comply with the principles of diligent and accurate reporting. They shall be made in a timely manner, if possible, and, as a rule, in text form (section 90 (4) AktG). Each member of the supervisory board has the right to examine the reports (section 90 (5) sentence 1 AktG).

### *Supervisory board*

#### Size and composition of the supervisory board

The number of members of the supervisory board of the SE or the rules for determining it shall be laid down in the articles of association (Art. 40 (3) SE Regulation). Pursuant to Art. 40 (3) sentence 2 SE Regulation in conjunction with section 17 (1) SEAG, the number of members must be divisible by three, and the supervisory board

must be composed of at least three members and a maximum of 21 members. The number of employee representatives is determined primarily in an agreement on the involvement of employees (section 21 (3) no. 1 SEBG). In the event of the formation of an SE by way of transformation, at least the same level of all elements of employee involvement must be provided as the ones existing within the company to be transformed into an SE. However, this refers only to the quality of co-determination, eg the equal number of shareholder representatives and employee representatives, but not to the absolute number of members on the supervisory board. Applying the principles set out above, the articles of association of Ströer SE provide for a Supervisory Board consisting of three members elected by the General Meeting.

The size and composition of the supervisory board of the KGaA are, by virtue of the reference in section 278 (3) AktG, generally governed by sections 95, 96 AktG. Unless otherwise provided by the articles of association, the supervisory board consists of three members (section 95 sentence 3 AktG). Any provision to the contrary in the articles of association must observe the maximum number of supervisory board members pursuant to section 95 sentence 4 AktG. Moreover, the number of supervisory board members must be divisible by three (section 95 sentence 3 AktG).

#### Status proceedings regarding the composition of the supervisory board

By virtue of the general reference to national law in Art. 9 (1) lit. c) (ii) SE Regulation, the provisions of stock corporation law regarding the so-called status proceedings (*Statusverfahren*) apply to the SE. The status proceedings are applied if it is disputed or uncertain whether the supervisory board is composed in accordance with the statutory provisions applicable to it (sections 97, 98, 99 AktG). In addition, the provision in section 17 (3) SEAG applies, stipulating that the SE works council is also entitled to initiate the status proceedings in court. By virtue of the reference in section 278 (3) AktG, the provisions of stock corporation law concerning the status proceedings also apply to the KGaA.

#### Personal requirements for supervisory board members

By virtue of the reference to national law in Art. 47 (1) SE Regulation, only natural persons with full legal capacity are eligible to be members of the supervisory board of an SE with registered office in Germany (section 100 (1) AktG). Moreover, no person may be a member of the corporate body who is disqualified, under the law of the member state in which the SE's registered office is situated, from serving on the management, supervisory or administrative body of a stock corporation governed by the law of that member state, or who is disqualified from serving on the management, supervisory or administrative body of a stock corporation governed by the law of a member state owing to a judicial or administrative decision delivered in a member state (Art. 47 (2) SE Regulation). By virtue of the reference to section 100 (2) AktG,

congruity is achieved with the provision under German stock corporation law concerning the personal requirements for members of the supervisory board with regard to reasons for ineligibility (generally, not more than ten memberships in corporate bodies, legal representative of a controlled undertaking, no interlocking relationships; section 100 (2) AktG).

By virtue of the reference in section 278 (3) AktG, the relevant provisions of the Stock Corporation Act (section 100 AktG) also apply to the members of the supervisory board of the KGaA.

#### Appointment of the supervisory board

The members of the supervisory board of an SE are generally appointed by the general meeting (Art. 40 (2) sentence 1 SE Regulation). This applies both to the shareholder representatives and to the employee representatives on the supervisory board. Whereas the shareholder representatives on the supervisory board are proposed by the general meeting, the employee representatives shall be designated under the standard rules of legislation for the involvement of employees in the SE in accordance with the respective applicable national laws, taking into account the geographical distribution of the employees within the EU and the member states which are parties to the EEA Agreement. The general meeting shall accept the candidates of the employees so designated (section 36 (4) SEGB).

The members of the supervisory board of the KGaA are appointed in accordance with the provisions applicable to stock corporations (section 278 (3) AktG). According to those provisions, the members of the supervisory board are elected by the general meeting unless the provisions of co-determination law provide otherwise (section 101 (1) AktG). The transformation of Ströer SE into a KGaA will not give rise to any changes in substance to the current rules for the appointment of the members of the supervisory board – except that, in accordance with section 285 (1) sentence 2 no. 1 AktG, Udo Müller is not entitled to vote on the corresponding resolutions. This will apply at least as long as the Co-Determination Act does not require the co-determination of the employees in the KGaA because the number of employees in the Ströer Group is below the threshold of 2,000.

#### Term of office

The members of the supervisory board of an SE are appointed for a period laid down in the articles of association not exceeding six years (Art. 46 (1) SE Regulation). The articles of association of Ströer SE provide for an appointment for a term until the close of the General Meeting which resolves on the formal approval of the acts of the members of the Supervisory Board for the fourth financial year after commencement of the term of office, not including the year in which the term of office commenced, but no longer than for a period of six years. Members may be reappointed.

The term of office of the members of the supervisory board of the KGaA is governed by the provisions applicable to stock corporations (sections 102, 278 (3) AktG). According to those provisions, members of the supervisory board cannot be appointed for a period longer than up to the close of the general meeting which resolves on the formal approval of the acts of the members of the supervisory board for the fourth financial year after commencement of the term of office, not including the year in which the term of office commenced (section 102 (1) AktG).

#### Removal from office

By virtue of the general reference to national law in Art. 9 (1) lit. c) ii) SE Regulation, the provisions of stock corporation law on the removal of members of the supervisory board generally apply in the SE. According to those provisions, members of the supervisory board that were elected by the general meeting without being bound to nominations may, unless provided otherwise in the articles of association, be removed from office by the general meeting with a majority of at least three quarters of the votes cast (section 103 (1) AktG). In addition, upon application of the supervisory board, the court of competent jurisdiction shall remove a member of the supervisory board from office for good cause. The supervisory board shall resolve on such application by simple majority. The employee representatives on the supervisory board (the supervisory board of Ströer SE currently comprises no employee representatives) may also be removed from office.

In the case of the KGaA, the removal of members of the supervisory board is generally governed by the Stock Corporation Act (section 278 (3) AktG). In this regard, section 103 AktG applies, pursuant to which members of the supervisory board that were elected by the general meeting without being bound to nominations may be removed from office prior to the end of their term of office by the general meeting with a majority of at least three quarters of the votes cast.

Should the Co-Determination Act become applicable after the Change of Legal Form because the number of employees will exceed the threshold of 2,000, the employee representatives will be governed by the provisions of the Co-Determination Act.

#### Appointment by the court

The SE Regulation does not expressly stipulate whether a supervisory board member may be appointed by a court of competent jurisdiction. However, by virtue of the general reference to national law in Art. 9 (1) lit. c) ii) SE Regulation, the provisions of the Stock Corporation Act apply. According to those provisions, if the supervisory board does not have the number of members required to constitute a quorum, the court shall appoint the missing number of members upon application (section 104 (1) sentence 1 AktG). In urgent cases, the court shall, upon application, appoint the missing number of members before the expiry of the three-month period during which

such appointments due to an insufficient number of members are generally required, even if the supervisory board still has a quorum (section 104 (2) sentence 2 AktG).

By virtue of the reference in section 278 (3) AktG, the provisions applicable to a stock corporation apply also to the KGaA so that, in this regard, there are no differences between the KGaA and the SE.

#### Incompatibility of membership in the management body and supervisory board

No person may at the same time be a member of both the management board and the supervisory board of the same SE (Art. 39 (3) sentence 1 SE Regulation). Pursuant to section 287 (3) AktG, the general partners of a KGaA must not be members of the supervisory board. This also applies to the legal representatives of the general partners (in the case of Ströer Management SE also to the members of its Management Board).

#### Internal organisation – chairman / deputy chairman of the supervisory board

The chairman of the supervisory board of an SE is elected by the supervisory board, with the majority of the votes of the members present and represented being required.

In a KGaA, the election of the chairman of the supervisory board and a deputy chairman is, subject to specific co-determination provisions, generally governed by the Stock Corporation Act (sections 107 (1) sentence 1, 278 (3) AktG).

#### Internal organisation – resolutions of the supervisory board

The supervisory board of an SE has, unless provided otherwise in the articles of association or SE Regulation, a quorum if at least half of its members are present or represented (Art. 50 (1) lit. a) SE Regulation). Resolutions shall be passed by the majority of the votes of the members present or represented (Art. 50 (1) lit. b) SE Regulation). If the supervisory board is composed of an equal number of shareholder representatives and employee representatives, the chairman of the supervisory board has a casting vote in the event of a tie (Art. 50 (2) SE Regulation).

The supervisory board of a KGaA – like the supervisory board of a stock corporation – generally has a quorum if at least half of the number of its members which it is required to comprise take part in the voting; however, the articles of association may provide otherwise (sections 108 (2) sentence 2, 278 (3) AktG). Resolutions of the supervisory board shall be generally passed by the majority of the votes cast; the articles of association of Ströer SE contain a corresponding provision. Also in the case of the KGaA, the articles of association may provide for a casting vote of the chairman of the supervisory board, unless, if the Co-Determination Act is applicable, such casting vote is required under the Co-Determination Act.

### Convening of meetings of the supervisory board

Neither the SE Regulation nor the SEAG contains any provisions regarding the convening of supervisory board meetings. Therefore, by virtue of the general reference to national law in Art. 9 (1) lit. c) ii) SE Regulation, the provisions applicable to stock corporations apply. According to those provisions, any member of the supervisory board may request the chairman of the supervisory board to convene a meeting of the supervisory board without undue delay, provided that such member shall state the purpose and reasons of such request. If such meeting is not held within a period of two weeks, the supervisory board member or the management board may convene a meeting of the supervisory board (section 110 (2) AktG). In the case of listed companies, at least two supervisory board meetings per calendar half-year shall be held (section 110 (3) AktG). The provisions applicable to stock corporations also fully apply to the KGaA (sections 110, 278 (3) AktG).

### Duties and rights of the supervisory board

In the case of an SE, the supervisory board supervises the management by the management board (Art. 40 (1) sentence 1 SE Regulation). Pursuant to Art. 54 (2) SE Regulation in conjunction with section 111 (3) sentence 1 AktG, the supervisory board shall convene a general meeting if the interests of the company so require. Also in the KGaA, the supervisory board supervises the managing body, ie the general partners (sections 111 (1), 278 (3) AktG). Similarly, pursuant to sections 111 (3) sentence 1, 278 (3) AktG, the supervisory board shall convene a general meeting if the interests of the company so require. Neither in an SE nor in a KGaA, management measures may be delegated to the supervisory board (for the SE: Art. 40 (1) sentence 2 SE Regulation; for the KGaA: sections 111 (4) sentence 1, 278 (3) AktG).

Pursuant to Art. 48 (1) subparagraph 1 SE Regulation, the articles of association of the SE shall list the categories of transactions which require the supervisory board's approval. This obligation to include a catalogue of transactions requiring approval in the articles of association does not, however, exclude the right of the supervisory board to list in its rules of procedure further categories of transactions that also require its approval (Art. 48 (1) subparagraph 2 SE Regulation in conjunction with section 19 SEAG). In the case of the KGaA, it is only possible to set out in the articles of association whether and, if so, what categories of transactions require the approval of the supervisory board. The supervisory board does not have the power to make further transactions subject to its approval.

In contrast to the provision contained in Art. 39 (2) SE Regulation, according to which the supervisory board of the SE appoints and removes the members of the management board, the supervisory board of the KGaA is, unless the articles of association so provide, not entitled to admit or expel the general partners, nor to withdraw



their authority to manage and represent the company. Also, the supervisory board is, unless the articles of association so provide, not entitled to issue rules of procedure for the general partners or, if a general partner is a legal entity, for its corporate bodies. In the SE, by virtue of the general reference to national law in Art. 9 (1) lit c) (ii) SE Regulation in conjunction with section 77 (2) sentence 1 AktG, the articles of association may confer the right to issue rules of procedure for the management board to the supervisory board.

Finally, the supervisory board of the KGaA, in contrast to that of an SE, is not involved in the approval of the annual financial statements (Art. 9 (1) lit. c) ii) and iii) SE Regulation in conjunction with section 172 (2) sentence 1 AktG). In the KGaA, the annual financial statements are approved by the general meeting (section 286 (1) sentence 1 AktG). The resolution of the general meeting requires the consent of the general partners (section 286 (1) sentence 2 AktG).

#### Duties of care and confidentiality

In the SE, by virtue of the reference to national law in Art. 51 SE Regulation, the liability of the members of the supervisory board is governed by the provisions of stock corporation law. In the performance of its duties, the supervisory board shall apply the due care and diligence of a prudent and conscientious supervisory board member (sections 116, 93 (1) sentence 1 AktG). By virtue of the reference in section 278 (3) AktG, these provisions also apply to the members of the supervisory board of a KGaA. The duty of confidentiality of the members of the supervisory board of the SE is governed by Art. 49 SE Regulation. The members of the supervisory board of the KGaA are bound by the duty of confidentiality under stock corporation law (sections 116 sentence 2, 278 (3) AktG).

#### Representation of the company vis-à-vis members of the management body

By virtue of the general reference to national law in Art. 9 (1) lit. c) (ii) SE Regulation, the provisions of stock corporation law regarding the representation of the company vis-à-vis members of the management body apply to the SE. According to those provisions, the supervisory board of the company represents the company both in court and out of court vis-a-vis members of the management board (section 112 AktG). In the KGaA, the supervisory board represents the limited shareholders as a body in legal disputes with the general partners (section 287 (2) AktG). In addition, the supervisory board has the power to represent the company in legal transactions with the general partners (sections 112, 278 (3) AktG).



### Remuneration of the supervisory board members, agreements with supervisory board members, granting of loans to supervisory board members

By virtue of the general reference to national law in Art. 9 (1) lit. c) ii) SE Regulation, the provisions of the Stock Corporation Act on the remuneration of members of the supervisory board, on agreements with members of the supervisory board and on the granting of loans to members of the supervisory board (sections 113 to 115 AktG) apply to the SE. Pursuant to section 278 (3) AktG, those provisions apply also to the KGaA. The proposed articles of association of Ströer SE & Co. KGaA provide in accordance with section 113 (1) sentence 2 alternative 2 AktG that the remuneration of the Supervisory Board shall be granted – as in the case of Ströer SE – by resolution of the General Meeting (with the consent of the General Partner), and such remuneration is not determined in the articles of association (see section VI.3.3).

### *General Meeting*

#### Rights of the general meeting

By virtue of Art. 9 (1) lit. c) (ii) SE Regulation and Art. 53 SE Regulation, the provisions of stock corporation law according to which the shareholders exercise their rights concerning the affairs of the company at the general meeting, unless provided otherwise by law (section 118 (1) AktG), apply to the SE. The members of the management board and of the supervisory board shall attend the general meeting (Art. 118 (3) sentence 1 AktG). The general meeting of the SE resolves on matters for which responsibility is given to the general meeting of a German stock corporation either by provisions of national law or by provisions of the articles of association. Such matters include, in particular, the appointment of the members of the supervisory board, the appropriation of the accumulated profit, the formal approval of the acts of the members of the management board and of the supervisory board, the appointment of the auditor, amendments to the articles of association, measures for raising capital and reducing capital, the appointment of auditors for the audit of matters in connection with the formation or of the management of the company, as well as the dissolution of the company (section 119 (1) AktG). The general meeting of the SE may generally resolve on management measures only if this is requested by the management board (section 119 (2) AktG, Art. 52 subparagraph 2 SE Regulation). Exceptions apply with regard to the so-called “Holzmüller/Gelatine” cases, ie to structural measures which generally fall within the scope of the management power of the management board but which, because of their importance, affect the shareholders’ rights. Those exceptions should also apply to the SE (Art. 52 subparagraph 2 SE Regulation). The general meeting of the SE also resolves on transformation measures under the Transformation Act (like mergers, demergers, asset transfers or changes of legal form). In addition, pursuant to Art. 52 subparagraph 1 SE Regulation, the general meeting resolves on matters for which it is given sole responsibility by the SE Regulation or by laws of the

member state in which the registered office of the SE is located, which are adopted in implementation of Council Directive 2001/86/EC (SE Employee Involvement Directive). Such matters include, in particular, the transfer of the registered office (Art. 8 SE Regulation) as well as the reconversion into a stock corporation governed by national law (Art. 66 (6) SE Regulation).

The powers of the general meeting of the KGaA are generally the same as those described above for the general meeting of an SE, insofar as they are based on the Stock Corporation Act. Instead of formally approving the acts of the members of the management board, the general meeting formally approves the acts of the general partners (section 285 (1) sentence 2 no. 2 AktG). The so-called “Holzmüller/Gelatine” principles, which may give rise to unwritten powers of the general meeting, should also apply to the KGaA, although this view is not uncontroversial.

In addition to the powers conferred by the Stock Corporation Act, the general meeting of the KGaA has the powers arising from the law governing partnerships. Subject to any specific provisions of law and unless provided otherwise in the articles of association, the general meeting of the KGaA has the same powers as a limited partner of a limited partnership (sections 278 (2), 285 (2) sentence 1 AktG). Such powers relate, in particular, to management measures outside the ordinary course of business and transactions concerning matters that are fundamental for the company (section 278 (2) AktG, sections 164 sentence 1, 161 (2), 114, 116 (2) HGB), the withdrawal of the authority to manage and represent the company (section 278 (2) AktG, sections 161 (2), 117, 127 HGB), changes to the general partners’ capital contribution (section 281 (2) AktG), changes with regard to the authority to manage and represent the company (section 278 (2) AktG, sections 161 (2), 114, 125 HGB), the admission of new general partners and the withdrawal and expulsion of general partners (section 278 (2) AktG in conjunction with section 109 HGB). Except for transactions concerning matters that are fundamental for the company which are central to the membership, the powers of the general meeting in such cases are determined by the articles of association; the articles of association may also exclude such rights. Accordingly, the proposed articles of association of Ströer SE & Co. KGaA provide that, in derogation of the legal rules, that management measures outside the ordinary course of business taken by the general partners do not require approval by the general meeting (see section VI.3.2 – *General Partner*). The powers of the general meeting that follow from special provisions of law for the KGaA include the approval of the annual financial statements in accordance with section 286 (1) sentence 1 AktG. The resolution of the general meeting requires the consent of the general partners (section 286 (1) sentence 2 AktG).

Unlike in the case of an SE, certain resolution matters require not only a resolution by the general meeting but also the consent of the general partners. This consent requirement applies to all matters which in the case of a limited partnership require the consent of both the general partners and the limited partners (section 285 (2) sentence

1 AktG). Accordingly, the consent requirement also applies to further amendments to the articles of association and other resolutions regarding fundamental issues, such as resolutions in connection with capital measures, inter-company agreements, transformation measures (such as merger or change of legal form) and the dissolution of the company.

### Voting right

By virtue of the general reference to national law in Art. 9 (1) lit. c) ii) SE Regulation, the provisions of the Stock Corporation Act on the voting right of the shareholders (sections 134 to 137 AktG) apply to the SE. Similarly, the exercise of the voting right by the limited shareholders of the KGaA is governed by the provisions of stock corporation law (section 278 (3) AktG). If also the general partners are entitled to a voting right in the general meeting based on limited partnership shares held by them, such voting right is subject to specific restrictions. For example, the general partners are prohibited from voting on the election and removal of supervisory board members, the formal approval of the acts of the general partners and of the members of the supervisory board, the appointment of special auditors, the assertion of claims for damages, the waiver of claims for damages, and the election of auditors (section 285 (1) sentence 1 AktG). These prohibitions from voting are intended to avoid a potential conflict of interests of the general partners.

### Formal approval of the acts of the management body and of the supervisory board

By virtue of the references in Art. 52 subparagraph 2, 53 SE Regulation, the provisions of the Stock Corporation Act on the formal approval of the acts of the management board and of the supervisory board are generally fully applicable to the SE. According to those provisions, the general meeting shall resolve on the formal approval of the acts of the management board and of the supervisory board, ie on the approval of the management of the company by the members of the management board and of the supervisory board, within the first eight months of the financial year (sections 119 (1) no. 3, 120 AktG). In the case of the SE, the only difference is that the general meeting shall be held within six months (and not within eight months as in the case of a stock corporation) after the end of the financial year (Art. 54 (1) SE Regulation). In the case of the KGaA, the formal approval of the acts of the general partners and of the supervisory board is governed by the provisions applicable to a stock corporation (section 278 (3) AktG). The general partners are prohibited from voting on the formal approval of the acts of the general partners and of the members of the supervisory board (section 285 (1) sentence 2 no. 2 AktG).

### Convening of the general meeting

The general meeting of the SE may be convened at any time by the management board or the supervisory board in accordance with the national law applicable to stock

corporations in the member state in which the registered office of the SE is situated (Art. 54 (2) SE Regulation). The organisation and conduct of the general meetings and the voting procedure are generally governed by the provisions of stock corporation law (Art. 53 SE Regulation). The general meeting shall be held at least once each calendar year, within six months of the end of the financial year (Art. 54 (1) SE Regulation). Accordingly, the convening of the general meeting is generally governed by the provisions applicable to a stock corporation (see, in particular, section 121 AktG), with the exception that the ordinary general meeting is not to be held within the first eight months of the financial year (section 175 (1) sentence 2 AktG), but rather within the first six months of the end of the financial year.

In the case of the KGaA, the convening of the general meeting is fully governed by the provisions applicable to a stock corporation (section 283 (6) AktG).

#### Convening the general meeting at the request of a minority / supplementing the agenda at the request of a minority

One or several shareholders who together hold at least 5 per cent of the share capital of an SE may request that a general meeting be convened and the agenda for it be drawn up (Art. 55 (1) SE Regulation, section 50 (1) SEAG). The request for the calling of the general meeting must state the items to be included in the agenda (Art. 55 (2) SE Regulation). If, following such a request, a general meeting is not held within two months of the request at the latest, the court can, upon application, authorise the shareholders to convene a general meeting (Art. 55 (3) SE Regulation). A minimum holding period before making the request is not a condition for the request in the case of an SE. The inclusion of one or more additional items in the agenda of a general meeting of an SE may be requested by one or more shareholders who together hold at least 5 per cent of the share capital or a proportionate amount of EUR 500,000 (Art. 56 SE Regulation, section 50 (2) SEAG). The procedure and time limits applicable to such requests are governed by national law, ie here by the SEAG (Art. 56 sentence 2 SE Regulation in conjunction with section 50 SEAG).

In the case of a KGaA, the calling of the general meeting and the addition of items to the agenda at the request of a minority are governed by the provisions applicable to a stock corporation (section 283 no. 6 and section 278 (3) AktG, respectively). The general meeting of the stock corporation is to be convened if shareholders who together hold at least 5 per cent of the share capital demand this in writing, stating the purpose and the reasons (section 122 (1) AktG). The shareholders must prove that they have held the shares for at least three months before the date of the general meeting - according to a different view, the day of submitting or receiving the request for additional items to be placed on the agenda is the relevant date - and that they continue to hold the shares until the decision on the request is made (ie until the authorisation by a court or until the calling of the meeting by the management board) (section

122 (1) sentence 3 AktG in conjunction with section 142 (2) sentence 2 AktG). In the same way, shareholders whose shares in the aggregate represent at least 5 per cent of the share capital or a proportionate amount of the share capital of EUR 500,000 may request that certain items for the adoption of a resolution of a general meeting be published (section 122 (2) AktG). If the request is not granted, the court can authorise the shareholders who have submitted the request to convene the general meeting or to publish the item for the adoption of a resolution (section 122 (3) sentence 1 AktG).

#### Organisation and conduct of the general meeting

With regard to the organisation and conduct of the general meeting of an SE, the SE Regulation makes reference, by virtue of the reference provision in Art. 53, 54 (2) SE Regulation and the comprehensive reference provision in Art. 9 (1) lit. c) ii) SE Regulation, to the provisions of German stock corporation law. These apply also to the KGaA (section 278 (3) AktG). The SE and the KGaA are thus subject to the same provisions concerning the limitation of the right to speak, among other provisions.

#### The shareholders' right to information, right to speak and right to ask questions in the general meeting

Regarding the shareholders' right to information, the provisions of stock corporation law are applicable to the SE by virtue of the comprehensive reference provision in Art. 9 (1) lit. c) ii) SE Regulation. The basis for the information of the shareholders is the annual financial statements, including the notes thereto, and the management report of the management board (section 175 (2) AktG) as well as the report of the supervisory board (section 171 (2) AktG). In addition, section 131 AktG grants each shareholder, regardless of the amount of his stake in the company, a right to information in the general meeting to the extent that this is necessary for the appropriate assessment of the agenda. This right cannot be restricted by the articles of association (section 23 (5) AktG); it is mandatory. Only for specific reasons listed in section 131 (3) AktG may the management board refuse to give information. Such a right to withhold information exists, for example, in cases where provision of the information could lead, in the view of a reasonable businessman, to a significant disadvantage for the company. The right to sufficient information is also granted to the shareholders of a KGaA. This right is, in principle, also subject to the provisions applicable to stock corporations (section 278 (3) AktG).

#### Rules of procedure

The general meeting of a stock corporation may issue rules of procedure for itself concerning the preparation and conduct of the general meeting with a majority of at least three quarters of the share capital represented in the adoption of the resolution (section 129 (1) sentence 1 AktG). This provision of stock corporation law also applies to the general meeting of the KGaA (section 278 (3) AktG). It applies in princi-

ple also to the SE (Art. 53 SE Regulation in conjunction with section 129 (1) AktG). Whereas the German Stock Corporation Act requires a majority of three quarters of the represented share capital for the adoption of a resolution to issue rules of procedure for the preparation and conduct of the general meeting, the issuance of such rules of procedure in an SE requires a majority of three quarters of the votes (validly) cast because the provisions of the German Stock Corporation Act regarding the applicable majority requirements for resolutions must be interpreted in a manner consistent with the SE. In contrast to the German Stock Corporation Act, the SE Regulation uses the criterion of votes cast (Art. 57, 58, 59 SE Regulation). As German law in any case no longer provides for shares with multiple voting rights, this change has no practical effects because the majority of the share capital of a KGaA or an SE is identical to the majority of votes.

#### Regular resolutions of the general meeting (not involving an amendment to the articles of association)

The adoption of regular resolutions of the general meeting of a KGaA requires the majority of the votes cast (simple majority of votes) unless a larger majority or additional requirements are stipulated by law or the articles of association (sections 278 (3), 133 (1) AktG). The resolutions of the general meeting of an SE are adopted by a majority of the votes cast, except where a larger majority is stipulated by the SE Regulation or by stock corporation law (Art. 57 SE Regulation).

#### Resolutions of the general meeting to amend the articles of association

Any amendment to the articles of association of an SE requires a resolution of the general meeting adopted with a majority of at least two thirds of the votes cast, provided that the legal provisions applicable to stock corporations do not stipulate or allow larger majority requirements (Art. 59 (1) SE Regulation). Therefore, according to what appears to be the prevailing opinion, amendments to the articles of association which pursuant to the German Stock Corporation Act already require a mandatory majority of three quarters of the share capital require, in the case of the articles of association of an SE, a majority of three quarters of the votes (validly) cast. The articles of association of an SE may stipulate that the simple majority of the votes cast is sufficient for a resolution of the general meeting amending the articles of association, provided that at least half of the share capital is represented (section 51 sentence 1 SEAG). This does not apply with regard to a modification of the corporate purpose, a resolution on the transfer of the registered office as well as in cases where a larger majority of the share capital is required by mandatory statutory law (section 51 sentence 2 SEAG). The articles of association of Ströer SE contain a provision to this effect.



The majority required in the general meeting of a KGaA, also for a resolution amending the articles of association, is, in principle, determined by the provisions applicable to the stock corporation (section 278 (3) AktG). Thus, such resolutions require a majority of at least three quarters of the share capital represented in the adoption of the resolution as well as a simple majority of the votes (sections 179 (2), 133 AktG). The articles of association may stipulate deviating majority requirements, however with the proviso that in respect of a change in the corporate purpose only a larger majority of the share capital may be stipulated (section 179 (2) sentence 2 AktG).

In order to facilitate the formation of a majority, the proposed articles of association of Ströer SE & Co. KGaA provide for the simple majority of the votes and, if required, of the share capital to suffice unless the articles of association or mandatory legal provisions require a larger majority of the votes or the share capital (see section VI.3.3). The articles of association of Ströer SE contain a comparable provision.

Certain resolutions of the general meeting of a KGaA additionally require the general partners' consent (section 285 (2) sentence 1 AktG). This consent requirement applies to all matters which in the case of a limited partnership require the consent of both the general partners and the limited partners (section 285 (2) sentence 1 AktG). These include, for example, resolutions in relation to capital measures, inter-company agreements, transformation measures (such as merger or change of the legal form) and the dissolution of the Company.

#### Special audit

By virtue of the comprehensive reference provision in Art. 9 (1) lit. c) ii) SE Regulation and the reference provision in Art. 52 (2) SE Regulation, the provisions applicable to a German stock corporation (sections 142, 258, 315 AktG) apply to the SE and through section 278 (3) AktG to the KGaA.

#### Assertion of claims for compensation against corporate bodies / shareholders' actions

The SE Regulation and the SEAG do not contain any provisions regarding the assertion of claims for compensation and shareholders' actions. By virtue of the comprehensive reference provision in Art. 9 (1) lit. c) ii) SE Regulation, the provisions of the German Stock Corporation Act (sections 147 et seq. AktG) are, therefore, applicable. According to section 278 (3) AktG, the above provisions apply also to the KGaA.

### **2.5 Annual financial statements/consolidated financial statements**

The preparation of the annual financial statements and the consolidated financial statements, including the related management reports, as well as the auditing and publication of the financial statements are governed for an SE by the legal provisions applicable to a German stock corporation (Art. 61 SE Regulation). In addition, the pro-



visions of German stock corporation law and of the German Commercial Code apply by virtue of Art. 9 (1) lit. c) ii) and Art. 52 (2) SE Regulation.

In the case of a KGaA, the annual financial statements are prepared and presented by the managing general partners within the first three months of the financial year (section 283 no. 9 AktG, sections 242, 264 HGB). The annual financial statements are then to be audited by the auditors. Promptly after receipt of the auditors' audit report, the managing general partners must submit the annual financial statements, the management report and the audit report as well as a proposal for the appropriation of profits to the supervisory board (section 283 no. 9 and 10 AktG in conjunction with section 170 AktG). The supervisory board must examine the documents (sections 278 (3), 171 AktG) although in the case of a KGaA – as opposed to an SE – it is, apart from that, not involved in the formal approval of the annual financial statements. According to section 286 (1) AktG, the annual financial statements are formally approved by resolution of the general meeting with the consent of the general partners. According to section 278 (3) AktG, all provisions dealing with the disclosure of items in the balance sheet, the composition of the balance sheet and valuation issues which must be observed by a stock corporation also apply to the annual financial statements of the KGaA.

## **2.6 Measures for the procurement of capital and capital reduction**

Generally, the same provisions regarding capital measures applicable to a German stock corporation also apply to an SE. However, to the extent that resolutions for capital measures of an SE can be adopted only by a simple majority of the share capital pursuant to a stipulation in the articles of association, they now only require a simple majority of the votes. But this applies only if at least half of the share capital is represented. Otherwise, a majority of two thirds of the votes cast (and not a simple majority of the votes and of the share capital) is required. Capital measures which, pursuant to the German Stock Corporation Act, already require mandatory larger majorities (such as capital increases with an exclusion of the subscription right or reductions of capital) also require a majority of three quarters of the votes cast in the case of an SE.

The KGaA can raise equity capital both in the form of limited shares and - in deviation from the SE - through contributions of assets by general partners which are not made against the issuance of share capital (section 281 (2) AktG). The creation or increase of general partners' shares is governed exclusively by the law dealing with limited partnerships (section 278 (2) AktG). As an increase in the contribution of assets by general partners constitutes an amendment to the articles of association, a resolution to be adopted by the general meeting with the required majority is necessary for this (see section VI.2.4 – *General Meeting – Rights of the General Meeting*). An increase in the share capital of the KGaA, ie the capital put up by the limited shareholders, is governed by the general provisions of stock corporation law (section 278 (3)

AktG). In addition to the resolution of the general meeting to increase the capital, a resolution of the general partners giving their consent is necessary pursuant to section 285 (2) sentence 1 AktG.

## **2.7 Invalidity of resolutions of the general meeting and of the formally approved annual financial statements / special audit**

### *Invalidity of resolutions of the general meeting*

The SE Regulation and the SEAG do not contain any provisions regarding the challenging of resolutions or the examination (by a court) of the legality of the content of resolutions (*materielle Beschlusskontrolle*). By virtue of the comprehensive reference provision in Art. 9 (1) lit. c) ii) SE Regulation and in Art. 5 SE Regulation, the provisions of the German Stock Corporation Act regarding the invalidity of resolutions of the general meeting (sections 241 et seq. AktG) apply. According to section 278 (3) AktG, the above provisions apply also to the KGaA.

### *Invalidity or challenging of the election of supervisory board members*

By virtue of the comprehensive reference provision in Art. 9 (1) lit. c) ii) SE Regulation and in Art. 5 SE Regulation, the provisions of the German Stock Corporation Act (sections 250 et seq. AktG) dealing with the invalidity or challenging of the election of supervisory board members apply in principle to the SE and, according to section 278 (3) AktG, also to the KGaA.

### *Invalidity of the formally approved annual financial statements*

By virtue of the comprehensive reference provision in Art. 9 (1) lit. c) ii) SE Regulation, and pursuant to section 278 (3) AktG, the provisions governing the invalidity of the formally approved annual financial statements (sections 256, 257 AktG) apply to the SE and the KGaA, respectively.

### *Special audit because of inadmissible undervaluation*

By virtue of the comprehensive reference provision in Art. 9 (1) lit. c) ii) SE Regulation, and pursuant to section 278 (3) AktG, the provisions governing the special audit because of inadmissible undervaluation (sections 258 to 261a AktG) apply to the SE and the KGaA, respectively.

### *Dissolution of the Company*

Regarding the dissolution, liquidation, insolvency, cessation of payments and similar procedures, an SE is governed by the legal provisions applicable to a stock corporation. This also applies to the provisions regarding the adoption of resolutions by the general meeting (Art. 63 SE Regulation). The dissolution of a KGaA is governed by

section 289 AktG. Accordingly, the provisions regarding limited partnerships and the supplementary provisions that are specific to the KGaA are applicable. The company is liquidated in accordance with the provisions of stock corporation law, which are applicable, pursuant to section 290 AktG, with specific exceptions taking account of the legal form.

The SE differs from the KGaA in that a resolution to transfer the registered office to another Member State is not deemed to constitute a dissolution resolution since Art. 8 SE Regulation allows the transfer of the registered office of an SE to another Member State. The transfer of the registered office requires a resolution of the general meeting for which the majority required to amend the articles of association is necessary. To any shareholder who declares an objection to the transfer resolution which is recorded in the minutes of the general meeting, the SE has to offer to acquire his shares against payment of adequate cash compensation (section 12 (1) sentence 1 SEAG).

## **2.8 Affiliated undertakings**

Like a stock corporation, the KGaA is governed by the provisions dealing with affiliated undertakings in sections 291 et seq. AktG. German law on groups of companies is also applicable to the SE. According to the prevailing opinion, this also applies to a controlled SE.

Therefore, in the event of the conclusion of a control and/or profit transfer agreement, outside shareholders are entitled to the rights to adequate compensation payments which are provided for in the case of a German stock corporation or KGaA. This also applies in the case of a squeeze-out of minority shareholders against an adequate cash compensation (sections 327a et seq. AktG). Therefore - according to the prevailing opinion - the transformation will not lead to any changes.

## **2.9 Dissolution by a court**

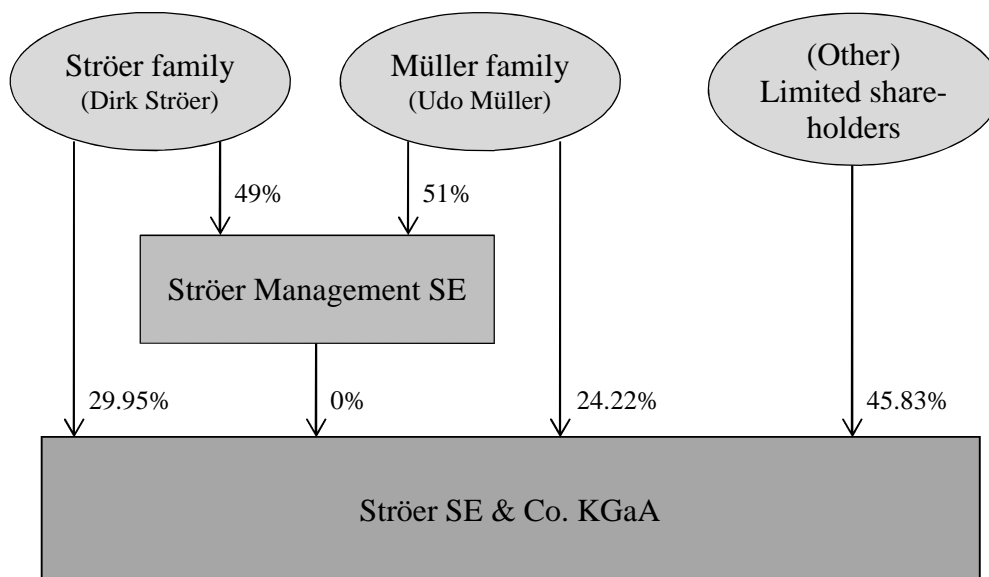
By virtue of the comprehensive reference provision in Art. 9 (1) lit. c) ii) SE Regulation and Art. 63 SE Regulation, the provisions regarding the dissolution by a court of a stock corporation and of a partnership limited by shares (sections 396 to 398 AktG) also apply to an SE.

## **2.10 Provisions on fines and penalties**

The provisions on fines and penalties under German stock corporation law (sections 399 et seq. AktG) also apply, according to section 408 AktG, analogously to the KGaA and, by virtue of the comprehensive reference provision in Art. 9 (1) lit. c) ii) SE Regulation and Art. 63 SE Regulation, also to the SE.

### **3. LEGAL STRUCTURE OF STRÖER SE & CO. KGAA**

Dirk Ströer and Udo Müller are the sole shareholders of Ströer Management SE (currently still bearing the corporate name Atrium 78. Europäische VV SE). Ströer Management SE is to become the General Partner of Ströer SE & Co. KGaA without, however, participating in the assets or in any profit or loss of the Company. As a consequence, the shareholders' current participation in the share capital of the Company will not change as a result of the Change of Legal Form. The corporate structure of Ströer SE & Co. KGaA can be graphically shown as follows:



### 3.1 General remarks on the legal structure of Ströer SE & Co. KGaA

The relationship between the general partners on the one hand and the limited shareholders on the other hand can mostly be freely shaped in the articles of association of a KGaA. The articles of association of a KGaA can thus be adjusted to the specific requirements of the members of the company at the time of the formation of the KGaA or, as the case may be, the change of the legal form to the KGaA. As the articles of association of the KGaA can be changed subsequently only by resolution of the general meeting and with the general partners' consent, both the limited shareholders and the general partners are effectively protected against any unilateral amendment to the articles of association by the other category of members of the company.

As already described in more detail in section III, the transformation of Ströer SE into Ströer SE & Co. KGaA is intended to primarily give the Company flexibility in its financing possibilities while at the same time preserving its status as a family company. This requires that a long-term influence of the Ströer and Müller families on the Company is preserved. Future equity measures leading to the issue of new ordinary shares in respect of which the Ströer and Müller families, however, cannot or do not wish to purchase new shares would, in the legal form of the SE, result in a dilution of the percentage shareholdings of the two families and, therefore, reduce their influence. A change of legal form of the Company to a KGaA, however, allows to preserve such influence and to maintain the Company's status as a family company and, as a result, to create an incentive for the Ströer and Müller families to give their consent to future equity measures. Furthermore, a dilution of the stake held by the Ströer and

Müller families will arise when the closing of the purchase agreement concluded with Deutsche Telekom AG on 13 August 2015 regarding the acquisition of Interactive Media CCSP GmbH and of the internet portal T-Online.de by Ströer will occur and the subsidiary of Deutsche Telekom AG holding the divisions concerned will be contributed to the Company against the issue of shares from authorised capital. A Change of Legal Form of the Company to a KGaA would ensure a long-term influence of the Ströer and Müller families despite of the aforementioned dilution.

The new corporate structure proposed to the General Meeting is intended to preserve, on the one hand, a long-term influence of the Ströer and Müller families on the Company without extending it – to the extent legally possible. On the other hand, specific protective mechanisms are intended to ensure, for the benefit of the remaining shareholders of the Company, that the outstanding position of both the Müller family and the Ströer family will be contingent upon a significant financial commitment to Ströer SE & Co. KGaA. For this purpose, it is intended that this outstanding position will cease to exist if the participation collectively held by the Ströer and Müller families falls to 10 per cent or less of the Company's share capital. It is guaranteed at the same time that the business operations of the Company will remain unaffected by the Change of Legal Form.

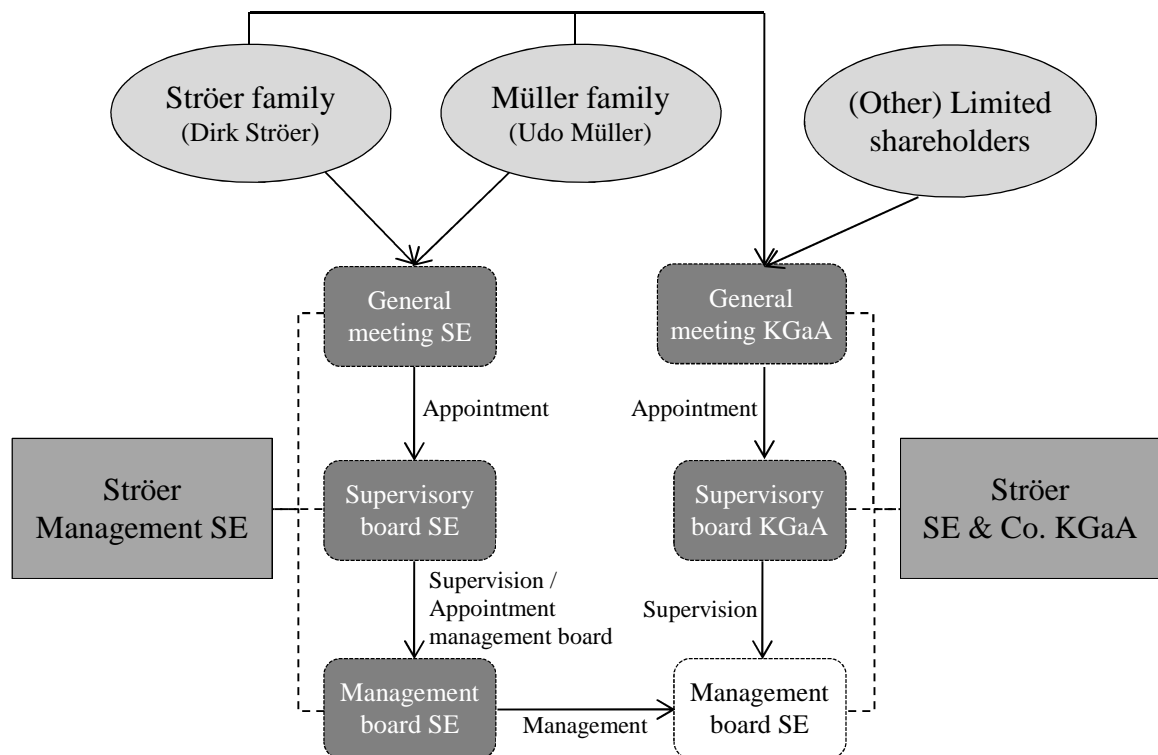
A long-term influence of the Ströer and Müller families will be preserved through the proposed structure in such a way that Ströer Management SE, in which Dirk Ströer holds a 49 per cent share and Udo Müller holds a 51 per cent share, will assume the function of the General Partner. Although the allocation of powers between the corporate bodies of the SE, on the one hand, and the KGaA, on the other hand, differs, the new structure will largely reflect the current shareholders' actual allocation of influence on Ströer SE (in this respect, see the explanations in section VI.4 below).

The choice of the SE as the legal form of the General Partner is intended to establish a link to the present European legal form of Ströer SE. This emphasizes the importance of the international business, especially the European business, for the Ströer Group, which will in the future also be reflected by the corporate name of the Company, *Ströer SE & Co. KGaA*. Within a general partner having this legal form, the management structures currently existing within Ströer SE can be continued in a similar way. Accordingly, the General Meeting of Ströer Management SE (currently still bearing the company name Atrium 78. Europäische VV SE) already amended the articles of association of the General Partner on 18 August 2015 in such manner that their wording essentially contains the same provisions regarding the relationship between the Management Board and the Supervisory Board as the articles of association of Ströer SE. The corresponding amendments to the articles of association are to be filed for registration with the commercial register of the Amtsgericht (Local Court) Düsseldorf as soon as possible so that the registration will take place before the extraordinary General Meeting of Ströer SE on 25 September 2015. Furthermore, subject to the



powers granted to the respective corporate bodies by law, the rules of procedure for the two corporate bodies will be modeled on the existing rules of procedure for Ströer SE. All current members of the Management Board of Ströer SE - and only they - are also members of the Management Board of the General Partner. Moreover, all current members of the Supervisory Board of Ströer SE are also members of the Supervisory Board of the General Partner.

The structure of Ströer SE & Co. KGaA can be illustrated as follows:



### 3.2 The corporate bodies of Ströer SE & Co. KGaA

#### *General Partner*

In the course of the transformation of Ströer SE into Ströer SE & Co. KGaA, Ströer Management SE will accede to the Company as sole General Partner. Ströer Management SE will not assume any interest in the share capital and will thus participate neither in the assets, nor in the profit and loss of Ströer SE & Co. KGaA. Ströer Management SE was founded under the name Atrium 78. Europäische VV SE on 24 February 2015 (notarial deed no. 4384/2015 of the notary Dr. Peter Kolb officiating at Bonn) and entered in the commercial register of the Amtsgericht (Local Court) Düsseldorf under HRB 74421 with a share capital of € 120,000 on 3 March 2015. Dirk Ströer and Udo Müller are the sole shareholders of Ströer Management SE.

Details regarding the provisions of the articles of association of Ströer Management SE, printed in Annex 4 hereto and adopted in this form by the General Meeting of Ströer Management SE on 18 August 2015, are described in section VI.3.4.

The sole corporate purpose of Ströer Management SE will be to participate in Ströer SE & Co. KGaA as its General Partner and to manage the business of Ströer SE & Co. KGaA. Accordingly, Ströer Management SE will not become active beyond its role as General Partner of Ströer SE & Co. KGaA. In performing its management functions, Ströer Management SE must observe the same duties of care as those to be observed by the Management Board of an SE in relation to the SE. The Management Board of Ströer Management SE has the duty to carefully manage Ströer SE & Co. KGaA and the Supervisory Board of Ströer Management SE has the duty to carefully supervise the Management Board in its management of Ströer SE & Co. KGaA.

Deviating from the statutory model of the KGaA, management measures of Ströer Management SE outside the ordinary course of business do not require the consent of the limited shareholders in the General Meeting. According to the statutory rule, every transaction which in terms of its nature or extent goes beyond the ordinary course of business requires - as in the case of a limited partnership - the consent of the limited shareholders in the General Meeting (section 164 HGB in conjunction with section 278 (2) AktG). The precise delimitation between management measures in the ordinary course of business and management measures outside the ordinary course of business is, however, problematic and leads to considerable legal uncertainty. Moreover, the convening of a General Meeting for the purpose of obtaining consent to individual management measures involves considerable effort and high costs. Any action for avoidance might block the measures for a longer period of time and thus cause disadvantages for Ströer SE & Co. KGaA. Although it would generally be possible to make management measures outside the ordinary course of business contingent upon the consent of the Supervisory Board instead of the General Meeting, this would significantly reduce the influence of Udo Müller. Udo Müller is prohibited from voting in elections for the Supervisory Board of the KGaA and can, therefore, not exert any influence on the composition of the Supervisory Board. Thus, the proposed stipulations essentially reflect the currently existing possibilities of the shareholders to exert an influence (for this, see section VI.4). Furthermore, the General Meeting's right to participate in management measures of crucial importance (so-called "Holzmüller/Gelatine" cases) will remain unaffected by the transformation into the KGaA.

The relationship between the corporate bodies within Ströer Management SE follows the existing stipulations for Ströer SE. In particular, due to the amendment to the articles of association of Ströer Management SE as adopted by the General Meeting of Ströer Management SE on 18 August 2015, the same legal transactions will require

the consent of the Supervisory Board of Ströer Management SE as those currently subject to the consent of the Supervisory Board of Ströer SE.

The Management Board of Ströer Management SE is currently composed of Mr. Udo Müller, Mr. Christian Schmalzl and Dr. Bernd Metzner, who are also members of the Management Board of Ströer SE. The Supervisory Board of Ströer Management SE is currently composed of Mr. Christoph Vilanek, Mr. Dirk Ströer and Mr. Ulrich Voigt, who are also members of the Supervisory Board of Ströer SE. This structure is intended to ensure for the shareholders that the reliable and successful cooperation between the current members of the corporate bodies will continue. Furthermore, the amendment to the articles of association of Ströer Management SE dated 18 August 2015 provides for an increase in the number of Supervisory Board members to six members in total. The additional three seats on the Supervisory Board of Ströer Management SE arising upon registration of the amended articles of association in the commercial register shall be filled as soon as possible; suitable candidates for them have not yet been determined. In the agreement on the acquisition of Interactive Media CCSP and the internet portal T-Online.de by Ströer SE entered into with Deutsche Telekom AG on 13 August 2015, it has been agreed that, after completion of the acquisition, Deutsche Telekom will be represented on the Supervisory Board of Ströer Management SE for one term for which the members of the Supervisory Board are elected.

#### *Supervisory board*

The current Supervisory Board members of Ströer SE - Mr. Christoph Vilanek, Mr. Dirk Ströer and Mr. Ulrich Voigt - will also become members of the Supervisory Board of Ströer SE & Co. KGaA after the Change of Legal Form has taken effect. Their term of office will end when the Change of Legal Form becomes effective so that they shall be newly appointed as members of the Ströer SE & Co. KGaA Supervisory Board by the extraordinary General Meeting of the Company to be held on 25 September 2015 – subject to the condition precedent that the Change of Legal Form takes effect. Furthermore, the articles of association of Ströer SE & Co. KGaA provide for a six-member Supervisory Board. Therefore, Martin Diederichs, Michael Remagen and Julia Flemmerer will be proposed to the extraordinary General Meeting to be held on 25 September 2015 for election as additional Supervisory Board members of Ströer SE & Co. KGaA. After completion of the acquisition of Interactive Media CCSP and the internet portal T-Online.de from Deutsche Telekom AG, it has been also agreed that Deutsche Telekom will be represented on the Supervisory Board of Ströer SE & Co. KGaA for one term for which the members of the Supervisory Board are elected.

Decisions on the new election or dismissal of members of the Supervisory Board within Ströer SE & Co. KGaA will be made by the future limited shareholders unless

they are prohibited from voting. Such a prohibition from voting applies (at least) to Udo Müller because he will be not only a limited shareholder, but also a member of the management body of the General Partner and its controlling shareholder. Dirk Ströer is not subject to such a prohibition from voting because, although he is holding a stake in the General Partner, he does not control it. That means that (at least) Udo Müller will in future have no influence on the composition of the Supervisory Board of Ströer SE & Co. KGaA. The Change of Legal Form to Ströer SE & Co. KGaA is thus associated with a certain increase in the rights of control of the remaining limited shareholders.

Due to its specific legal form, Ströer SE & Co. KGaA has a Supervisory Board with fewer powers and less influence than the Supervisory Board of Ströer SE (see in general section VI.2.4 – *Supervisory Board – Duties and rights of the Supervisory Board*). The Supervisory Board of Ströer SE & Co. KGaA cannot appoint the General Partner or its corporate bodies. Moreover, it cannot resolve upon a list of management measures of the General Partner being subject to its consent. Likewise, the Supervisory Board is not allowed to issue rules of procedure for the General Partner. Finally, in a KGaA, the remaining limited shareholders at the General Meeting, subject to the consent of the General Partner, (rather than the Supervisory Board) resolve on the formal approval of the annual financial statements. However, the Supervisory Board of Ströer SE & Co. KGaA shall have rights of supervision and control under the statutory provisions and the articles of association in relation to the General Partner to the same extent as such rights exist in a stock corporation in relation to the management board. In summary, the other limited shareholders, after the Change of Legal Form to a KGaA, will have more influence on the Supervisory Board to be elected by them in the future (without the votes of Udo Müller) than they had in Ströer SE; but this Supervisory Board will not be allowed to appoint the General Partner's Management Board so that the other limited shareholders are also unable to exert any indirect influence on the management measures of the Company. However, the present level of protection of the other limited shareholders from any influence by the Ströer and Müller families will be continued in a comparable manner (see the description in section VI.4).

### *General Meeting*

The Change of Legal Form will not affect the shareholders' proportionate interest in the share capital and thus will not result in any change in the voting situation at the General Meeting. However, at the General Meeting of Ströer SE & Co. KGaA, Udo Müller is subject to certain prohibitions from voting in his capacity as a member of the Management Board and controlling shareholder of the General Partner. For example, Udo Müller will not be entitled to exercise his voting right at the General Meeting of Ströer SE & Co. KGaA for resolutions on the election and removal of the Supervisory Board, the formal approval of the acts of the General Partner and of the members

of the Supervisory Board, the appointment of special auditors, the assertion of damage claims against members of the corporate bodies, the waiver of damage claims, and the election of auditors (section 285 (1) sentence 2 AktG). According to a view held in legal literature, also Dirk Ströer (in his capacity as non-controlling shareholder of the General Partner) would be subject to such prohibitions from voting; however, this view is rejected by the majority of authors in legal literature.

Unlike the situation in Ströer SE, certain matters in Ströer SE & Co. KGaA require not only a resolution of the General Meeting, but also the consent of the General Partner, that is Ströer Management SE. This requirement of consent shall apply to all matters which in the case of a limited partnership would require the consent of both the general partners and the limited partners (section 285 (2) sentence 1 AktG). These include amendments to the articles of association and other resolutions of fundamental importance such as resolutions in relation to capital measures, inter-company agreements, transformation measures (such as merger or change of the legal form) and the dissolution of the Company. Due to this statutory veto right of the general partner, the position of the other limited shareholders of a KGaA is deemed to be weaker than that of the general meeting of the SE.

Pursuant to section 286 (1) sentence 1 AktG, the general meeting, as a rule, resolves on the formal approval of the annual financial statements. This resolution also requires the consent of the general partner of a KGaA (section 286 (1) sentence 2 AktG).

Apart from that, the procedure at the general meeting is the same as the procedure at the General Meeting of Ströer SE.

### 3.3 Explanation of the Articles of Association of Ströer SE & Co. KGaA

The proposed Articles of Association for Ströer SE & Co. KGaA, which are attached to this transformation report as Annex 3, are based on the Articles of Association of the existing Ströer SE. Key provisions of the Articles of Association of Ströer SE have been included in the proposed Articles of Association of Ströer SE & Co. KGaA, particularly in relation to the capital structure, the Supervisory Board and the General Meeting. Other areas – particularly in relation to the management and representation of the Company – have been adjusted in line with the new legal form.

The following overview provides a summary of selected aspects and is intended to provide an outline comparison of the Articles of Association of Ströer SE and the proposed Articles of Association of Ströer SE & Co. KGaA.

Aspect	Articles of Association of Ströer SE	Articles of Association of STRÖER SE & Co. KGaA
<b>Company's name</b>	Ströer SE	STRÖER SE & Co. KGaA
<b>Registered office</b>	Düsseldorf	Cologne
<b>Corporate purpose</b>	Management holding, i.e. the grouping of companies, advising these companies and performing other business management tasks as well as providing services for companies that are active in the areas of advertising (in particular, in the external and online segments) and media (in particular, in the online segment).	Management holding, i.e. the grouping of companies, advising these companies and performing other business management tasks as well as providing services for companies that are active in the areas of advertising (in particular, in the external and online segments) and media (in particular, in the online segment).
<b>Share capital</b>	<ul style="list-style-type: none"> <li>• EUR 48,869,784.00</li> <li>• Divided up into 48,869,784 ordinary bearer shares</li> </ul>	<ul style="list-style-type: none"> <li>• EUR 48,869,784.00</li> <li>• Divided up into 48,869,784 ordinary bearer shares</li> </ul>
<b>Authorised/Conditional Capital</b>	<ul style="list-style-type: none"> <li>• <u>Authorised capital</u>: Issuance of new ordinary bearer shares for an amount of up to EUR 18,938,495.00; authorisation to exclude the subscription</li> </ul>	<ul style="list-style-type: none"> <li>• <u>Authorised capital</u>: Issuance of new ordinary bearer shares for an amount of up to EUR 18,938,495.00; authorisation to exclude the subscription</li> </ul>



Aspect	Articles of Association of Ströer SE	Articles of Association of STRÖER SE & Co. KGaA
	<p>right</p> <ul style="list-style-type: none"> <li>• <u>Conditional Capital 2010</u>: Issuance of ordinary bearer shares up to an amount of EUR 11,776,000.00 to holders of convertible bonds and/or equity warrant bonds (the authorisation to issue such bonds has not been utilised, and this authorisation expired on 12 July 2015)</li> <li>• <u>Conditional Capital 2013</u>: issuance of ordinary bearer shares up to an amount of EUR 3,176,400.00 to holders of share option rights under the 2013 Share Options Programme</li> <li>• In case of a positive resolution passed by the General Meeting on 25 September 2015 on item 1 of the agenda: <u>Conditional Capital 2015</u>: issuance of ordinary bearer shares up to an amount of EUR 2,123,445.00 to holders of share option rights under the 2015 Share Options Programme</li> </ul>	<p>right</p> <ul style="list-style-type: none"> <li>• <u>Conditional Capital 2010</u>: Not applicable, due to the expiry of the authorisation provided by the General Meeting</li> <li>• <u>Conditional Capital 2013</u>: issuance of ordinary bearer shares up to an amount of EUR 3,176,400.00 (or, following a positive resolution passed by the General Meeting on 25 September 2015 on item 1 of the agenda: EUR 2,274,700.00) to holders of share option rights under the 2013 Share Options Programme</li> <li>• In case of a positive resolution passed by the General Meeting on 25 September 2015 on item 1 of the agenda: <u>Conditional Capital 2015</u>: issuance of ordinary bearer shares up to an amount of EUR 2,123,445.00 to holders of share option rights under the 2015 Share Options Programme</li> </ul>

Aspect	Articles of Association of Ströer SE	Articles of Association of STRÖER SE & Co. KGaA
<b>Shares</b>	48,869,784 bearer shares	48,869,784 bearer shares
<b>Management/ Representation</b>	<ul style="list-style-type: none"> <li>• Managed by the Management Board</li> <li>• Represented by two members of the Management Board or by one Management Board member together with a Prokurist (authorised signatory) (the members of the Management Board have a right of sole representation).</li> </ul>	<ul style="list-style-type: none"> <li>• Management and representation by the General Partner</li> <li>• Withdrawal of the General Partner from the Company. <ul style="list-style-type: none"> <li>(a) once the shareholders of the General Partner jointly hold less than 10% of the Company's share capital, directly or indirectly for a period of more than one week; and</li> <li>b) should a single person who is not a member of the Müller or Ströer families gain controlling influence over the General Partner and fail to submit a takeover or mandatory bid to the Company's shareholders within three months of acquiring such controlling influence.</li> </ul> </li> </ul>
<b>Number/election/term of office of the Supervisory Board members</b>	<ul style="list-style-type: none"> <li>• Three members of the Supervisory Board</li> <li>• Appointed by the General Meeting</li> <li>• Appointed for the period up to the end of the General Meeting granting discharge for the fourth business year since the commencement of their term of office – not including the business year in which their term of office begins – but for a maximum period of six years.</li> </ul>	<ul style="list-style-type: none"> <li>• Six members of the Supervisory Board</li> <li>• Appointed by the General Meeting (once the German Co-Determination Act (<i>Mitbestimmungsgesetz, MitbestG</i>) becomes applicable, half of the members must be elected by the employees)</li> <li>• Appointed – unless the General Meeting resolves otherwise – for the period up to the end of the General Meeting granting discharge for the fourth business year since the commencement of</li> </ul>

Aspect	Articles of Association of Ströer SE	Articles of Association of STRÖER SE & Co. KGaA
		<p>their term of office – not including the business year in which their term of office begins – but for a maximum period of six years.</p>
<b>Makeup of the Supervisory Board</b>	Appointment of a chairman and a deputy chairman	Appointment of a chairman and a deputy chairman
<b>Meetings/ passing of resolutions by the Supervisory Board</b>	<ul style="list-style-type: none"> <li>• Resolutions are regularly passed during meetings.</li> <li>• Resolutions outside of the scope of meetings may also be made orally, by telephone, in writing, by fax, by e-mail or by other usual means of communication, in particular via video conferencing, if all members of the Supervisory Board participate in the resolution or if the chairman of the Supervisory Board decides upon this form of voting and no member of the Supervisory Board objects to it.</li> <li>• The Supervisory Board will be quorate if at least two members participate in the passing of resolutions.</li> <li>• Resolutions passed by the Supervisory Board will require a majority of the votes cast; in case of a tied vote, the chairman of the Supervisory Board shall have the casting vote</li> </ul>	<ul style="list-style-type: none"> <li>• Resolutions are regularly passed during meetings.</li> <li>• Resolutions outside of the scope of meetings may also be made orally, by telephone, in writing, by fax, by e-mail or by other usual means of communication, in particular via video conferencing, if all members of the Supervisory Board participate in the resolution or if the chairman of the Supervisory Board decides upon this form of voting and no member of the Supervisory Board objects to it.</li> <li>• The Supervisory Board will be quorate if at least three members participate in the passing of resolutions.</li> <li>• Resolutions passed by the Supervisory Board will require a majority of the votes cast; in case of a tied vote, the chairman of the Supervisory Board shall have the casting vote</li> </ul>
<b>Rights and obligations of the Supervisory</b>	<ul style="list-style-type: none"> <li>• Monitoring of the Company's management by the Manage-</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring of the Company's management by the General</li> </ul>

Aspect	Articles of Association of Ströer SE	Articles of Association of STRÖER SE & Co. KGaA
<b>Board</b>	<p>ment Board</p> <ul style="list-style-type: none"> <li>• Certain management measures of the Management Board shall require the consent of the Supervisory Board.</li> <li>• Supervisory Board may extend the list of measures requiring consent</li> <li>• Supervisory Board adopts the rules of procedure for the Management Board</li> </ul>	<p>Partner.</p>
<b>Supervisory Board's remuneration</b>	<p>The remuneration for the members of the Supervisory Board is approved by the General Meeting.</p>	<p>The remuneration for the members of the Supervisory Board is approved by the General Meeting, subject to the consent of the General Partner.</p>
<b>Convocation of the General Meeting</b>	<p>At least 30 days prior to the date upon whose expiry the shareholders must have registered prior to the General Meeting.</p>	<p>At least 30 days prior to the date upon whose expiry the shareholders must have registered prior to the General Meeting.</p>
<b>Attendance of the General Meeting</b>	<ul style="list-style-type: none"> <li>• The Company must receive the registration and proof of entitlement at least six days prior to the General Meeting.</li> <li>• The notice of convocation may specify a shorter time limit; the date of the General Meeting and the date of receipt of the registration will not be taken into consideration in calculating the time limits</li> <li>• A registration is required in writing (section 126b <i>BGB</i>); the custodian bank must provide documentation of this entitle-</li> </ul>	<ul style="list-style-type: none"> <li>• The Company must receive the registration and proof of entitlement at least six days prior to the General Meeting.</li> <li>• The notice of convocation may specify a shorter time limit; the date of the General Meeting and the date of receipt of the registration will not be taken into consideration in calculating the time limits</li> <li>• A registration is required in writing (section 126b <i>BGB</i>); the custodian bank must provide documentation of this entitlement in</li> </ul>

Aspect	Articles of Association of Ströer SE	Articles of Association of STRÖER SE & Co. KGaA
	ment in writing, in German or English.	writing, in German or English.
<b>Date of the General Meeting</b>	Within the first six months of the end of a business year.	Within the first eight months of the end of a business year.
<b>Chairing of the General Meeting</b>	Chairman of the Supervisory Board, in case of his incapacity a member of the Supervisory Board determined by the chairman	Chairman of the Supervisory Board, in case of his incapacity a member of the Supervisory Board determined by the chairman
<b>Voting at the General Meeting</b>	<ul style="list-style-type: none"> <li>• Unless the Articles of Association or mandatory legal provisions stipulate otherwise, resolutions shall be passed with a simple majority of the votes cast.</li> <li>• If at least half of the share capital is represented and a larger majority is not mandatorily stipulated by law, a simple majority of the votes cast is required for amendments of the Articles of Association.</li> <li>• As far as the German Stock Corporation Act is applicable and prescribes for passing of resolutions a majority of the share capital represented during the passing of the resolution, a simple majority of the share capital represented will be sufficient insofar as this is permitted by law.</li> </ul>	<ul style="list-style-type: none"> <li>• Unless the Articles of Association or mandatory legal provisions stipulate otherwise, resolutions shall be passed with a simple majority of the votes cast.</li> <li>• As far as the German Stock Corporation Act prescribes for passing of resolutions a majority of the share capital represented during the passing of the resolution, a simple majority of the share capital represented will be sufficient insofar as this is permitted by law.</li> </ul>
<b>Annual financial statements</b>	<ul style="list-style-type: none"> <li>• Preparation by the Management Board</li> <li>• Approval by the Supervisory</li> </ul>	<ul style="list-style-type: none"> <li>• Prepared by the General Partner.</li> <li>• Approved by means of a resolution passed by the General Meet-</li> </ul>

Aspect	Articles of Association of Ströer SE	Articles of Association of STRÖER SE & Co. KGaA
	Board	ing, with the consent of the General Partner.
<b>Distribution of profits</b>	<ul style="list-style-type: none"> <li>The General Meeting shall decide on the utilisation of the accumulated profit.</li> </ul>	<ul style="list-style-type: none"> <li>The General Meeting shall decide on the utilisation of the accumulated profit.</li> </ul>
<b>Partial voidness</b>	If individual provisions of these Articles of Association are invalid, this shall not affect the validity of the remainder of the Articles of Association.	If individual provisions of these Articles of Association are invalid, this shall not affect the validity of the remainder of the Articles of Association.

In the following, the relevant provisions of the proposed Articles of Association of Ströer SE & Co. KGaA are set out in detail. In particular, deviations from the contents of the current provisions of the Articles of Association of Ströer SE are pointed out.

#### *General provisions*

##### Company's name, registered office and term (section 1 of the Articles of Association)

The Company's new name provided for in section 1 (1) of the proposed Articles of Association, *Ströer SE & Co. KGaA*, corresponds to the provision laid down in section 279 (2) *AktG* such that the Company's name must include an addendum indicating its limited-liability status if no natural person assumes personal liability within the Company. Other than the inclusion of the addendum "& Co. KGaA" and the form of writing, the Company's name will not otherwise change as a result of the transformation. Like Ströer SE, in accordance with section 1 (2) of the proposed Articles of Association Ströer SE & Co. KGaA will have its registered office in Cologne, Germany. The Company will remain established for an unlimited period, as before (cf. section 1 (3)).

##### Corporate purpose (section 2 of the Articles of Association)

Ströer SE & Co. KGaA will have the same corporate purpose as Ströer SE.

##### Announcements and transmission of information (section 3 of the Articles of Association)

Pursuant to section 3 (1) of the proposed Articles of Association, announcements by the Company shall be published in the German Federal Gazette (*Bundesanzeiger*).



Pursuant to section 3 (2) of the proposed Articles of Association, the Company may also transmit information to the shareholders of the Company via remote data transmission. These provisions are identical with section 3 of the Articles of Association of Ströer SE.

### *Share capital and shares*

The provisions concerning capital in the proposed Articles of Association of Ströer SE & Co. KGaA (cf. sections 4 to 6) are largely based upon the provisions of the Company's current Articles of Association (sections 4 to 6a). However, this reflects the fact that the powers of the Management Board will be transferred to the General Partner and that the Management Board's authorisation to issue convertible bonds and equity warrant bonds and thus utilise the Conditional Capital 2010 expired on 12 July 2015 (section 6 of the Articles of Association of Ströer SE will thus not be incorporated). Subject to a positive resolution passed on item 1 of the agenda at the extraordinary General Meeting on 25 September 2015, the Conditional Capital 2013 (section 6 of the Articles of Association) will be adjusted accordingly and a new Conditional Capital 2015 will be inserted in section 6a with the wording indicated in the transformation resolution.

### Share capital (section 4 of the Articles of Association)

Section 4 (1) of the proposed Articles of Association for Ströer SE & Co. KGaA corresponds to section 4 (1) of the Articles of Association of Ströer SE and continues to stipulate that the share capital of the Company shall amount to EUR 48,869,784.00. Pursuant to section 4 (2) which corresponds to section 4 (2) sentence 1 of the Articles of Association of Ströer SE, the share capital is divided up into 48,869,784 no-par value shares.

Section 4 (3) of the proposed Articles of Association sets out that the share capital of Ströer SE has been/will be provided through the transformation of Ströer Out-of-Home Media GmbH into a stock corporation, then through the transformation of Ströer Media AG into an SE and now through the transformation of Ströer SE into Ströer SE & Co. KGaA. A relevant stipulation is necessary in relation to the application of the provisions concerning the formation of German companies. A corresponding reference to the contribution of the share capital has thus been included in the Articles of Association of Ströer SE & Co. KGaA.

If the clause concerning the share capital should be amended before the Change of Legal Form becomes effective, the Management Board will be required according to the transformation resolution to register the Articles of Association of Ströer SE & Co. KGaA for entry in the commercial register, with a section 4 which has been revised accordingly (and, subject to utilisation of the Authorised Capital 2014, also a revised section 5). For instance, the share capital would be amended before the

Change of Legal Form became effective through earlier issuance of shares out of the authorised capital to Deutsche Telekom AG in return for the contribution of Ströer's acquisition Interactive Media CCSP GmbH and the internet portal T-Online.de.

#### Authorised capital 2014 (section 5 of the Articles of Association)

Section 5 of the proposed Articles of Association of Ströer SE & Co. KGaA includes the Authorised Capital 2014 of Ströer SE and is therefore largely identical with section 5 of the Articles of Association of Ströer SE. The sole differences result from the transfer of the power of management from the Management Board to the General Partner and from the fact that the Authorised Capital 2014 may only be drawn upon in its amount as of the Change of Legal Form. In other respects, section 5 of the Articles of Association for Ströer SE has been incorporated without changes for Ströer SE & Co. KGaA. With the consent of the Supervisory Board, in certain circumstances the General Partner may thus exclude the shareholders' subscription right (section 5 (2)). With the consent of the Supervisory Board of Ströer SE & Co. KGaA, pursuant to section 5 (3) the General Partner will continue to determine the other contents of the rights of the shares and the conditions for the issue of the shares. In future, the Supervisory Board will remain entitled to amend the wording of the Articles of Association in accordance with the utilisation of the Authorised Capital 2014 or upon expiry of the authorisation period without any increase (cf. section 5 (4)).

#### Conditional Capital 2013 (section 6 of the Articles of Association)

Section 6 of the proposed Articles of Association of Ströer SE & Co. KGaA (Conditional Capital 2013) largely matches section 6a of the Articles of Association of Ströer SE. Its wording merely reflects the transfer of the power of management from the Management Board to the General Partner and prescribes that the conditional capital increase will only apply up to the amount or number of shares in whose value it has not yet been performed as of the Change of Legal Form becoming effective. With the consent of the Company's Supervisory Board, the General Partner will remain authorised to determine the further details of the conditional capital increase and its implementation unless share option rights and shares are to be issued to members of the Management Board of the General Partner; in this case, the Supervisory Board will stipulate these details on its own (cf. section 6 (3)).

Should the extraordinary General Meeting on 25 September 2015 resolve the partial cancellation of the Conditional Capital 2013, as proposed in item 1 of the agenda in the invitation to the General Meeting, the wording of section 6 of the proposed Articles of Association of Ströer SE & Co. KGaA through a reduction of the Authorised Capital 2013 by EUR 901,700.00 – from up to EUR 3,176,400.00 to up to EUR 2,274,700.00 – would be revised accordingly (cf. clause (4) of the draft version of the transformation resolution). In addition, a new section 6a has been inserted in the pro-

posed Articles of Association, with the wording indicated in clause (4) of the draft version of the transformation resolution. The Company's share capital would thus be conditionally increased by an amount of up to EUR 2,123,445.00 through the issuance of 2,123,445 no-par-value bearer shares. The conditional capital increase will be used solely to grant rights to the holders of share option rights under the 2015 Share Options Programme insofar as holders of share option rights under the 2015 Share Options Programme exercise their subscription rights and the Company does not fulfil these share option rights through cash payments.

Section 6 of the Articles of Association of Ströer SE (Conditional Capital 2010) has not been included in the Articles of Association of Ströer SE & Co. KGaA since the Company's Management Board has not made use of its authorisation to utilise the Conditional Capital 2010 and this authorisation expired on 12 July 2015.

#### Bearer shares, share certificates (section 7 of the Articles of Association)

Section 7 of the proposed Articles of Association of Ströer SE & Co. KGaA essentially matches section 7 of the Articles of Association of Ströer SE. Para. 1 sentence 2 has been included by way of clarification; this stipulates that the new shares will be issued as bearer shares even in case of capital increases, unless resolved otherwise. This provision corresponds to section 4 (2) sentence 3 of the Articles of Association of Ströer SE. Para. 2 sentence 2 has been adjusted by comparison with the Articles of Association of Ströer SE in that the share certificates for the KGaA are no longer to be signed by the Management Board and will be signed by the General Partner alone. Moreover, para. 2 sentence 3 additionally clarifies that this also applies for bonds, profit participation certificates, renewal coupons and interest coupons. In other respects, section 7 of the proposed Articles of Association of Ströer SE & Co. KGaA has not changed by comparison with section 7 of the Articles of Association of Ströer SE. The limited shareholders' right to have their shares embodied in certificates thus remains excluded, where permitted by general law and stock exchange law (cf. section 7 (3) sentence 1). Ströer SE & Co. KGaA will remain entitled to issue share certificates for multiple shares (global shares) (cf. section 7 (3) sentence 2).

#### *Constitution of the Company*

In the proposed Articles of Association of Ströer SE & Co. KGaA, the provisions of the Articles of Association of Ströer SE concerning the Company's constitution as a dualistic (two-tier) SE and the Management Board (cf. sections III and IV) have been replaced by new provisions concerning the General Partner of Ströer SE & Co. KGaA and its representation of Ströer SE & Co. KGaA.

### General Partner (section 8 of the Articles of Association)

The most extensive changes in the proposed Articles of Association for Ströer SE & Co. KGaA relate to the General Partner. They reflect the fact that the KGaA will no longer have a Management Board following the Change of Legal Form and that the power of management and representation will be assigned to the exclusive competence of Ströer Management SE (currently still doing business as Atrium 78. Europäische VV SE) as the General Partner. Accordingly, the proposed Articles of Association stipulate the deletion of the provisions of the current Articles of Association concerning the Management Board (section IV) and the following corporate status and powers of the General Partner within the Articles of Association of Ströer SE & Co. KGaA:

Section 8 (1) of the proposed Articles of Association of Ströer SE & Co. KGaA stipulates that the General Partner of Ströer SE & Co. KGaA is Ströer Management SE whose registered office is situated in Düsseldorf. Pursuant to section 8 (2), Ströer Management SE will not make any special contribution and will thus participate neither in the assets, nor in the profit and loss of the Company.

In the interest of the Company's external shareholders, section 8 (3) of the proposed Articles of Association of Ströer SE & Co. KGaA stipulates a link between the interest in the share capital of the Company and the possibility of exercising influence over the Company. Under the applicable statutory provision, it would be possible for the shareholders of Ströer Management SE (i.e. currently Dirk Ströer and Udo Müller) to reduce their interest in the share capital of Ströer SE & Co. KGaA to a minimum or even relinquish it entirely but to maintain their influence over the General Partner. A General Partner or its shareholder is not obliged to also hold an interest in the share capital of the KGaA. To prevent the interest in the share capital from diverging from the possibilities of influence, section 8 (3) of the proposed Articles of Association requires Dirk Ströer and Udo Müller to hold a joint interest in the share capital of Ströer SE & Co. KGaA of not less than 10%. An ownership threshold of 10% appears appropriate in that this may already be considered significant, as indicated by the provisions of the German Securities Trading Act (*Wertpapierhandelsgesetz, WpHG*), for instance. Under section 27a *WpHG*, an interest of 10% or more of the voting rights must be deemed a significant interest (even if only held by a single person subject to a reporting obligation) which may trigger specific notification obligations regarding the objectives pursued through the acquisition of voting rights and the origin of the funds used for this acquisition.

Section 8 (3) of the proposed Articles of Association of Ströer SE & Co. KGaA accordingly prescribes that the General Partner will withdraw from the Company if its shareholders hold less than 10% of the share capital of Ströer SE & Co. KGaA for a period of more than one week. This provision means that Dirk Ströer and Udo Müller

may not reduce their total interest in the share capital of Ströer SE & Co. KGaA below the indicated ratio if they wish to ensure that the General Partner subject to their controlling influence may continue to perform this function within Ströer SE & Co. KGaA. However, the Articles of Association grant them the opportunity to prevent the withdrawal of the General Partner by transferring to the Company all of their interests in the General Partner and thus voluntarily relinquishing their position of influence.

Moreover, section 8 (4) (a) of the proposed Articles of Association of Ströer SE & Co. KGaA stipulates that the General Partner shall withdraw from the Company if a person who is not Dirk Ströer or Udo Müller or a spouse, partner or direct relative of them acquires controlling influence over the General Partner and fails to submit a takeover or mandatory bid to the Company's shareholders which must comply with the provisions of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz, WpÜG*) within three months of acquiring such controlling influence. This provision means that the external shareholders will in any case be protected by the provisions of *WpÜG* which have been declared applicable in the proposed Articles of Association in the event of a sale of the General Partner and will have a (joint) right of sale in case of any actual change of control.

Section 8 (4) (b) of the proposed Articles of Association of Ströer SE & Co. KGaA also includes detailed provisions on the value of the consideration offered in the takeover or mandatory bid. These provisions are outlined below:

(1) Statutory minimum price

Pursuant to section 5 (1) of the Bid Regulations for the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz-Angebotsverordnung, WpÜG-AngVO*), in case of takeover and mandatory bids the consideration must amount to not less than the weighted average German stock-market price of the shares during the final three months prior to publication in accordance with section 10 (1) sentence 1 *WpÜG* or section 35 (2) sentence 1 *WpÜG*. Pursuant to section 4 *WpÜG*, the consideration must moreover correspond to the value of a consideration granted or agreed within the last six months prior to publication of the bid document for the purchase of shares in the target company.

(2) Legal situation at Ströer SE

Due to the statutory minimum price, before the Change of Legal Form becomes effective the external shareholders of Ströer SE would benefit from a possible control premium since pursuant to section 4 *WpÜG-AngVO* the purchaser would also have to pay the other shareholders of Ströer SE the purchase price paid for the shares of the controlling shareholders. A purchase price paid by the purchaser to the controlling share-

holders would therefore also benefit the external shareholders insofar as it exceeds the current stock-market price.

(3) Provision in section 8 of the proposed Articles of Association of Ströer SE & Co. KGaA

Once the Change of Legal Form becomes effective, control over the Company's business will be primarily held by the General Partner or by its controlling shareholders. A possible control premium would therefore probably be paid not for the acquisition of limited partnership shares but for the acquisition of shares in the General Partner. However, *WpÜG* does not stipulate that a control premium of this nature for the acquisition of the General Partner would also benefit the limited shareholders. The shareholders of the General Partner would thus benefit from a control premium, but not the external limited shareholders of Ströer SE & Co. KGaA.

To prevent this outcome, section 8 (4) (b) of the proposed Articles of Association of Ströer SE & Co. KGaA stipulates that – provided that a purchaser pays a control premium in order to gain controlling influence over the General Partner – the minimum price calculated according to *WpÜG* will be increased by the control premium apportioned pro rata to each share, subject to equal distribution of the control premium to all of the shares issued by Ströer SE & Co. KGaA. To obtain the value of the control premium, of the overall consideration paid by the purchaser (i.e. both for shares in the Company and for shares in the General Partner) the total amount of (i) the proportion of the balance-sheet equity of Ströer Management SE accounted for by the shares purchased in Ströer Management SE and (ii) the minimum price for the limited partnership shares purchased in Ströer SE & Co. KGaA, calculated according to *WpÜG*, will be deducted. This provision means that the external shareholders will benefit from a possible control premium even after the Change of Legal Form to become a KGaA becomes effective.

Section 8 (4) (c) of the proposed Articles of Association of Ströer SE & Co. KGaA also clarifies that a possible obligation for the purchaser of the shares in the Company and in the General Partner to submit a takeover or mandatory bid to the shareholders of Ströer SE & Co. KGaA shall remain unaffected. Moreover, section 8 (5) and (6) clarifies that the General Partner may withdraw from the Company upon providing notice of termination, while complying with a six-month notice period as of the end of a business year and that the other grounds prescribed by law for the General Partner's withdrawal shall remain unaffected.

In the event that the General Partner withdraws from the Company within the scope of the above-mentioned procedure or on other grounds, section 8 (7) of the proposed Articles of Association of Ströer SE & Co. KGaA stipulates that the Company is to continue as a so-called unitary KGaA (*Einheits-KGaA*), i.e. with a General Partner whol-



ly owned by the Company itself. In case of continuation as a unitary KGaA, section 8 (8) stipulates that an extraordinary General Meeting or the next regular General Meeting will decide on the Company's Change of Legal Form to become an SE or a stock corporation. The path of transformation to become an SE or a stock corporation is facilitated in this case, since the Articles of Association obligate the General Partner here to issue its consent to the Change of Legal Form and prescribe that a simple majority of the votes cast is sufficient.

#### Management and representation of the Company (section 9 of the Articles of Association)

Section 9 of the proposed Articles of Association of Ströer SE & Co. KGaA prescribes that Ströer SE & Co. KGaA shall be represented by the General Partner and repeats with declaratory effect the statutory provision concerning representation of the KGaA (cf. section 278 (2) *AktG* in conjunction with sections 170, 161 (2), 125 *HGB* and section 287 (2) *AktG*). Ströer SE & Co. KGaA is thus outwardly represented by its General Partner (cf. section 9 (1) sentence 1). In relation to the General Partner, Ströer SE & Co. KGaA is represented by its Supervisory Board pursuant to section 9 (1) sentence 2 of the proposed Articles of Association.

Section 9 (2) of the proposed Articles of Association prescribes that the General Partner shall manage Ströer SE & Co. KGaA and includes the statutory provision stipulating the General Partner's power of management (cf. section 278 (2) *AktG* in conjunction with sections 164 sentence 1, 1<sup>st</sup> half-sentence, 114 (1) *HGB*). In deviation from the relevant statutory provision (cf. section 278 (2) *AktG* in conjunction with section 164 (1) 2<sup>nd</sup> half-sentence *HGB*), section 9 (2) of the proposed Articles of Association of Ströer SE & Co. KGaA stipulates that the General Partner's power of management includes extraordinary management measures and that the limited shareholders may not object in case of extraordinary management measures. This provision of the Articles of Association prevents problematic definitional issues and associated areas of legal uncertainty as well as additional effort and costs due to the convocation of General Meetings (cf. section 6.3.2 – General Partner). The General Meeting's right of participation in case of measures of outstanding significance (so-called "Holzmüller/Gelatine" cases) remains unaffected by the transformation into the KGaA.

Section 9 (3) of the proposed Articles of Association of Ströer SE & Co. KGaA stipulates that the Company must reimburse its General Partner for any expenses associated with its management of the Company's business. This also includes the remuneration of the members of the Management Board and the Supervisory Board of the General Partner. The upshot is that Ströer SE & Co. KGaA is to bear all of the costs of its own management itself. Ströer Management SE will be exclusively concerned with the management of Ströer SE & Co. KGaA. For this it receives annual (profit and loss-independent) remuneration in the amount of EUR 5,000.00 (in words: five thou-



sand euros). This ensures that the capital invested by Dirk Ströer and Udo Müller in the form of the share capital of Ströer Management SE will receive an appropriate minimum return. This also reflects the liability risk of Ströer Management SE as the General Partner of Ströer SE & Co. KGaA. This interest is necessary on tax grounds so as to avoid an assumption of a hidden profit distribution by the General Partner to its shareholders, in the value of an appropriate liability remuneration.

#### Supervisory Board (sections 10 to 15 of the Articles of Association)

The section on the Supervisory Board in the proposed Articles of Association for Ströer SE & Co. KGaA reflects the fact that the legal form of the KGaA entails certain changes in the tasks and powers of the Supervisory Board.

#### Composition, term of office and resignation from office (section 10 of the Articles of Association)

Section 10 of the proposed Articles of Association of Ströer SE & Co. KGaA incorporates virtually verbatim the provisions which were previously included in section 11 of the Company's Articles of Association. The sole change is that, once the Change of Legal Form becomes effective, the Company's Supervisory Board will have six members instead of its current three (cf. section 10 (1)).

Section 10 (2) of the proposed Articles of Association of Ströer SE & Co. KGaA regulates the period of office of the members of the Supervisory Board. As at Ströer SE (there, section 11 (2) of its Articles of Association), the Supervisory Board members are appointed for a period up to the end of the General Meeting granting discharge for the fourth business year since the commencement of their term of office, but for a maximum period of six years. The General Meeting may specify a shorter term of office.

Moreover, section 10 (3) of the proposed Articles of Association of Ströer SE & Co. KGaA stipulates (as already prescribed in section 11 (3) of the Articles of Association of Ströer SE) that the General Meeting may appoint replacement members for Supervisory Board members who will become members of the Supervisory Board in the event of the respective Supervisory Board member resigning prior to expiry of his term of office. The office of a replacement member assuming a seat on the Supervisory Board will expire as of the end of the General Meeting at which a replacement member is elected, but no later than as of the expiry of the term of office of the resigned Supervisory Board member.

Finally, section 10 (4) of the proposed Articles of Association of Ströer SE & Co. KGaA (like section 11 (4) of the Articles of Association of Ströer SE) stipulates that members of the Supervisory Board may resign from their office without good cause at

any time, while complying with a notice period of one month, by giving written notification to the General Partner while notifying the chairman of the Supervisory Board.

#### Chairman and deputy (section 11 of the Articles of Association)

Section 11 (1) of the proposed Articles of Association for Ströer SE & Co. KGaA corresponds to section 12 (1) of the Articles of Association of the Company and likewise stipulates in regard to the makeup of the Supervisory Board that the Supervisory Board shall hold a meeting which need not be specially convened following the General Meeting at which the members of the Supervisory Board have been newly appointed. At this meeting, the Supervisory Board will elect from among its members a chairman and a deputy for the period of their term of office on the Supervisory Board.

In the event that the chairman or one of his deputies leaves office prematurely, pursuant to section 11 (2) of the proposed Articles of Association the Supervisory Board shall re-elect a new chairman or deputy chairman without delay for the remainder of this person's term of office. This provision corresponds to section 12 (2) of the Articles of Association of Ströer SE.

#### Convocation and passing of resolutions (section 12 of the Articles of Association)

Section 12 (1) and (2) of the proposed Articles of Association of Ströer SE & Co. KGaA entirely match section 13 (1) and (2) of the Articles of Association of Ströer SE, subject to the transfer of the power of management from the Management Board to the General Partner. The meetings of the Supervisory Board of Ströer SE & Co. KGaA must be convened by the chairman in writing (in urgent cases: by telephone) with a notice period of 14 days. In urgent cases this notice period may be shortened. The individual items of the agenda must be indicated in the notice of convocation.

As a result of the expansion of the Supervisory Board of Ströer SE & Co. KGaA to six members, section 12 (3) of the proposed Articles of Association prescribes that the Supervisory Board will be quorate if at least three (cf. section 13 (3) of the Articles of Association of Ströer SE: two) of its members are present. Section 12 (4) of the proposed Articles of Association for Ströer SE & Co. KGaA corresponds to section 13 (4) of the Articles of Association of Ströer SE. Resolutions passed by the Supervisory Board thus require a majority of the votes cast, unless a different majority is prescribed by law. In case of a tied vote, the vote of the chairman will continue to be decisive.

As currently at Ströer SE, resolutions of the Supervisory Board of Ströer SE & Co. KGaA are generally passed at meetings held in person. Outside of the scope of meetings resolutions may also be passed orally, by telephone, in writing, by fax, by e-mail or by other usual means of communication, provided that all of the members of the Supervisory Board attend this meeting or the chairman of the Supervisory Board

requires this procedure and no member of the Supervisory Board objects to it within a reasonable period of time determined by the chairman.

In other respects, there are no differences by comparison with the current Articles of Association of Ströer SE in relation to the convocation of meetings of the Supervisory Board and the passing of resolutions by the Supervisory Board.

#### Rights and obligations of the Supervisory Board (section 13 of the Articles of Association)

Section 13 of the proposed Articles of Association for Ströer SE & Co. KGaA is new by comparison with the current Articles of Association of Ströer SE. Pursuant to section 13 (1) of the proposed Articles of Association, the Supervisory Board shall have the rights and obligations prescribed in mandatory legal provisions and the Articles of Association. It monitors the General Partner's management, and the General Partner is required to regularly report to the Supervisory Board. For good cause, the Supervisory Board may also require reporting on business transactions which may significantly affect the Company's position (section 13 (2) of the Articles of Association).

Section 13 (3) of the proposed Articles of Association of Ströer SE & Co. KGaA prescribes that the Supervisory Board shall exercise all of the Company's rights arising from or in connection with any interest which the Company holds in the General Partner. For instance, the Company may have an interest in the General Partner if Ströer Management SE withdraws from Ströer SE & Co. KGaA pursuant to section 8 (3) to (6) of the Articles of Association and a unitary KGaA is established in accordance with section 8 (7).

Section 13 (4) of the proposed Articles of Association for Ströer SE & Co. KGaA stipulates that the Supervisory Board is authorised to make any amendments to the Articles of Association relating to its wording, without a resolution passed by the General Meeting. This provision corresponds to section 14 (2) of the Articles of Association of Ströer SE.

#### Rules of procedure of the Supervisory Board (section 14 of the Articles of Association)

Section 14 of the proposed Articles of Association for Ströer SE & Co. KGaA stipulates that the Supervisory Board is to define its own rules of procedure. Section 14 (1) of the Articles of Association of Ströer SE includes the same stipulation.

#### Remuneration (section 15 of the Articles of Association)

Largely identical with section 15 of the Articles of Association of Ströer SE, section 15 of the proposed Articles of Association for Ströer SE & Co. KGaA also stipulates

that the remuneration of the members of the Supervisory Board will be approved by the General Meeting of the Company. However, after the Change of Legal Form has become effective the consent of the General Partner is required in addition.

#### General Meeting (sections 16 to 20 of the Articles of Association)

The provisions of the proposed Articles of Association of Ströer SE & Co. KGaA concerning the General Meeting (cf. sections 16 to 20) largely match the provisions of the current Articles of Association of Ströer SE (here likewise sections 16 to 20). Adjustments have mainly been made in order to reflect the transition of management authority from the Management Board to the General Partner. Insofar as these adjustments are linked to the change in management authority, they will not be specially emphasized in the following document.

#### Venue and convocation (section 16 of the Articles of Association)

Pursuant to section 16 (1) of the proposed Articles of Association for Ströer SE & Co. KGaA, the General Meeting shall be held either at the registered office of the Company, at the registered office of a German stock exchange or in a German city with a population of more than 100,000. This provision corresponds to section 16 (1) of the Articles of Association of Ströer SE.

Pursuant to section 16 (2) of the proposed Articles of Association for Ströer SE & Co. KGaA, the General Meeting must be convened at least 30 days prior to the date upon whose expiry the shareholders must have registered prior to the General Meeting. The date of convocation and the date upon whose expiry the shareholders must register prior to the General Meeting are not included. This provision corresponds to section 16 (2) of the Articles of Association of Ströer SE.

#### Participating in/transmission of the General Meeting (section 17 of the Articles of Association)

The provisions on attendance of the General Meeting in section 17 of the proposed Articles of Association of Ströer SE & Co. KGaA largely match the provisions on attendance of the General Meeting in section 17 of the Articles of Association of Ströer SE. Section 17 (1) to (5) of the proposed Articles of Association of Ströer SE & Co. KGaA matches section 17 (1) to (5) of the current Articles of Association of Ströer SE. Only para. 6 has been newly added.

Shareholders attending the General Meeting and wishing to exercise a voting right must register for the General Meeting and document their entitlement (section 17 (1) of the proposed Articles of Association). This registration and the proof of entitlement must arrive in writing at the Company, at the address given when the meeting was

convened, at least six days prior to the General Meeting. The date of the General Meeting and the date of receipt will not be taken into consideration.

A specific proof of share ownership produced by the custodian bank in written form, in German or English, is sufficient by way of documentation of this entitlement (cf. section 17 (3) sentence 1 of the proposed Articles of Association).

According to section 17 (5) of the proposed Articles of Association of Ströer SE & Co. KGaA, the chairman of the General Meeting is entitled but not obliged to permit video and audio transmission of the General Meeting by electronic media, as stipulated by him in detail, provided that this was announced in the notice of convocation of the General Meeting.

Section 17 (6) sentence 1 of the proposed Articles of Association of Ströer SE & Co. KGaA reproduces the legislative wording of section 285 (2) sentence 1 *AktG* and stipulates that the resolutions passed by the General Meeting require the consent of Ströer Management SE as the General Partner insofar as they concern matters which, in a limited partnership, require the agreement of the General Partner and the limited partners. If a resolution passed by the General Meeting thus requires the consent of the General Partner, it must provide notice at the General Meeting of whether it will issue or decline its consent (section 17 (6) sentence 2). These provisions reflect the peculiar characteristics of the KGaA. Accordingly, the Articles of Association of Ströer SE do not include any such provision.

#### Voting right (section 18 of the Articles of Association)

Pursuant to section 18 (1) of the proposed Articles of Association of Ströer SE & Co. KGaA – as at Ströer SE (there, also section 18 (1)) – each share in Ströer SE & Co. KGaA confers one vote at the General Meeting. Section 18 (2) of the proposed Articles of Association includes provisions on the exercise of a voting right by authorised proxies, and is in this respect identical with section 18 (2) of the current Articles of Association. Section 18 (3) sentence 1 of the proposed Articles of Association of Ströer SE & Co. KGaA provides for the right of the General Partner to stipulate in the notice of convocation for the General Meeting that shareholders may also submit their votes by mail and is thus identical with section 18 (3) of the current Articles of Association. Section 18 (3) sentence 2 of the proposed Articles of Association of Ströer SE & Co. KGaA also stipulates that the General Partner is authorised to prescribe the details of the procedure.

#### Chairing of the General Meeting (section 19 of the Articles of Association)

Section 19 of the proposed Articles of Association for Ströer SE & Co. KGaA corresponds to section 19 of the current Articles of Association of Ströer SE. At Ströer SE & Co. KGaA, too, the General Meeting is thus chaired by the chairman of the Super-

visory Board or, if he is unable to attend, another member of the Supervisory Board to be designated by the chairman. If no one has been thus designated or such person is also unable to attend, the members of the Supervisory Board will determine the chairman of the General Meeting from among their members.

The chairman shall conduct the proceedings and determine the order of the agenda as well as the type and form of voting (section 18 (2)). He may appropriately limit the right to speak and to ask questions (section 18 (3)).

#### Passing of resolutions (section 20 of the Articles of Association)

Pursuant to section 20 of the proposed Articles of Association, the General Meeting shall pass its resolutions on the basis of a simple majority of the votes cast and, if a capital majority is required by law in addition to the voting majority, on the basis of a simple majority of the share capital represented as of the passing of a resolution, unless a greater voting or capital majority is required in the Articles of Association or mandatorily by law. The reference to the SE Regulation in section 20 of the current Articles of Association of Ströer SE is not included in relation to the KGaA's new legal form, for which the provisions of the SE Regulation do not apply. Unlike section 20 of the current Articles of Association of Ströer SE, section 20 of the proposed Articles of Association of Ströer SE & Co. KGaA no longer stipulates that a simple majority of the votes cast is sufficient – as permitted in section 179 (2) sentence 2 *AktG* – for a resolution amending the Articles of Association. The basic statutory provision laid down in section 179 (2) sentence 1 *AktG* applies for Ströer SE & Co. KGaA, such that the three-quarters majority of the share capital represented at the passing of a resolution is necessary for a resolution amending the Articles of Association.

#### *Annual financial statements*

The provisions of the proposed Articles of Association for Ströer SE & Co. KGaA on the annual financial statements and the utilisation of profit (section IV) are similar to those for Ströer SE. However, they have been adjusted in line with the legal form-specific approval of the annual financial statements by the General Meeting of the KGaA, with the consent of the General Partner.

#### Business year, accounting (section 21 of the Articles of Association)

As at Ströer SE, the business year of Ströer SE & Co. KGaA is the calendar year (section 21 (1)).

Section 21 (2) of the proposed Articles of Association of Ströer SE & Co. KGaA – which stipulates that within the first three months of the business year, the General Partner shall for the past business year prepare the annual financial statements and the management report as well as the consolidated financial statements and the group



management report and submit these to the auditor – corresponds to section 21 (2) of the Company's Articles of Association.

Pursuant to section 21 (3) sentence 1 of the proposed Articles of Association, the Supervisory Board will issue the auditors with their audit engagement. Section 21 (3) sentence 2 of the proposed Articles of Association stipulates that the General Partner will be granted the opportunity to respond before the auditors' audit report is forwarded to the Supervisory Board.

Together with the presentation of the annual financial statements, the management report, the consolidated financial statements and the group management report, pursuant to section 21 (4) of the proposed Articles of Association the General Partner shall provide the Supervisory Board with its proposal for utilisation of the accumulated profit.

Finally, section 21 (5) of the proposed Articles of Association prescribes that the annual financial statements will be approved by means of a resolution passed by the General Meeting, with the consent of the General Partner. This provision merely repeats section 286 (1) *AktG*.

#### Utilisation of the net profit for the year (section 22 of the Articles of Association)

Section 22 (1) of the proposed Articles of Association stipulates that the General Partner may transfer up to half of the net profit for the year into other retained earnings in preparing the annual financial statements; as long as and as far as the other retained earnings do not exceed half of the share capital of Ströer SE & Co. KGaA and will not do so even after this transfer, up to 100% of the net profit for the year may be transferred. In future, amounts transferable to the statutory reserve and a loss carried forward must continue to be deducted from the net profit for the year in advance (section 22 (2)). Since at the KGaA the annual financial statements are no longer approved by the Management Board and the Supervisory Board and instead by the General Meeting with the consent of the General Partner (section 286 (1) *AktG*), the power to transfer portions of the net profit for the year to other retained earnings has been assigned to the General Partner. In other respects, section 22 (1) of the proposed Articles of Association corresponds to section 22 of the current Articles of Association of Ströer SE.

#### Utilisation of profits and calculation of the shareholders' profit shares (section 23 of the Articles of Association)

Section 23 of the proposed Articles of Association for Ströer SE & Co. KGaA is identical with section 23 of the current Articles of Association of Ströer SE. It has only included the fact that the General Partner will manage the Company after the Change of Legal Form becomes effective.



Section 23 (1) of the proposed Articles of Association thus stipulates in accordance with the Company's current Articles of Association (there likewise section 23 (1)) that the General Meeting will determine the utilisation of the accumulated profit. Moreover, as well as or instead of a cash dividend, in certain circumstances it may also resolve dividends in kind (section 23 (2)). The profit share of a shareholder will be determined according to his respective interest in the Company's share capital (cf. section 23 (3), which thus repeats section 60 (1) *AktG*). Section 23 (4) of the proposed Articles of Association makes use of the authorisation laid down in section 60 (3) *AktG* and specifies that in the event of a capital increase the shareholders' profit shares may be determined in deviation from section 60 (2) sentence 3 *AktG*. With the consent of the Supervisory Board, upon expiry of a business year the General Partner may distribute an interim dividend to the shareholders within the framework of section 59 *AktG* (section 23 (5)).

### *Concluding provisions*

#### Transformation costs and partial voidness (section V of the Articles of Association)

Section V (2) of the proposed Articles of Association prescribes that the costs for the legal form-changing transformation of the Company to become a KGaA of up to EUR 1,000,000.00 (in words: one million euros) will be assumed by the Company and thus supplements the provision in section V (1) – which is already included in the Articles of Association of Ströer SE (there, section VIII (1)) – under which costs associated with the Company's transformation to become an SE of up to EUR 3,000,000.00 (in words: three million euros) will be assumed by the Company.

Identically with the previous provision in the Articles of Association of Ströer SE (section VIII (2)), section V (3) stipulates that the nullity or invalidity of individual provisions of the Articles of Association will not affect the validity of the remaining provisions of the Articles of Association.

### **3.4 Explanation of the Articles of Association of Ströer Management SE**

The new version of the Articles of Association of Ströer Management SE (currently still doing business as Atrium 78. Europäische VV SE), as resolved by the General Meeting of Ströer Management SE on 18 August 2015, is attached to this transformation report as Annex 4. The resolved amendments of the Articles of Association will soon be registered for entry in the commercial register held by Düsseldorf District Court (*Amtsgericht Düsseldorf*) which is competent for Ströer Management SE. However, it is expected that they will be duly registered before the extraordinary General Meeting of Ströer SE on 25 September 2015. The newly resolved Articles of Association of Ströer Management SE are largely based on the existing Articles of Association of Ströer SE and are intended to reflect Ströer Management SE's new role as the General Partner of Ströer SE & Co. KGaA.

### *General provisions*

#### Company's name, registered office and term (section 1 of the Articles of Association)

Section 1 (1) of the new Articles of Association stipulates that the current Atrium 78. Europäische VV SE will in future do business under the name Ströer Management SE. Section 1 (2) stipulates that Ströer Management SE has its registered office in Düsseldorf. Once the Change of Legal Form becomes effective, Ströer Management SE will transfer its registered office to Cologne, where Ströer SE & Co. KGaA also has its registered office. Finally, section 1 (3) stipulates that Ströer Management SE has been established for an unlimited period.

#### Corporate purpose (section 2 of the Articles of Association)

In section 2 (1) of the new version of the Articles of Association of Ströer Management SE, the Company's sole purpose of business is its interest in Ströer SE & Co. KGaA, as its General Partner, and its management of this company. In addition to this purpose of business of Ströer Management SE, for clarification the purpose of business of Ströer SE & Co. KGaA is also indicated in section 2 (2) and (3) of the Articles of Association. Section 2 (4) of the new Articles of Association finally clarifies that Ströer Management SE may undertake any measures and transactions which are associated with the purpose of Ströer SE & Co. KGaA or which are directly or indirectly conducive to its corporate purpose.

#### Announcements (section 3 of the Articles of Association)

Section 3 of the Articles of Association – which prescribes that announcements by the Company shall be published in the German Federal Gazette (*Bundesanzeiger*) – is identical with section 3 (1) of the Articles of Association of Ströer SE.

### *Share capital and shares*

The provisions concerning the share capital and the shares (section II of the new version of the Articles of Association) strongly differ from the corresponding provisions of the existing Articles of Association of Ströer SE, since the structure of the share capital of Ströer Management SE has been strongly simplified by comparison with Ströer SE, while the structure of the shareholders – i.e. the fact that 49% of the shares are held by Dirk Ströer and 51% by Udo Müller – requires additional provisions.

#### Amount and structure of the share capital (section 4 of the Articles of Association)

The share capital amounts to EUR 120,000.00 (section 4 (1)). Section 4 (2) of the new version of the Articles of Association of Ströer Management SE stipulates that the shares are to be issued as no-par-value registered shares. This provision must be considered in conjunction with section 68 (2) *AktG* and section 6 (1) of the Articles of

Association: By law, only registered shares may be subject to restrictions of transferability. To safeguard the existing ownership structure for Dirk Ströer and Udo Müller and the Ströer and Müller families, the shares in Ströer Management SE are to be subject to restrictions on transferability, i.e. their transfer and encumbrance with third-party rights will only be permitted with the Company's consent.

Dirk Ströer currently holds 58,800, i.e. 49% of the shares in Ströer Management SE. The Articles of Association define these shares (and any shares also subscribed for by Dirk Ströer in future, within the scope of capital increases, cf. section 4 (4) of the Articles of Association) as *Ströer shares* or *Ströer shares granting a right of appointment*. Udo Müller currently holds 61,200, i.e. 51% of the shares in Ströer Management SE. The Articles of Association define these shares (and any shares also subscribed for by Udo Müller in future, within the scope of capital increases, cf. section 4 (4) of the Articles of Association) as *Müller shares*. The provisions in section II of the revised Articles of Association reflect the idea that the Ströer shares and the Müller shares are to be permanently held by the Ströer and Müller families, within the existing ownership structure, independently of Dirk Ströer and Udo Müller, so as to safeguard the long-term influence of the Ströer and Müller families on Ströer SE & Co. KGaA (through Ströer Management SE). Accordingly, section 4 (3) sentence 2 of the Articles of Association prescribes that the Ströer shares and the Müller shares will retain their status as such even if they are no longer exclusively held by Dirk Ströer or Udo Müller.

Section 4 (5) stipulates that Ströer shares purchased by holders of Müller shares will thus become Müller shares, and vice versa. This does not apply for the Ströer shares granting a right of appointment; in any case, these are only the 58,800 shares currently held by Dirk Ströer (and any shares additionally subscribed for by Dirk Ströer within the scope of capital increases).

#### Registered shares, share certificates (section 5 of the Articles of Association)

The shares in Ströer Management SE will be issued as registered shares (section 5 (1) of the revised Articles of Association). The form and contents of the share certificates are determined by the Management Board with the consent of the Supervisory Board. The shareholders' right to have their shares embodied in certificates is excluded pursuant to section 5 (3) of the Articles of Association. Under section 5 (4), the Company is entitled to issue share certificates both as single shares and as global shares.

#### Transfer and call-in of shares (section 6 of the Articles of Association)

Section 6 of the revised Articles of Association of Ströer Management SE includes various provisions on the options for the transfer and call-in of shares.

Pursuant to para. 1, the transfer and the encumbrance of shares with third-party rights (above all, the pledging of shares) shall require the Company's consent which the Supervisory Board will duly grant or decline on the basis of the majority of the votes cast. If the shareholder wishing to sell his shares is a member of the Supervisory Board or if this shareholder has appointed members to the Supervisory Board (e.g. Dirk Ströer), the affected persons will nonetheless be permitted to vote on the resolution. If the Supervisory Board has not yet granted its consent, pursuant to section 6 (2) the General Meeting of Ströer Management SE may decide on this by means of a unanimous resolution (i.e. currently through a joint resolution of Dirk Ströer and Udo Müller). A resolution passed by the General Meeting on the grant of consent shall then require a majority of at least three-quarters of the share capital represented within the scope of the resolution.

In respect of the call-in of shares, section 6 (3) of the revised Articles of Association stipulates that in case of the death of a shareholder the Management Board will call in the shares held by this shareholder – even without the consent of his heir or other legal successor – unless the heirs or other legal successors are spouses, partners or direct relatives of the shareholder or shareholders who already held an interest in the Company before the accrual of the inheritance. In the event of persons fulfilling the above criteria acquiring the shares of the deceased shareholder within six months of his death, these shares will likewise not be called in. Section 6 (3) sentence 2 clarifies that a refusal on the part of the Supervisory Board or the General Meeting to grant consent for a transfer to persons fulfilling the above criteria will not result in an extension of the six-month time limit.

Pursuant to section 6 (4), shares must also be called in if the affected shares are (i) pledged or encumbered with third-party rights or (ii) transferred to the ownership or the legal power of disposal of a third party without the consent of the Supervisory Board or the General Meeting, before the death of the shareholder; or if German insolvency proceedings or similar foreign proceedings are initiated in respect of the assets of the relevant shareholder.

The Management Board will declare this call-in by registered mail. The voting right of the affected shareholder will be suspended from receipt of the declaration. The call-in may be declared, at the earliest, if persons permitted as successors to the current shareholders in accordance with section 6 (3) (a) provide notice of the above-mentioned six-month period for the acquisition of shares. Upon learning of the expiry of the above-mentioned time limit, the Supervisory Board will have a further six-month period in which it may declare the call-in (section 6 (5)).

In the event of a call-in of shares, section 6 (6) prescribes that the affected shareholder or his legal successors or creditors shall be paid a call-in fee in the amount of the pro rata share of the Company's equity capital in accordance with the Company's most

recently published annual financial statements which corresponds to the value of the called-in shares. A premium on the market value (control premium) which may be achievable through a possible sale of the shares to a third party will not be included in the valuation.

After calling in shares, the Supervisory Board is authorised to amend the section of the Articles of Association regarding the share capital accordingly (section 6 (7)).

*Constitution of Ströer Management SE (section III of the Articles of Association)*

Section III on the constitution of Ströer Management SE corresponds to section III of the current Articles of Association of Ströer SE. Like Ströer SE, Ströer Management SE is also based on the dualistic (two-tier) system. The bodies of the Company are thus the Management Board as the managing body, the Supervisory Board as the supervisory body and the General Meeting.

*Management Board (section IV of the Articles of Association)*

The provisions of the revised Articles of Association of Ströer Management SE on the Management Board (sections 7 to 9) largely correspond to the provisions in the Articles of Association of Ströer SE. This is intended to ensure that the management structures within the General Partner are largely identical with the management structures of the existing Ströer SE. The only deviations relate to the fact that Ströer Management SE will exclusively manage the business of Ströer SE & Co. KGaA and represent it in and out of court, but will not undertake any business of its own.

Composition and representation (section 7 of the Articles of Association)

Section 7 of the revised Articles of Association corresponds to section 8 of the Articles of Association of Ströer SE. This provision clarifies that the Management Board of Ströer Management SE must consist of at least two persons. However, its precise number of members will be determined by the Supervisory Board, which will also appoint the chairman of the Management Board and his deputy.

As with Ströer SE, the Supervisory Board appoints the members of the Management Board of Ströer Management SE for a maximum period of five years (section 7 (2)). As a rule, resolutions of the Management Board are passed on the basis of a simple majority; in case of a tied vote, the chairman of the Management Board has the casting vote (section 7 (3)). In the case of Ströer Management SE, too, it is the Supervisory Board which adopts the rules of procedure for the Management Board (section 7 (4)). Unlike the corresponding provision in the Articles of Association of Ströer SE, section 7 (4) of the revised Articles of Association of Ströer Management SE does not stipulate that the Supervisory Board shall also indicate business transactions in these rules of procedure for whose execution the Management Board requires the consent of

the Supervisory Board. However, through section 9 (2) of the revised Articles of Association the Supervisory Board remains entitled to make management measures not regulated in the Articles of Association subject to its consent.

All of the members of the Management Board of Ströer SE (or in future Ströer SE & Co. KGaA) will in future also be members of the Management Board of Ströer Management SE.

#### Representation of the Company (section 8 of the Articles of Association)

Section 8 (1) of the Articles of Association stipulates that Ströer Management SE will be represented by two members of the Management Board or by one member of the Management Board together with an authorised signatory. The requirements of consent stipulated in section 9 (1) of the Articles of Association must be complied with. In deviation from the requirement for representation by two members of the Management Board or by a Management Board member together with a Prokurist (authorised signatory) which is necessary in principle in accordance with section 8 (1), according to section 8 (2) of the Articles of Association the Supervisory Board may grant one or more Management Board members the right of sole representation or exemption from the restrictions laid down in section 181 alternative 2 *BGB*. The Supervisory Board is thus granted greater flexibility.

#### Transactions requiring approval (section 9 of the Articles of Association)

Section 9 of the Articles of Association stipulates that Ströer Management SE may not enact specific management measures in its capacity as the General Partner of Ströer SE & Co. KGaA without the prior consent of the Supervisory Board of Ströer Management SE: In detail, this comprises (i) determination of the investment and financial planning of Ströer SE & Co. KGaA for the following business year, (ii) starting new and discontinuing old business areas by Ströer SE & Co. KGaA, (iii) acquisition and disposal of undertakings, shares in undertakings, operations or parts of operations outside of the Ströer Group if the purchase costs or sales proceeds exceed EUR 20 million in an individual case, and (iv) the conclusion, amendment and cancellation of intercompany agreements. The list of management measures requiring consent is largely identical with the list in section 10 (1) of the Articles of Association of Ströer SE. The only change is that the limit indicated in (iii) has been increased from EUR 10 million to EUR 20 million. The extension of this list of measures requiring consent to the Management Board of Ströer Management SE serves to preserve the existing governance structure.

Moreover, section 9 (2) of the Articles of Association prescribes that the Supervisory Board may define the list of transactions which the Management Board may only undertake with the express prior consent of the Supervisory Board, thus expanding the list of management measures requiring consent which is laid down in section 9 (1).



*Supervisory Board (section V of the Articles of Association)*

Section V of the revised Articles of Association of Ströer Management SE concerning the Supervisory Board also largely incorporates the provisions which were previously included in section V of the Company's Articles of Association. However, changes have initially resulted from the fact that the Supervisory Board of the Company will have six members upon the Change of Legal Form becoming effective (like the Supervisory Board of Ströer SE & Co. KGaA). Moreover, Dirk Ströer and any future holders of the shares (so-called *Ströer shares granting a right of appointment*) which Dirk Ströer currently holds in Ströer Management SE shall be granted rights of appointment for the Supervisory Board in accordance with section 101 (2). This is intended to safeguard Dirk Ströer's long-term influence on the makeup of the body monitoring Ströer SE's management (after the Change of Legal Form becomes effective, as well as the Supervisory Board of Ströer SE & Co. KGaA also the Supervisory Board of Ströer Management SE), despite his status as a minority shareholder of Ströer Management SE. Employees will not be included. (That would result in co-determination for employees on the Supervisory Board of Ströer Management SE.)

Composition, term of office and resignation from office (section 10 of the Articles of Association)

Section 10 (1) sentence 1 of the revised Articles of Association initially stipulates that the Supervisory Board of Ströer Management SE is to consist of six members. Of these members, four are to be elected by the General Meeting while the remaining two – i.e. one third of the members of the Supervisory Board – are to be appointed by Dirk Ströer (cf. section 10 (1) sentences 2 and 4). However, the relevant rights of appointment are not tied to Dirk Ströer and are instead – in accordance with section 101 (2) sentence 2 *AktG* – tied to the ownership of the shares currently held by Dirk Ströer in Ströer Management SE (defined in the Articles of Association as the *Ströer shares granting a right of appointment*). If the Ströer shares granting a right of appointment are held by more than one person, the rights of appointment may only be uniformly exercised by their respective holders (section 10 (1) sentence 3). The rights of appointment will automatically expire if the Ströer shares granting a right of appointment are no longer held by Dirk Ströer himself or by a family member, i.e. a person who is a spouse, partner or direct relative of Dirk Ströer. The rights of appointment will also expire if Dirk Ströer and/or his family members do not hold at least 5% of the share capital of Ströer SE & Co. KGaA (section 10 (1) sentence 1). The grant of rights of appointment is intended to preserve the existing influence of Dirk Ströer and the Ströer family on the Company's management, despite his/their status as a minority shareholder of Ströer Management SE.

Section 10 (2) of the revised Articles of Association of Ströer Management SE regulates the term of office of the (elected and appointed) Supervisory Board members. As



at Ströer SE (there, section 11 (2) of its Articles of Association), the Supervisory Board members are appointed for a period up to the end of the General Meeting granting discharge for the fourth business year since the commencement of their term of office, but for a maximum period of six years. The General Meeting may specify a shorter term of office.

Moreover, section 10 (3) of the proposed Articles of Association of Ströer Management SE stipulates (as already prescribed in section 11 (3) of the Articles of Association of Ströer SE) that the General Meeting may appoint replacement members for the Supervisory Board members (elected by it) who will become members of the Supervisory Board in the event of the respective Supervisory Board member resigning prior to expiry of his term of office. The office of a replacement member assuming a seat on the Supervisory Board will expire as of the end of the General Meeting at which a replacement member is elected, but no later than as of the expiry of the term of office of the resigned Supervisory Board member. The above provisions are also to apply for the members of the Supervisory Board appointed in accordance with section 10 (1) of the revised Articles of Association (section 10 (3) sentence 4).

Finally, section 10 (4) of the proposed Articles of Association of Ströer Management SE (like section 11 (4) of the Articles of Association of Ströer SE) stipulates that members of the Supervisory Board may resign from their office without good cause at any time, while complying with a notice period of one month, by giving written notification to the Management Board while notifying the chairman of the Supervisory Board.

#### Chairman and deputy (section 11 of the Articles of Association)

Section 11 (1) of the proposed Articles of Association for Ströer Management SE corresponds to section 12 (1) of the Articles of Association of Ströer SE and likewise stipulates in regard to the makeup of the Supervisory Board that the Supervisory Board shall hold a meeting which need not be specially convened following the General Meeting at which the members of the Supervisory Board are newly appointed. At this meeting, the Supervisory Board will elect from among its members a chairman and a deputy for the period of their term of office on the Supervisory Board. Section 11 (2) of the Articles of Association of Ströer Management SE now includes a provision – which is new by comparison with section 12 of the Articles of Association of Ströer SE – such that the chairman of the Supervisory Board will be elected on the basis of a simple majority of the votes cast and that the presiding chairman of the Supervisory Board shall have the casting vote in regard to his own re-election.

In the event that the chairman or one of his deputies leaves office prematurely, pursuant to section 11 (3) of the proposed Articles of Association the Supervisory Board

shall re-elect a new chairman or deputy chairman without delay for the remainder of this person's term of office. This provision corresponds to section 12 (3) of the Articles of Association of Ströer SE. Pursuant to section 11 (4), the oldest member of the Supervisory Board shall undertake the tasks of the chairman of the Supervisory Board if both the chairman and his deputy are unable to do so.

#### Convocation and passing of resolutions (section 12 of the Articles of Association)

Section 12 (1) and (2) of the revised Articles of Association of Ströer Management SE almost entirely matches section 13 (1) and (2) of the Articles of Association of Ströer SE. The meetings of the Supervisory Board of Ströer Management SE must be convened by the chairman in writing (in urgent cases: by telephone) with a notice period of seven (Ströer SE: 14) days. In urgent cases this notice period may be shortened. The individual items of the agenda must be indicated in the notice of convocation.

As a result of the increased number of members of the Supervisory Board by comparison with Ströer SE, section 12 (3) of the proposed Articles of Association stipulates that the Supervisory Board will be quorate if at least half of its members (cf. section 13 (3) of the Articles of Association of Ströer SE: two members) participate in the passing of the resolution. Section 12 (4) of the Articles of Association of Ströer Management SE corresponds to section 13 (4) of the Articles of Association of Ströer SE. Resolutions passed by the Supervisory Board thus require a simple majority of the votes cast, unless a different majority is prescribed by law. In case of a tied vote, the chairman of the Supervisory Board shall have the casting vote.

As at Ströer SE, resolutions of the Supervisory Board of Ströer Management SE are generally passed at meetings held in person. Outside of the scope of meetings, resolutions may also be passed orally, by telephone, in writing, by fax, by e-mail or by other usual means of communication, provided that all of the members of the Supervisory Board attend this meeting or the chairman of the Supervisory Board requires this procedure and no member of the Supervisory Board objects to it within a reasonable period of time determined by the chairman (section 12 (5)).

In other respects, there are no differences by comparison with the current Articles of Association of Ströer SE in relation to the convocation of meetings of the Supervisory Board and the passing of resolutions by the Supervisory Board.

#### Rules of procedure of the Supervisory Board; amendments to the Articles of Association (section 13 of the Articles of Association)

Section 13 of the revised Articles of Association precisely matches section 14 of the Articles of Association of Ströer SE and stipulates that (i) the Supervisory Board will define its own rules of procedure in accordance with applicable statutory provisions and the Articles of Association (para. 1) and (ii) the Supervisory Board may on its

own resolve amendments of the Articles of Association which only relate to the wording of the Articles of Association (para. 2).

#### Supervisory Board's remuneration (section 14 of the Articles of Association)

Like section 15 of the current Articles of Association of Ströer SE, section 14 of the revised Articles of Association of Ströer Management SE stipulates that the remuneration of the members of the Supervisory Board will be approved by the General Meeting.

#### *General Meeting (section VI of the Articles of Association)*

The provisions of the Articles of Association of Ströer Management SE on the General Meeting (sections 15 to 18) have been considerably simplified by comparison with the provisions of the Articles of Association of Ströer SE, since Ströer Management SE only has two shareholders, Dirk Ströer and Udo Müller. In particular, the rules regarding the preconditions for attendance of the General Meeting laid down in section 17 of the Articles of Association of Ströer SE have been omitted.

#### Venue and convocation (section 15 of the Articles of Association)

Pursuant to section 15 (1) of the revised Articles of Association, as a rule the General Meeting will be convened by the Management Board and shall be held either at the registered office of the Company, at the registered office of a German stock exchange or in a German city with a population of more than 100,000.

Since its shareholders are known to Ströer Management SE by name within the meaning of section 121 (4) sentence 2, in deviation from the basic statutory prescription and the provisions of the Articles of Association of Ströer SE section 15 (2) provides for the simplified option of convening the General Meeting in writing, by fax or by e-mail. The General Meeting must be convened at least 30 days prior to the date of the General Meeting, not including the date of sending of the invitation and the date of the General Meeting.

As a further simplification and in view of the fact that Ströer Management SE only has two shareholders, section 15 (4) of the revised Articles of Association stipulates that resolutions of the General Meeting may be passed even without complying with the statutory provisions on convocation (sections 121 to 128 *AktG*) if all of the shareholders attend or are represented at the passing of the resolution and no shareholder objects to this procedure for passing resolutions. Section 15 (4) of the Articles of Association thus repeats the statutory provision laid down in section 121 (6) *AktG*.

#### Voting right (section 16 of the Articles of Association)

Pursuant to section 16 (1) of the Articles of Association, each share confers one vote at the General Meeting. This provision corresponds to section 18 (1) of the Articles of Association of Ströer SE.

If a voting right is to be exercised by an authorised proxy, pursuant to section 16 (2) of the Articles of Association written form within the meaning of section 126b *BGB* is sufficient for the grant of this authorisation.

On account of the peculiarities of the shareholder structure of Ströer Management SE, section 16 (3) stipulates that the voting rights for all of the shares currently held by Udo Müller or Dirk Ströer (where applicable, plus further shares assumed through future capital increases) – defined in the Articles of Association as *Müller shares* and *Ströer shares* – may only be exercised uniformly. The purpose of these provisions is to ensure that the Müller and Ströer families permanently maintain their current influence over the affairs of Ströer Management SE as the General Partner of Ströer SE & Co. KGaA. For instance, the existing family ownership structures are to be maintained in the event of the accrual of an inheritance and the associated increase in the number of shareholders, and complicated voting right situations are to be avoided.

#### Chairing of the General Meeting (section 17 of the Articles of Association)

Section 17 of the revised Articles of Association of Ströer Management SE corresponds to section 19 of the current Articles of Association of Ströer SE. At Ströer Management SE, too, the General Meeting is thus chaired by the chairman of the Supervisory Board or, if he is unable to attend, another member of the Supervisory Board to be designated by the chairman. If no one has been thus designated or this designated person is also unable to attend, the members of the Supervisory Board will determine the chairman of the General Meeting from among their members.

The chairman shall conduct the proceedings and determine the order of the agenda as well as the type and form of voting (section 17 (2)). The provision included in section 19 (3) of the Articles of Association of Ströer SE entitling the chairman of the Supervisory Board to restrict the right to speak and ask questions is not necessary for Ströer Management SE since it is not a publicly owned company. The inclusion of such provisions in the Articles of Association has thus been waived.

#### Passing of resolutions (section 18 of the Articles of Association)

Section 18 of the revised Articles of Association of Ströer Management SE stipulates in relation to the passing of resolutions at the General Meeting that the majorities re-

quired for resolutions will be unreservedly in accordance with applicable statutory provisions.

*Annual financial statements (section VII of the Articles of Association)*

Business year, accounting (section 19 of the Articles of Association)

The provisions of the proposed Articles of Association of Ströer Management SE regarding the business year and accounting (section 19) are virtually identical to the corresponding provisions for Ströer SE.

Section 19 (1) of the Articles of Association stipulates that the business year is the calendar year, as is also the case for Ströer SE and Ströer SE & Co. KGaA. Pursuant to section 19 (2) of the Articles of Association, within the first three months of a business year the Management Board shall prepare for the past business year the annual financial statements and the management report and also – if required by law – the consolidated financial statements and the group management report, and must submit these to the Supervisory Board and the auditor appointed by the Supervisory Board. With the same contents as section 21 (3) of the Articles of Association of Ströer SE, section 19 (3) of the new version of the Articles of Association of Ströer Management SE finally prescribes that the Supervisory Board must review the annual financial statements, the management report and the resolution on the utilisation of profits and report to the General Meeting on its findings within one month in writing. Insofar as the Supervisory Board has endorsed the annual financial statements, they will be considered to have been approved.

Utilisation of the net profit for the year (section 20 of the Articles of Association)

Section 20 (1) of the revised Articles of Association stipulates that the Management Board and Supervisory Board of Ströer Management SE may transfer up to half of the net profit for the year into other retained earnings in preparing the annual financial statements; as long as and as far as the other retained earnings do not exceed half of the share capital of Ströer Management SE and will not do so even after this transfer, up to 100% of the net profit for the year may be transferred. Pursuant to section 22 (2) of the Articles of Association, amounts transferable to the statutory reserve and a loss carried forward must be deducted from the net profit for the year in advance. Section 20 of the revised Articles of Association is thus identical with section 22 of the Articles of Association of Ströer SE.

Utilisation of profits and calculation of the shareholders' profit shares (section 21 of the Articles of Association)

Section 21 of the revised Articles of Association of Ströer Management SE has been considerably simplified by comparison with the relevant provision in the Articles of

Association of Ströer SE (section 23). Section 21 (1) of the revised Articles of Association thus stipulates in accordance with the current Articles of Association of Ströer SE (there, section 23 (1)) that the General Meeting will determine the utilisation of the accumulated profit. The profit shares of the shareholders will be determined on the basis of their respective interests in the Company's share capital (cf. section 21 (2)).

#### Severability (section VIII of the Articles of Association)

Section VIII corresponds to section VIII (2) of the Articles of Association of Ströer SE and stipulates that the nullity or invalidity of a clause of the Articles of Association will not affect the validity of the remainder of the Articles of Association.

#### **4. COMPARISON OF THE POSITION OF THE SHAREHOLDERS OF STRÖER SE AND THE LIMITED SHAREHOLDERS OF STRÖER SE & CO. KGAA**

##### *Basis of comparison*

The legal form-specific differences between an SE, on the one hand, and a KGaA, on the other, generally mean that the General Meeting of limited shareholders and the Supervisory Board of the KGaA elected by it have a weaker status, in overall terms, than the corresponding corporate bodies of an SE. However, in the current context a comparison of the legal position of the shareholders before and after the Change of Legal Form depends on a concrete ad hoc assessment rather than an abstract assessment of these two legal norms.

##### *Current status of the shareholders of Ströer SE*

Currently at Ströer SE, Dirk Ströer and Udo Müller jointly hold a majority of the shares in the Company conferring voting rights. Of the other shares in Ströer SE, according to the information currently available to the Company approx. 15% of the shares are held by key shareholders; the remaining approx. 30% of the shares are free float. This means that Dirk Ströer and Udo Müller are currently able on the basis of their voting rights to pass resolutions at the General Meeting of Ströer SE which only require a simple majority. This applies in particular to the election of the Supervisory Board and the auditor. The other shareholders are not able against the votes of Dirk Ströer and Udo Müller to influence appointments to the Supervisory Board and thus indirectly appointments to the Management Board of Ströer SE. Dirk Ströer and Udo Müller may exercise a significant influence in case of amendments of the Articles of Association and other basic resolutions which require a majority of at least three quarters of the share capital represented at the passing of a resolution, particularly in case of a low attendance ratio for the ordinary shareholders at the General Meeting.



*Future status of the shareholders of Ströer SE & Co. KGaA*

Once the Change of Legal Form becomes effective, the de facto distribution of influence between the shareholders at Ströer SE will be converted into a structural distribution of influence. At the KGaA, the Company's General Partner is responsible for its management and representation. This means the following for the relationship between Dirk Ströer and Udo Müller, on the one hand, and the other shareholders, on the other hand: On the one hand, Dirk Ströer and Udo Müller will be able to continue to exercise influence through the General Partner. Via the composition of the Supervisory Board of Ströer Management SE, they can influence the composition of the latter's Management Board. The Change of Legal Form will not thus reduce the ability of Dirk Ströer and Udo Müller to influence the General Meeting of the KGaA. Accordingly, nor will the weight of the other shareholders increase at the General Meeting. This applies with the exception, inter alia, of the prohibition of voting for Udo Müller for future elections to the Supervisory Board of Ströer SE & Co. KGaA. The other limited shareholders' scope for influence will thus increase accordingly.

The following comparisons are intended to present the (factual) scope of influence for the other shareholders and for Dirk Ströer and Udo Müller before and after the Change of Legal Form. For the purpose of a simplified comparison, the legal independence of the members of the Supervisory Board in the conduct of their office – in particular, in their selection and appointment of the members of the Management Board – is not considered. Nor does this consider the fact that the interest shares of all of the (limited) shareholders will change or decrease in the near future since, according to the current planning, the Company will distribute approx. 6.5 to 7 million shares out of its authorised capital to Deutsche Telekom AG as a consideration for its contribution of Interactive Media CCSP GmbH and the internet portal T-Online.de, while excluding the right of subscription. At the present time, it is not yet clear whether shares will be issued from the authorised capital before or after the Change of Legal Form becomes effective. The following table initially assumes that the ownership structure of Ströer SE has not (yet) undergone any significant change upon the Change of Legal Form becoming effective.

In the event of the Ströer and Müller families discussing an issue and exercising their voting rights in the same way at the General Meeting, the (factual) *possibilities of influence for the external shareholders* before and after the Change of Legal Form are as follows:

<b>Aspect</b>	<b>Influence on Ströer SE (before the Change of Legal Form)</b>	<b>Influence on STRÖER SE &amp; Co. KGaA (following the Change of Legal Form)</b>
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<b>Aspect</b>	<b>Influence on Ströer SE (before the Change of Legal Form)</b>	<b>Influence on STRÖER SE &amp; Co. KGaA (following the Change of Legal Form)</b>
Passing of General Meeting resolutions requiring a simple majority	The external shareholders may not prevent the passing of resolutions at the General Meeting which require a simple majority, since the Ströer and Müller families have a voting majority at the General Meeting.	The external shareholders may not prevent the passing of resolutions at the General Meeting which require a simple majority, since the Ströer and Müller families have a voting majority at the General Meeting. However, this does not apply for resolutions on which Udo Müller is prohibited from voting (e.g. election of the Supervisory Board). In these cases, the other limited shareholders have a higher decision-making authority.
Amendments of the Articles of Association	The external shareholders may not prevent this amendment of the Articles of Association if at least half of the share capital is represented and a majority greater than a simple majority is not required by law.	The external shareholders may prevent this amendment of the Articles of Association (a three-quarters majority of the share capital represented in the passing of a resolution is necessary). However, the consent of the General Partner is required in addition.
Appointment of the Supervisory Board members	The external shareholders cannot prevent the election of members of the Supervisory Board, since the Ströer and Müller families have a voting majority at the General Meeting.	The external shareholders may prevent the election of members of the Supervisory Board, since Udo Müller is prohibited from voting in this regard and Dirk Ströer alone does not have enough votes to ensure the election of certain candidates to the Supervisory Board.
Appointment of the Management Board/the General	The external shareholders do not have any influence, since the Ströer and Müller families have	The external shareholders do not have any influence on the appointment of the Management

<b>Aspect</b>	<b>Influence on Ströer SE (before the Change of Legal Form)</b>	<b>Influence on STRÖER SE &amp; Co. KGaA (following the Change of Legal Form)</b>
Partner	a majority at the General Meeting and thus appoint the Supervisory Board, which in turn appoints the Management Board.	Board of Ströer Management SE, since the General Partner is not appointed by the General Meeting of Ströer SE & Co. KGaA.
Approval of the annual financial statements	The external shareholders are not involved, since annual financial statements are normally approved by the Supervisory Board.	Influence of the external shareholders, since the General Meeting will decide on the approval of the annual financial statements. However, this resolution will require the consent of the General Partner.
Distribution of profits	The Ströer and Müller families have a voting majority at the General Meeting, so that resolutions cannot be passed against their will.	The Ströer and Müller families have a voting majority at the General Meeting, so that resolutions cannot be passed against their will.
Discharge of the management body and the supervisory body	Influence of the external shareholders, since Dirk Ströer is prohibited from voting on the discharge of the Supervisory Board and Udo Müller is prohibited from voting on the discharge of the Management Board.	Influence of the external limited shareholders, since Dirk Ströer is prohibited from voting on the discharge of the Supervisory Board and Udo Müller is prohibited from voting on the discharge of the General Partner and the Supervisory Board.
Appointment of special auditors <sup>15</sup> and selection of auditors	The Ströer and Müller families have a voting majority at the General Meeting, so that resolutions can only be passed against their will where they are prohib-	Udo Müller is prohibited from voting, i.e. the other limited shareholders have sole influence (including Dirk Ströer unless he is al-

<sup>15</sup> Without considering the provisions regulating the judicial appointment of special auditors.

This document is a convenience translation of the German original. In case of discrepancy between the English and German versions, the German version shall prevail.

<b>Aspect</b>	<b>Influence on Ströer SE (before the Change of Legal Form)</b>	<b>Influence on STRÖER SE &amp; Co. KGaA (following the Change of Legal Form)</b>
	ited from voting.	so prohibited from voting).

In the event of the Ströer and Müller families discussing an issue and exercising their voting rights in the same way at the General Meeting, the (factual) *possibilities of influence for the Ströer and Müller families* are as follows:

<b>Aspect</b>	<b>Influence on Ströer SE (before the Change of Legal Form)</b>	<b>Influence on STRÖER SE &amp; Co. KGaA (following the Change of Legal Form)</b>
Passing of General Meeting resolutions requiring a simple majority	The Ströer and Müller families may pass General Meeting resolutions which require a simple majority on their own, on the basis of their voting majority at the General Meeting.	The Ströer and Müller families may pass General Meeting resolutions which require a simple majority on their own, on the basis of their voting majority at the General Meeting. However, Udo Müller is prohibited from voting on certain matters.
Amendments of the Articles of Association	The Ströer and Müller families may resolve amendments of the Articles of Association on their own if at least half of the share capital is represented and a majority which is larger than a simple majority is not required by law.	Since a three-quarters majority of the share capital represented at the passing of the resolution is required for an amendment of the Articles of Association, Dirk Ströer and Udo Müller may not alone resolve amendments of the Articles of Association.
Appointment of the Supervisory Board members	The Ströer and Müller families may pass resolutions on the appointment of members of the Supervisory Board on their own, on the basis of their voting majority at the General	The Ströer and Müller families retain a voting majority at the General Meeting; however, Udo Müller is prohibited from voting, to the effect that the Ströer and Müller families cannot on their own pass resolutions on the appointment of members of

<b>Aspect</b>	<b>Influence on Ströer SE (before the Change of Legal Form)</b>	<b>Influence on STRÖER SE &amp; Co. KGaA (following the Change of Legal Form)</b>
	Meeting.	the Supervisory Board.
Appointment of the Management Board	The Ströer and Müller families have sole indirect influence, since they have a voting majority at the General Meeting and may thus appoint the Supervisory Board, which in turn appoints the Management Board.	The Ströer and Müller families have sole indirect influence, since they hold all of the votes at the General Meeting of Ströer Management SE and may thus appoint its Supervisory Board, which in turn appoints the Management Board of Ströer Management SE.
Approval of the annual financial statements	The Ströer and Müller families have an exclusive (in)direct influence over the Supervisory Board and the Management Board.	The Ströer and Müller families may approve the annual financial statements on the basis of their voting majority at the General Meeting.
Distribution of profits	The Ströer and Müller families may pass resolutions on the distribution of profits on their own, on the basis of their voting majority at the General Meeting.	The Ströer and Müller families may pass resolutions on the distribution of profits on their own, on the basis of their voting majority at the General Meeting.
Discharge of the management body and the supervisory body	Dirk Ströer is prohibited from voting on granting discharge to the Supervisory Board; Udo Müller is prohibited from voting on granting discharge to the Management Board.	Dirk Ströer is prohibited from voting on granting discharge to the Supervisory Board; Udo Müller is prohibited from voting on granting discharge to the Supervisory Board and the General Partner.
Appointment of special auditors and selection of auditors	The Ströer and Müller families may pass resolutions on the appointment of special auditors and on the selection of auditors	Lesser influence, since Udo Müller is prohibited from voting in this respect.

<b>Aspect</b>	<b>Influence on Ströer SE (before the Change of Legal Form)</b>	<b>Influence on STRÖER SE &amp; Co. KGaA (following the Change of Legal Form)</b>
	on their own, on the basis of their voting majority at the General Meeting (insofar as they are not prohibited from voting).	

## **VII. SECURITIES AND STOCK MARKET TRADING**

The ordinary bearer shares conferring voting rights are currently listed on the Frankfurt stock exchange, on the regulated market, while being simultaneously admitted to the segment of the regulated market which is subject to further admission-related consequential obligations (Prime Standard), and on the Düsseldorf, Hamburg/Hanover, Berlin, Munich and Stuttgart stock exchanges. The shares are moreover included in the XETRA electronic trading system. The share is also traded on over-the-counter trading venues.

### **1. STOCK EXCHANGE LISTING OF THE SHARES OF STRÖER SE & CO. KGAA**

The Company's Change of Legal Form to that of a KGaA will become effective upon it being entered into the commercial register. The shareholders who are shareholders in Ströer SE at the time the Change of Legal Form is entered in the commercial register will become shareholders of Ströer SE & Co. KGaA. The shareholders will have the same size of holding and the same number of shares in Ströer SE & Co. KGaA as they held in Ströer SE immediately before the Change of Legal Form became effective. Once the Change of Legal Form becomes effective, the no-par-value bearer shares of Ströer SE will become no-par-value bearer shares of Ströer SE & Co. KGaA.

The shares of Ströer SE & Co. KGaA shall be exclusively represented by a global certificate which will be held by Clearstream Banking AG, Frankfurt am Main. The limited shareholders of Ströer SE & Co. KGaA will be apportioned the ordinary shares in Ströer SE & Co. KGaA collectively held by Clearstream Banking AG in accordance with their proportionate interests as joint owners. The limited shareholders' right to have their shares embodied in certificates is excluded, unless certificates are required



under the rules applicable at a stock exchange where the shares are admitted to trading.

Since all of Ströer SE's shares are held in collective custody by custodian banks for the respective shareholders, the ordinary shares in Ströer SE will be exclusively converted into ordinary shares in Ströer SE & Co. KGaA while held through the central securities depository. The shareholders are not therefore required to take any action. The shares will be exchanged via Clearstream Banking AG, Frankfurt am Main, and by means of a transfer within the shareholders' securities accounts, implemented by the respective custodian banks. The shareholders will be notified of this transfer.

The existing shares in Ströer SE will forfeit their listing on the stock market upon entry of the Change of Legal Form in the commercial register. The stock exchange listing is expected to be discontinued on the participating stock exchanges at the end of the trading session on the date on which the Change of Legal Form becomes effective and all existing stock-exchange orders for the shares of Ströer SE will expire. Immediately after the Change of Legal Form becomes effective, the Company will apply for admission of the ordinary shares of Ströer SE & Co. KGaA to stock-exchange trading, in accordance with applicable provisions. The Company will endeavour to apply for the admission of the ordinary shares of Ströer SE & Co. KGaA in good time so as to ensure that they may be continued to be traded on the stock exchanges without any interruption.

## **2. GERMAN CORPORATE GOVERNANCE CODE**

Under section 161 (1) *AktG*, the Management Board and the Supervisory Board of a stock exchange-listed stock corporation must provide an annual declaration of whether they have complied/are complying with the recommendations of the "government commission on the German Corporate Governance Code" announced by the German Federal Ministry of Justice in the official section of electronic version of the German Federal Gazette (*Bundesanzeiger*) and which recommendations they have not applied or are not applying, and why not. This declaration must be made permanently available on the Company's website (section 161 (2) *AktG*). The German Corporate Governance Code is a set of material provisions on management and monitoring functions (corporate governance) and sets out German legislative norms while also providing recommendations and suggestions. Only the statutory provisions are mandatorily applicable for undertakings. With regard to the recommendations, section 161 *AktG* prescribes that stock exchange-listed companies must submit an annual declaration as to whether and, if so, why they have deviated from the recommendations (compliance declaration).

Ströer SE most recently submitted a compliance declaration on 15 December 2014. This is available on the Company's website. The Company declares therein that it fol-

lows the recommendations of the German Corporate Governance Code, with a few exceptions. This compliance declaration is attached to this transformation report as Annex 1.

The German Corporate Governance Code is designed for the constitution of a stock exchange-listed stock corporation and may thus only apply for a stock-exchange listed KGaA in modified form at best. These peculiarities are outlined in detail in this transformation report. In other respects, the Company will continue to follow the recommendations of the German Corporate Governance Code to the same extent as previously. Following the transformation, the General Partner and the Supervisory Board of the Company will submit a new compliance declaration indicating the current exceptions as well as the peculiarities of the KGaA.

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Cologne, 19 August 2015

**Ströer SE**  
**The Management Board**

Udo Müller    Christian Schmalzl    Dr. Bernd Metzner

## LIST OF ANNEXES

- Annex 1      Agenda for the General Meeting of the Company on  
25 September 2015 including the transformation resolution
- Annex 2      List of fully consolidated Group companies
- Annex 3      Articles of Association of Ströer SE & Co. KGaA
- Annex 4      Articles of Association of Ströer Management SE
- Annex 5      Compliance declaration of Ströer Management SE

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**Annex 1**      **AGENDA FOR THE GENERAL MEETING OF THE COMPANY  
ON 25 SEPTEMBER 2015 INCLUDING THE  
TRANSFORMATION RESOLUTION**



**Invitation to the extraordinary  
General Meeting 2015**

**Ströer SE  
Cologne  
SIN: 749399  
ISIN: DE 0007493991**

Dear Shareholders,

We cordially invite you to the  
extraordinary General Meeting of  
Ströer SE

**on September 25, 2015  
at 10:00 a.m.  
(Central European Summer Time - CEST)**

at the  
Congress-Centrum Ost Koelnmesse  
(Congress Center East of the Cologne Trade Fair),  
Congress-Saal,  
Deutz-Mülheimer Straße 51,  
50679 Köln (Cologne)  
Germany

## AGENDA

**1. Passing of resolution on the partial cancellation and amendment of the authorisation to issue share options (2013 Share Option Programme) and on the partial raising of the contingent capital 2013; passing of resolution on the authorisation to issue share options (2015 Share Option Programme) and on the creation of new conditional capital 2015 and corresponding amendments to the Articles of Association**

The Company's General Meeting decided on a share option programme for 2013 on 8 August 2013 under item 8 on the agenda in order to be able to grant up to 3,176,400 option rights to subscribe to up 3,176,400 shares ("Share Option Rights") of the Company to the members of the Company's Executive Board, selected employees below the Executive Board level and to members of the management of the companies affiliated with the Company within the meaning of Sections 15 ff. German Public Companies Act (AktG). Contingent capital 2013 of up to EUR 3,176,400.00 was created in order to service the share options. The share option conditions with respect to the performance target were adjusted by way of resolution of the Company's General Meeting dated 18 June 2014 on item 8 on the agenda. Of the share option rights to be issued, 901,700 were not issued and are also no longer to be issued in future. Therefore, the intention is to cancel the authorisation to issue share options from the 2013 Share Option Programme (insofar as not yet used) and to reduce the contingent capital 2013 in Article 6A of the Articles of Association to EUR 2,274,700.00 accordingly. In addition, the 2013 Share Option Programme is to be adjusted with respect to the provision concerning the expiry of the share options.

It is furthermore intended to decide a new share option programme for the Company in order to be able to grant option rights to the Company's shares to members of the Company's Executive Board and employees below the level of the Company's Executive Board as well as members of the management of the companies affiliated with the Company within the meaning of Sections §§ 15 ff. AktG ("2015 Share Option Programme"). The programme serves to provide a targeted incentive for the participants in the programme whilst at the same time serving to bind the participants to the group. The performance targets are based here on a multi-year assessment foundation and are in line with the legal requirements of the German Public Companies Act and the German Corporate Governance Code.

The contingent capital 2015 intended to implement the new 2015 Share Option Programme and the associated subscription right preclusion are restricted to a maximum of 4.35 % of the share capital at the time the resolution is taken. Insofar as the company does not grant cash payments, the service of the share options with new shares from the new 2015 Share Option Programme can therefore lead to a maximum dilution of 4.35 %.

Executive Board and Supervisory Board therefore propose that the following be adopted:

- a) The authorisation to grant share option rights to members of the Company's Executive Board, selected employees below the Executive Board level and to members of the management of companies affiliated with the Company within the meaning of Sections 15 ff. AktG decided in the General Meeting on 8 August 2013 under item 8 on the agenda and amended by resolution of the General Meeting on 18 June 2014 under item 8 on the agenda shall be cancelled in the amount of the 901,700 share option rights not yet issued under the authorisation existing up to now.
- b) The contingent capital 2013 created in Article 6A of the Articles of Association to service the share options in an amount of up to EUR 3,176,400.00 shall be reduced by



EUR 901,700.00 to up to EUR 2,274,700.00. Article 6A (1) of the Articles of Association (contingent capital 2013) shall be reworded as follows:

*“(1) The share capital is to be conditionally increased by up to EUR 2,274,700.00 through the issue of up to 2,274,700 bearer shares (contingent capital 2013). The contingent capital increase will be solely to grant rights to the holders of share option rights from the 2013 Share Option Programme which the Executive Board was authorised to issue in the resolution passed at the General Meeting on 8 August 2014. The contingent capital increase will only be implemented provided the holders of share option rights which were authorised by the General Meeting on 8 August 2013 exercise these share option rights and the Company does not fulfil these share option rights by cash payments.”*

- c) Lit. bb) of the 2013 Share Option Programme (“The Beneficiaries and the Division of Share Option Rights”) shall be adjusted such that in the case of a change in form of the Company to a partnership limited by shares (*Kommanditgesellschaft auf Aktien*), the group of beneficiaries described as members of the Company’s Executive Board shall be extended to include members of the Executive Board of the personally liable partner of the partnership limited by shares.
- d) Furthermore, the provision of the 2013 Share Option Programme under lit. hh) “Non-Transferability and Expiry” of the 2013 Share Option Programme shall be supplemented such that share option rights may not be forfeited by the beneficiary - following a change in form of the Company to a partnership limited by shares - entering into an employment relationship with the personally liable partner of the partnership limited by shares instead of his existing employment relationship with the Company or with a company affiliated with the Company within the meaning of Section 15 ff. AktG.
- e) **2015 Share Option Programme**

With the agreement of the Supervisory Board as part of the 2015 Share Options Programme, the Executive Board is authorised to grant 2,123,445 subscription rights (“**Share Option Rights**”) for up to 2,123,445 of the Company’s individual bearer shares. In accordance with the following provisions, the Supervisory Board alone is empowered to issue share option rights to members of the Company’s Executive Board.

The share option rights and shares for servicing share option rights after these rights have been exercised will be issued in accordance with the following basic principles:

**aa) Share Option Rights**

Each share option right grants the holder the right to acquire one of the Company’s bearer share at a pro rata amount EUR 1.00 of the Company’s equity capital in accordance with the more detailed share option conditions on payment of the relevant strike price in “ff)” below.

At the Company’s option, the share option conditions may provide for the Company to grant the entitled party a cash payment from contingent capital instead of new shares in order to service the share option rights. If the entitled party is a member of the Company’s Executive Board, this will be decided by the Supervisory Board.

The new shares will participate in profits from the beginning of the business year in which no resolution on the appropriation of the annual profits has yet been passed by the General Meeting at which the new shares are issued.

The share option rights will have a maximum term of seven years from the date on which they were issued ("maximum term") and will expire without compensation correspondingly.

**bb) The Beneficiaries and the Division of Share Option Rights**

The group of beneficiaries will include members of the Company's Executive Board, selected employees below the level of the Company's Executive Board and members of the management of the companies affiliated with the Company within the meaning of §§ 15 ff. of the German Public Companies Act ("**beneficiaries**"). In the event of a change in form of the Company to a partnership limited by shares, the members of the management organ of the personally liable partner of the partnership limited by shares shall be viewed as "members of the Company's Executive Board" within the meaning of this 2015 Share Option Programme. Determining who exactly will belong to this group of beneficiaries and the extent of the share option rights with which they are to be granted will be the responsibility of the Executive Board with the agreement of the Supervisory Board. Insofar as members of the Company's Executive Board (including members of the management organ of the personally liable partner following a change in form to a partnership limited by shares) are to receive share option rights, this stipulation and the issue of share option rights shall be solely incumbent on the Supervisory Board.

The Company shareholders will not be entitled to any statutory subscription rights to the share option rights.

The total volume of the up to 2,123,445 share option rights will be distributed to the beneficiaries as follows:

- (i) a total of up to 1,306,768 individual share option rights to members of the Company's Executive Board ("**Group 1**");
- (ii) a total of up to 163,293 share option rights to Company employees ("**Group 2**");
- (iii) a total of up to 653,384 share option rights to members of the management organs of companies affiliated with the Company within the meaning of §§ 15 ff. of the German Public Companies Act ("**Group 3**").

At the time the subscription rights are granted, the beneficiaries must have an employment relationship with the Company or be members of the Company's Executive Board or – in the case of a change in form of the Company to a partnership limited by shares – members of the management organ of the personally liable partner or members of the management of the companies affiliated with the Company within the meaning of Sections 15 ff. AktG ("**Employment Relationship**") in every individual case.

**cc) Issue of the Share Options, Issue Periods**

The share option rights will be issued through the conclusion of a written issue agreement (also known as a "subscription rights agreement") between the Company and the respective subscriber. If members of the Company's Executive Board are to receive share option rights, representation of the Company will be the responsibility of the Supervisory Board.

The subscription rights may be issued to the subscribers once or several times during a 30-day period after a General Meeting and after the annual, semi-annual and quarterly accounts have been published (the respective "issue period").

**dd) Waiting Period, the Period for Exercising Share Option Rights, the Term of the Share Option Rights, Depot-Based Reservation**

The share option rights may be exercised no earlier than four years after the day they are ("waiting period"). After the waiting period has expired, the share option rights for which the performance targets in ee) below have been achieved may be exercised at any time outside the exercise blocking period.

Exercise blocking periods will be the following periods:

- (i) the period from the expiry of the deadline period for registering for a general meeting to the end of the date of the general meeting;
- (ii) from the last day of each reporting period to publication of the quarterly, semi-annual and annual accounts; and
- (iii) the period from December 15 of one year till the end of January 15 the following year.

The abovementioned exercise blocking periods each include the described start and end-dates. In addition, the restrictions pursuant to general legislative provisions, in particular the ban on insider trading (§ 14 of the German Securities Act, are to be observed. If the Company's Executive Board is affected, the Supervisory Board may – and if the remaining participants are affected – the Company's Executive Board may in justified exceptional cases, stipulate further exercise blocking periods; the respective beneficiaries will be notified in advance when these begin.

The share option rights may – taking into account the waiting period, exercise blocking periods and the performance targets – be exercised within the maximum term if the share option rights have not already expired.

The share option rights may be exercised only if a securities portfolio is nominated in the relevant letter of subscription into which the purchased Company shares may be permissibly and duly deposited and booked.

**ee) Performance Targets**

50 per cent of the share option rights issued to a subscriber in a purchase agreement may be exercised if and when the following performance targets have been achieved cumulatively:

- (i) if the final auction price of the Company's shares is at least EUR 55.00 ("**long-term final auction price**") in the XETRA electronic trading system of the Deutsche Börse AG in Frankfurt am Main (or a comparable successor system) on five successive trading days within 12 months before the end of the waiting period;
- (ii) The EBITDA stated in the annual report which has been adjusted to account for special influences at the level of the Group shall be at least EUR 250 million either for the financial year ending before expiry of the respective waiting period or for the financial year that ends directly before the above described financial year. The financial year pertinent to the achievement of this performance target must be stipulated in every individual case when the share options are granted.

If the abovementioned performance targets are achieved, other share option rights may also be exercised in accordance with the following table, specifically up to the total number of share option rights issued as part of a subscription agreement (=100%) if and when the long-term final auction price exceeds the following amounts stipulated in the table below:

<b>Long-Term Final Auction Price (Minimum)</b>	<b>Percentage Exercise of Share Option Rights</b>
EUR 56.00	60%
EUR 57.00	70%
EUR 58.00	80%
EUR 59.00	90%
EUR 60.00	100%

**ff) Strike Price, Exercise Price and Cap**

The subscription rights will be issued to the beneficiary free of charge. Each subscription right issued will entitle the holder to subscribe to one share in the Company at the strike price. The strike price will be equivalent to the average final auction price (arithmetical mean) of the Company's shares in the XETRA electronic trading system of the Deutsche Börse AG in Frankfurt am Main (or a comparable successor system) over the last 20 trading days before the day share option right was issued ("strike price"). However, the minimum strike price in all cases will be the lowest issue price within the meaning of § 9 para. 1 of the German Public Companies Act.

In the event that the calculated exercise price is less than 15% below the sustainable final auction price set out in lit. ee) i), the sustainable final auction price shall be increased such that the exercise price is 15% below it. The hurdles specified further in the table under lit. ee) shall then increase accordingly.

If the Company grants the beneficiary a cash payment instead of new shares from contingent capital to service the share option rights, the cash payment will be the amount of the difference between the strike price and the exercise price. The exercise price will be the final auction price of the Company's shares in the XETRA electronic trading system of the Deutsche Börse AG in Frankfurt am

Main (or a comparable successor system) on the last trading day before the day share option rights are exercised ("**exercise price**").

The option-holder's profit earned by exercising the share option rights in the form of the difference between the strike price and the exercise price may not exceed three times the strike price ("**cap**") under any circumstances. If the cap is exceeded, the number of options which can be exercised shall be reduced accordingly so that the profit achievable by exercising the share option rights does not exceed three times the exercise price of all initially exercised options.

#### **gg) Dilution Provisions**

If the Company carries out capital and structural measures during the term of the share option rights, the Company's Executive Board or, if members of the Company's Executive Board are affected, the Supervisory Board will be authorised to treat the beneficiaries in a commercially equal manner. This will apply in particular if the Company increases the share capital by issuing new shares for cash contributions or issues partial debentures with right of option or conversion privileges by granting the shareholders direct or indirect subscription rights. Equal status may be granted by reducing the strike price, adjusting the subscription ratio or a combination of both. However, there is no entitlement to equal commercial treatment. If shares are issued, partial debentures or option rights in any share-based remuneration programmes – including this 2015 Share Options Programme – will not be granted any compensation.

If capital is increased by issuing new shares using Company funds, the number of shares that can be obtained per share option right will increase at the same ratio as the share capital. The strike price will be reduced correspondingly at the ratio of increase of the capital. § 9 para. 1 of the German Public Companies Act will remain unaffected. If Company capital is increased from Company funds without new shares being issued, (§ 207 para. 2 Sentence 2 of the German Public Companies Act), the subscription ratio and the strike price will remain unchanged.

If the amount of capital is reduced by combining or recalling shares, the number of shares which can be obtained per share option will be reduced at the ratio that corresponds to the ratio of the amount of the reduction in the Company's share capital before the capital is reduced. The strike price per share will, in the case of a nominal reduction in capital, be increased by a combination of shares corresponding to the ratio of the reduction in capital. If the capital is reduced against repayment of contributions or if personally-acquired shares are recalled, there will be no adjustment in the strike price or the subscription ratio.

If shares are split without altering the amount of share capital, the number of shares that can be acquired per share option right will be increased at the ratio to which an old share is exchanged for new ones. The strike price will be reduced correspondingly at the ratio to which old shares are exchanged for new ones. The number of shares that can be acquired per share option if shares are combined will be reduced correspondingly. The strike price will be increased at the ratio to which old shares are exchanged for new ones.

Fractions of shares will not be provided or equalised. However, when the exercise of several share option rights by a beneficiary is declared, fractions of shares will be combined.

#### **hh) Non-Transferability and Expiry**

The share option rights will be granted as non-transferable subscription rights. With the exception of inheritances, the share option rights may neither be transferred nor sold, pledged or encumbered in any other way.

The share option rights will expire without compensation if the employment relationship between the option option-holder and the Company or between companies affiliated with the Company within the meaning of §§ 15 ff. of the German Public Companies Act is terminated or ends or the Company with which the employment relationship exists is not affiliated with the Company. This shall not apply, however, if the beneficiary enters in to an employment relationship with the personally liable partner of the partnership limited by shares following a change in form of the Company to a partnership limited by shares. This shall furthermore not apply insofar as the share option rights have become non-forfeitable in accordance with the following: the share options issued to a subscriber will become non-forfeitable after their respective waiting period has expired. All share option rights issued to a subscriber will also become non-forfeitable if a third party gains direct or indirect control over the Company after the options have been issued; determination of the acquisition of control will be pursuant to §§ 29 and 30 of the German Securities Acquisition and Takeover Act. In the above cases, the share option rights may also be exercised within the maximum term if the employment relationship with the option-holder is terminated or ended. In this case, all share option rights are to be exercised as soon as possible after the end of the employment relationship.

If the employment relationship is ended due to death, diminished earning capacity, retirement, resignation/dismissal or any other reason not connected with termination or if the option-holder enters into a new employment relationship after ending the old employment relationship, special provisions in the share option conditions may be arranged if the share option rights elapse.

In all cases, all share option rights which are not exercised will elapse no later than the expiry of the maximum term of seven years following issue.

#### **ii) Regulating Details**

With the consent of the Supervisory Board, the Executive Board will be authorised to lay down further conditions for the share option programme, including the share option conditions for the beneficiaries. Notwithstanding these, the Company's Supervisory Board will make a decision on behalf of the members of the Company's Executive Board. In particular, the most important details will include the extent of the share option rights to be granted, other details of the adjustment to the strike price and/or the subscription ratio in the case of capital and structural measures for the purpose of the dilution provisions, provisions on the division of the share option rights of the beneficiaries, the date of issue within the provided periods, the procedure for allocating shares to the individual beneficiaries, the process for exercising share option rights and other procedural provisions, in particular the technical handling of the issue of the relevant Company shares and/or making cash payments after exercising options.

#### **f) Creating New Contingent Capital**

The share capital will be increased conditionally by up to EUR 2,123,445 by issuing up to 2,123,445 bearer shares (Contingent Capital 2015). The contingent capital increase



will be used solely to grant rights to the holders of share option rights from the 2015 Share Options Programme which the Supervisory Board has been authorised to issue in today's resolution in accordance with e) above. The contingent capital increase will only be carried out provided the holders of share option rights – which have been granted on the basis of the authorisation by today's the General Meeting – exercise these share option rights and the Company does not fulfil the share option rights by means of cash payment.

From the beginning of the business year, the new shares will participate in the profits for which no resolution on the distribution of the annual profits when the new shares were issued was passed by the General Meeting.

With the consent of the Supervisory Board, the Company's Executive Board will be authorised to determine the further details of how the contingent capital increase is to be implemented unless share option rights and shares are to be issued to members of the Company's Executive Board; in this latter case, the Supervisory Board will determine the further details of how the contingent capital increase is to be implemented.

The Supervisory Board will be authorised to amend the version of the Articles of Association corresponding to the extent of the capital increase from the 2015 Contingent Capital.

**g) Amendment to the Articles of Association**

The Company Articles of Association will be amended with a new § 6B, which will read as follows:

**"§ 6B**

**Contingent Capital 2015**

- (1) *The share capital is to be conditionally increased by up to EUR 2,123,445 through the issue of up to 2,123,445 bearer shares (Contingent Capital 2015). The contingent capital increase will be used solely to grant rights to the holders of share option rights from the 2015 Share Options Programme which the Supervisory Board was authorised to issue in the resolution passed at the General Meeting on September 25, 2015. The contingent capital increase will only be implemented provided the holders of share option rights which were authorised by the General Meeting on September 25, 2015 exercise these share option rights and the Company does not fulfil these share option rights by cash payments.*
- (2) *The new shares will participate in the profits from the beginning of the business year for which no resolution has been passed by the General Meeting concerning the distribution of the annual profits when the new shares are issued.*
- (3) *With the consent of the Supervisory Board, the Company's Executive Board will be authorised to determine the further details of how the contingent capital increase is to be implemented unless share option rights and shares are to be issued to members of the Company's Executive Board; in this latter case, the Supervisory Board will stipulate the further details of how the contingent capital increase is to be implemented.*
- (4) *The Supervisory Board is authorised to amend the version of the Articles of Association according to the capital increase from the 2015 Contingent Capital."*



**2. Resolution on the change of legal form of Ströer SE to the legal form of a partnership limited by shares with accession of Ströer Management SE (currently still bearing the name Atrium 78. Europäische VV SE)**

The Management Board and Supervisory Board of Ströer SE have resolved to propose a change of the legal form of Ströer SE from a European Company (SE) to a partnership limited by shares (KGaA) to the General Meeting. A detailed explanation of the change of legal form is contained in the transformation report prepared by the Management Board of Ströer SE which has been available at the premises of Ströer SE since the day the General Meeting was convened. Upon request, each shareholder may obtain a copy of the transformation report free of charge. In addition, in accordance with section 124a of the German Stock Corporation Act (Aktiengesetz, *AktG*), the transformation report may be accessed under "General Meeting" in the "Investor Relations" area of the website of the Ströer group (<http://www.stroeer.com/>) and will also be available at the General Meeting on 25 September 2015.

a) Resolution on the change of legal form of Ströer SE into Ströer SE & Co. KGaA

The Management Board and the Supervisory Board propose that the following resolution be adopted:

- (1) Ströer SE will be transformed into a partnership limited by shares (KGaA) by way of a change of legal form in accordance with the provisions of the Transformation Act.
- (2) The legal entity in its new legal form will bear the company name Ströer SE & Co. KGaA and will have its registered office in Cologne.
- (3) The articles of association of Ströer SE & Co. KGaA which form a part of this transformation resolution are hereby adopted with the wording set forth in Annex 1 to this invitation to the General Meeting.
- (4) The total share capital of Ströer SE in the amount existing at the time when the change of legal form is entered in the commercial register shall become the share capital of Ströer SE & Co. KGaA. This shall not only apply if the amount of the share capital of Ströer SE at the time the change of legal form is entered in the commercial register corresponds to its amount at the time of this resolution but also if the amount of the share capital should change in the meantime. In the event that the share capital changes in the meantime, the articles of association of Ströer SE & Co. KGaA (Annex 1) will be amended accordingly.

If the resolution on the partial cancellation of the Conditional Capital 2013 (§ 6A of the articles of association of Ströer SE) and the creation of a new Conditional Capital 2015 proposed under item 1 of the agenda is adopted, the existing Conditional Capital 2013 will be reduced in accordance with the resolution adopted under item 1 of the agenda from EUR 3,176,400.00 by EUR 901,700.00 to up to EUR 2,274,700.00 and a new Conditional Capital 2015 of Ströer SE in the amount of 2,123,445.00 will be created. In this case, the articles of association of Ströer SE & Co. KGaA (Annex 1) would be amended in accordance with the amendments of the articles of association of Ströer SE proposed under item 1 of the agenda. Accordingly, the wording of § 6 para. 1 of the articles of association of Ströer SE & Co. KGaA (Annex 1) would be as follows:

- “(1) The share capital is conditionally increased by up to EUR 2,274,700.00 through the issuance of up to 2,274,700 no-par value bearer shares (Conditional Capital 2013). However, this conditional capital increase*

*applies up to the amount and number of shares in which the conditional capital increase pursuant to § 6A para. 1 of the articles of association of Ströer SE has not yet been implemented at the time when the change of legal form of Ströer SE to a Kommanditgesellschaft auf Aktien (partnership limited by shares) pursuant to the transformation resolution of 25 September 2015 becomes effective. The conditional capital increase will be used solely to grant rights to the holders of share option rights under the Share Options Programme 2013 which were authorised to be issued by the Management Board by resolution of the General Meeting on 8 August 2013. The conditional capital increase will only be implemented to the extent that the holders of share option rights granted on the basis of the authorisation by the General Meeting on 8 August 2013, taking into account the transformation resolution adopted by the General Meeting on 25 September, exercise these share option rights and the Company does not fulfil these share option rights by a cash payment.“*

In addition, the new § 6B of the articles of association of Ströer SE proposed under item 1g) of the agenda would be inserted as § 6A in the articles of association of Ströer SE & Co. KGaA (Annex 1):

**„§ 6A**

**Conditional Capital 2015**

- (1) *The share capital is conditionally increased by up to EUR 2,123,445.00 through the issuance of up to 2,123,445 no-par value bearer shares (Conditional Capital 2015). However, this conditional capital increase applies up to the amount and number of shares in which the conditional capital increase pursuant to § 6B para. 1 of the articles of association of Ströer SE has not yet been implemented at the time when the change of legal form of Ströer SE to a Kommanditgesellschaft auf Aktien (partnership limited by shares) pursuant to the transformation resolution of 25 September 2015 becomes effective. The conditional capital increase will be used solely to grant rights to the holders of share option rights under the Share Options Programme 2015 which were authorised to be issued by the Management Board by resolution of the General Meeting on 25 September 2015. The conditional capital increase will only be implemented to the extent that the holders of share option rights granted on the basis of the authorisation by the General Meeting on 25 September 2015 exercise these share option rights and the Company does not fulfil these share option rights by a cash payment.*
- (2) *The new shares will participate in the profits from the beginning of the business year for which no resolution has yet been passed by the General Meeting concerning the utilisation of the accumulated profit at the time of issuance of the new shares.*
- (3) *The General Partner is authorised, with the approval of the Supervisory Board, to determine the further details of how the conditional capital increase is to be implemented unless share option rights and shares are to be issued to members of the Management Board of the General Partner; in this latter case, the Supervisory Board will stipulate the further details of how the conditional capital increase is to be implemented.*

- (4) *The Supervisory Board is authorised to amend the wording of the Articles of Association in accordance with the amount of the capital increase from the Conditional Capital 2015.*“

In case that the share capital Ströer SE should change in the meantime as described in subparagraph (4) above, the Management Board is instructed to file, together with the application for registration of the change of legal form in the commercial register, articles of association of Ströer SE & Co. KGaA with a wording that has been amended accordingly.

- (5) The shareholders which are shareholders of Ströer SE at the time when the change of legal form is entered in the commercial register will become limited shareholders of Ströer SE & Co. KGaA. They will have the same size of holding and hold the same number of shares in Ströer SE & Co. KGaA as before in Ströer SE immediately before the change of legal form became effective. The proportionate interest that each no- par value share represents in the share capital shall remain unaffected. Should Ströer SE hold any treasury shares at the time when the change of legal form is entered in the commercial register, such shares will become treasury shares of Ströer SE & Co. KGaA.
- (6) The General Partner of Ströer SE & Co. KGaA will be Atrium 78. Europäische VV SE (which will be renamed and referred to in the following as Ströer Management SE) having its registered office in Düsseldorf (registered in the commercial register of the local court (*Amtsgericht*) Düsseldorf under HRB 74421). Pursuant to section 245 (2) of the German Transformation Act (*Umwandlungsgesetz, UmwG*), the General Partner shall assume the legal position of the founder of the legal entity in its new legal form. As a result of the change of legal form, the General Partner will receive no participation under corporate law other than its role as a general partner, in particular no interest in the share capital of Ströer SE & Co. KGaA; it will neither participate in the assets nor in the profit or loss of Ströer SE & Co. KGaA.
- (7) Special rights

By way of precaution, it should be noted that the following circumstances exist, irrespective of whether they constitute rights within the meaning of section 194 (1) no. 5 UmwG.

#### Share Options Programme 2013

By resolution of 8 August 2013, as amended by resolution of 18 June 2014, the ordinary General Meeting of Ströer SE authorised the Management Board to grant, with the approval by the Supervisory Board, up to 3,176,400 option rights for up to 3,176,400 no-par value bearer shares in Ströer SE. Such option rights may be granted to members of the Management Board of Ströer SE (in this case by the Supervisory Board only), to selected employees of Ströer SE from the levels below board level and to members of the management of the companies affiliated to Ströer SE within the meaning of sections 15 et seq. AktG. Up to 1,954,700 option rights may be granted to the members of the Management Board of Ströer SE, up to 244,300 option rights may be granted to the employees of Ströer SE and up to 977,400 option rights may be granted to the members of the management of the companies affiliated with Ströer SE within the meaning of sections 15 et seq. AktG. Pursuant to the more detailed provisions of the option conditions, each option right entitles the holder to purchase one no-par value bearer share representing a proportionate amount in the share capital of EUR 1.00. Each of the option rights granted have a maximum term of seven years starting the day it is issued. They may be exercised four years after the day they

are issued at the earliest. Each beneficiary may exercise 65% of the option rights issued to him/her at any time outside certain exercise blocking periods, provided that (i) the closing auction price of the shares of Ströer SE in the electronic trading system XETRA of Deutsche Börse AG, Frankfurt am Main, is at least EUR 15.00 on five subsequent trading days within twelve months before the end of the four year waiting period (**long-term closing auction price**) and the EBITDA of the Ströer Group shown in the annual report and adjusted for special factors is at least EUR 150,000,000.00 for the financial year ending before the end of the four year waiting period or for the financial year preceding such financial year (**performance targets**). In addition, a beneficiary may exercise another 5% of the option rights issued to him/her for each euro by which the long-term closing auction price exceeds EUR 15.00. The strike price is the average closing auction price of the shares of Ströer SE in the electronic trading system XETRA of Deutsche Börse AG, Frankfurt am Main, during the last 30 trading days before the day the respective option right is issued (**strike price**). Instead of shares from conditional capital, Ströer SE may also grant the beneficiary a cash payment in the amount of the difference between the strike price and the closing auction price of the shares of Ströer SE in the electronic trading system XETRA of Deutsche Börse AG, Frankfurt am Main, on the last trading day before the exercise date (**exercise price**). The profit earned by the beneficiary may not exceed three times the strike price. At the time the General Meeting is convened, 2,274,700 share option rights have been issued under the Share Options Programme 2013 all of which are exercisable. If the resolution on the cancellation of the part of the Conditional Capital 2013 in the amount of EUR 901,700.00 which has not yet been used is adopted as proposed under item 1 of the agenda, no further option rights may be granted under the Share Options Programme 2013.

#### Share Options Programme 2015

If the resolution on the conditional capital increase proposed under item 1 of the agenda is adopted, the Management Board will be authorised to grant, with the approval of the Supervisory Board, up to 2,123,445 option rights for up to 2,123,445 no-par value bearer shares in Ströer SE. Such option rights may be granted to members of the Management Board of Ströer SE (in this case by the Supervisory Board only), to selected employees of Ströer SE from the levels below board level and to members of the management of the companies affiliated to Ströer SE within the meaning of sections 15 et seq. AktG. Up to 1,306,768 option rights may be granted to the members of the Management Board of Ströer SE, up to 163,293 option rights may be granted to the employees of Ströer SE and up to 653,384 option rights may be granted to the members of the management of the companies affiliated with Ströer SE within the meaning of sections 15 et seq. AktG. Pursuant to the more detailed provisions of the option conditions, each option right entitles the holder to purchase one no-par value bearer share representing a proportionate amount in the share capital of EUR 1.00. Each of the option rights granted has a maximum term of seven years starting the day it is issued. They may be exercised four years after the day they are issued at the earliest. Each beneficiary may exercise 50% of the option rights issued to him/her at any time outside certain exercise blocking periods, provided that (i) the closing auction price of the shares of Ströer SE in the electronic trading system XETRA of Deutsche Börse AG, Frankfurt am Main, is at least EUR 55.00 on five subsequent trading days within twelve months before the end of the four year waiting period (**long-term closing auction price**) and the EBITDA of the Ströer Group shown in the annual report and adjusted for special factors is at least EUR 250,000,000.00 for the financial year ending before the end of the four year waiting period or for the financial year preceding such financial year (**performance targets**). In addition, a beneficiary may exercise another 10% of the



option rights issued to him/her for each euro by which the long-term closing auction price exceeds EUR 55.00. The strike price is the average closing auction price of the shares of Ströer SE in the electronic trading system XETRA of Deutsche Börse AG, Frankfurt am Main, during the last 20 trading days before the day the respective option right is issued (**strike price**). Instead of shares from conditional capital, Ströer SE may also grant the beneficiary a cash payment in the amount of the difference between the strike price and the closing auction price of the shares of Ströer SE in the electronic trading system XETRA of Deutsche Börse AG, Frankfurt am Main, on the last trading day before the exercise date (**exercise price**). The profit earned by the beneficiary may not exceed three times the strike price.

As a result of the change of legal form, the option rights for shares of Ströer SE granted to the beneficiaries under the existing Share Options Programme 2013 and – subject to the adoption of the corresponding resolution by the General Meeting held today – the Share Options Programme 2015 will become option rights for limited partnership shares of Ströer SE & Co. KGaA. The number of subscription rights and shares to be delivered will not change as a result of the change of legal form. Also, the strike price payable in each case and the defined performance targets will remain unchanged. Subject to the adoption of the resolution on item 1 of the agenda, the rights arising from the options will also not be affected by any change in the employment relationship of a beneficiary from an employment relationship with Ströer SE to an employment relationship with Ströer SE & Co. KGaA or with Ströer Management SE.

The conditional capitals created in respect of the subscription rights under the Share Options Programmes 2013 and 2015 will – as adjusted by the resolutions of the General Meeting held today, if applicable – continue to exist in Ströer SE & Co. KGaA.

#### General Partner

Ströer Management SE, in which the member of the Management Board Udo Müller holds an interest of 51% and the member of the Supervisory Board Dirk Ströer holds an interest of 49%, will accede to Ströer SE & Co. KGaA as the sole General Partner and will have the rights and obligations provided by law and by the articles of association. In particular, Ströer Management SE will be authorised to manage and represent Ströer SE & Co. KGaA. The management power of Ströer Management SE will also include management measures outside the ordinary course of business. The right of the limited shareholders to object to management measures outside the ordinary course of business will be excluded in accordance with section 164 sentence 1 of the German Commercial Code (Handelsgesetzbuch, *HGB*) (§ 9 para. 2 of the articles of association of Ströer SE & Co. KGaA – Annex 1).

Resolutions by the General Meeting, insofar as they concern the matters which, in a partnership, necessitate the agreement of the general partner and the limited partner, require the consent of the General Partner in accordance with the statutory provisions (section 285 (2) sentence 1 AktG) (§ 17 para. 6 of the articles of association of Ströer SE & Co. KGaA – Annex 1). In accordance with the statutory provisions (section 286 (1) sentence 2 AktG), also resolutions by the General Meeting on the adoption of the annual financial statements require the consent of the General Partner in order to be effective (§ 21 para. 5 of the articles of association of Ströer SE & Co. KGaA – Annex 1).

The General Partner will receive from Ströer SE & Co. KGaA an annual profit- and loss-independent remuneration in the amount of EUR 5,000.00 for the management of Ströer SE & Co. KGaA and its assumption of liability. In addition, it

will be reimbursed for any expenses incurred by it in connection with the management of Ströer SE & Co. KGaA, including any remunerations of the board members of Ströer Management SE (§ 9 para. 3 of the articles of association of Ströer SE & Co. KGaA – Annex 1).

#### Board members

The current members of the Management Board of Ströer SE are also members of the Management Board of Ströer Management SE. These are Udo Müller, Christian Schmalzl and Dr. Bernd Metzner. In addition, the current members of the Supervisory Board of Ströer SE are also members of the Supervisory Board of Ströer Management SE. These are Christoph Vilanek, Dirk Ströer and Ulrich Voigt.

Furthermore, the current members of the Supervisory Board of Ströer SE and Julia Flemmerer, Michael Remagen and Martin Diederichs are proposed to be elected by the General Meeting held today to the Supervisory Board of Ströer SE & Co. KGaA under item 3 of the agenda.

- (8) Pursuant to section 250 UmwG, no compensation offer in accordance with section 207 UmwG is required.
- (9) Consequences of the change of legal form for the employees and their representation

The change of legal form has no impact on the employees and their employment relationships. The change of legal form does not mean a change of employer; the employees' employment agreements will continue in force unchanged. Accordingly, all employer obligations arising from the employment relationships, including all pension obligations, will remain unchanged. After the change of legal form, the employer's instruction powers will be exercised by Ströer SE & Co. KGaA, represented by the General Partner Ströer Management SE. Nothing changes for the employees as a result. Employment will not be interrupted by the change of legal form.

There exists a works council at Ströer SE only for the employees of Ströer SE in Kassel (the relevant establishment (*Betrieb*) includes Ströer DERG Media GmbH and DERG Vertriebs GmbH). Accordingly, any works agreements/shop agreements apply to employees of Ströer SE only there. Those works agreements/shop agreements will not be affected by the change of legal form but will continue in force without any changes for the employees currently falling within their scope. Also in other respects, the change of legal form will not result in any changes under works constitution law. Ströer SE is not bound by collective bargaining agreements; accordingly, the change of legal form has no consequences in this regard. Also in other respects, no changes with regard to the employees and their representation will result from the change of legal form.

The Supervisory Board of Ströer SE is not co-determined. Therefore, no employee representatives have been elected to the Supervisory Board of Ströer SE. Generally, the Supervisory Board of Ströer SE & Co. KGaA will continue to be not subject to co-determination also after the change of legal form so that no employee representatives will be elected to the Supervisory Board. However, in the event that the number of employees of Ströer SE will exceed the threshold relevant for the co-determination of employees prior to the effective date of the change of legal form, half of the members of the Supervisory Board of Ströer SE & Co. KGaA after the change of legal form – and after the implementation of status proceedings (sections 96 (2), 97, 98 AktG) – would be employee representatives.

In connection with the change of legal form, no measures within the meaning of section 194 (1) no. 7 UmwG are intended to be taken which could affect the employees of Ströer SE.

(10) The term of office of the members of the Supervisory Board of Ströer SE will end when the change of legal form becomes effective.

- b) Consent of Ströer Management SE to its accession as General Partner to Ströer SE & Co. KGaA and approval of the articles of association of Ströer SE & Co. KGaA pursuant to Annex 1 to this invitation to the General Meeting by Ströer Management SE

Pursuant to sections 240 (2), 221 UmwG, the consent of Ströer Management SE to the change of legal form, its declaration of accession and its approval of the articles of association of Ströer SE & Co. KGaA are required. The declaration of consent, accession and approval must be notarially recorded (section 193 (3) sentence 1 UmwG). The declaration of accession and approval of the articles of association by Ströer Management SE is to be notarially recorded as follows:

„Atrium 78. Europäische VV SE (which will be renamed and referred to in the following as Ströer Management SE), who is to assume the position of the sole General Partner in Ströer SE & Co. KGaA, hereby declares its consent to the change of legal form and its accession as General Partner to Ströer SE & Co. KGaA. Furthermore, Ströer Management SE hereby approves the articles of association of Ströer SE & Co. KGaA adopted under this item 2 of the agenda with the wording attached as Annex 1 to this invitation (as amended in accordance with the resolution adopted under this item 2 of the agenda, if applicable).”

No resolution of the General Meeting is required for this purpose.

- c) Declaration of Ströer Management SE that the election of the auditor and of the group auditor for the financial year 2015 shall remain in place

Pursuant to section 197 sentence 1 UmwG in conjunction with section 30 (1) AktG, Ströer Management SE in its capacity as General Partner of Ströer SE & Co. KGaA shall, when applying the formation provisions of the Stock Corporation Act (section 245 Abs. 2 Satz 1 UmwG, section 197 UmwG, sections 30 (1) AktG), appoint the auditor for the first full financial year or short financial year. Accordingly, in connection with this transformation resolution, a declaration of Ströer Management SE to that effect is to be notarially recorded as follows:

“After the change of the legal form of Ströer SE to a Kommanditgesellschaft auf Aktien (partnership limited by shares) proposed under this item 2 of the agenda becomes effective, the election of the auditor and of the group auditor for the financial year ending 31 December 2015 approved under item 5 of the agenda by the General Meeting on 30 June 2015 shall remain in place for the 2015 financial year.”

No resolution of the General Meeting is required for this purpose.

- d) Consent of Ströer Management SE to the remuneration of the Supervisory Board of Ströer SE & Co. KGaA

Pursuant to § 15 of the articles of association of Ströer SE & Co. KGaA (Annex 1), the remuneration of the Supervisory Board of Ströer SE & Co. KGaA is approved by the General Meeting, subject to the consent of the General Partner. If the resolution on the remuneration of the members of the Supervisory Board of Ströer SE & Co. KGaA proposed under item 4 of the agenda is adopted, Ströer Management SE intends to give its consent to such remuneration.

No resolution of the General Meeting is required for this purpose.



### 3. Election of the Supervisory Board of Ströer SE & Co. KGaA

When the change in form proposed in item 2 on the agenda becomes effective, the office of the former members of the Supervisory Board shall expire so that a re-election of the members of the Supervisory Board of the legal holder of the new legal form, i.e. Ströer SE & Co. KGaA, becomes necessary.

The Supervisory Board of Ströer SE currently consists of three representatives of the shareholders in accordance with Art. 40 (2), (3) of Regulation (EC) No. 2157/2001 of the Council dated 8 October 2001 on the Statute for a European Company (SE), Section 17 SE-Implementation Act and Article 11 (1) of the Articles of Association of Ströer SE.

Once the change in form has become effective, the Supervisory Board of Ströer SE & Co. KGaA shall comprise six representatives of the shareholders in accordance with Sections 95, 96, 278 (3) AktG, Article 10 (1) of the Articles of Association of Ströer SE & Co. KGaA. This shall also apply if the number of employees of Ströer SE should exceed the relevant threshold value for the purposes of employee co-determination before the change in form becomes effective. In this case, half of the Supervisory Board of Ströer SE & Co. KGaA would be composed of employee representatives only after conducting a status procedure (Sections 96 (2), (97), (98) AktG) (Section 31 AktG, Section 197 German Transformation of Companies Act - UmwG).

Against this background, the Supervisory Board recommends that the following be adopted for the composition of the Supervisory Board under consideration of paragraph 5.4.1 (1) of the German Corporate Governance Code:

The following persons shall be appointed members of the Supervisory Board of Ströer SE & Co. KGaA for a period of office up to the end of the General Meeting deciding on the approval of actions for the fourth financial year after the start of the official period of office, whereby the financial year in which the period of office starts shall not be counted:

- a) Mr Christoph Vilanek, Hamburg, CEO of freenet AG, Büdelsdorf;
- b) Mr Dirk Ströer, Cologne, entrepreneur, managing shareholder of Ströer Außenwerbung GmbH & Co. KG; Cologne;
- c) Mr Ulrich Voigt, Hennef, member of the Executive Board of the Sparkasse Köln-Bonn, Cologne;
- d) Mr Martin Diederichs, Bonn, partner of the law firm Heidland, Werres, Diederichs, Cologne;
- e) Ms Julia Flemmerer, Cologne, Managing Director of the Famosa Real Estate S.L., Ibiza, Spain
- f) Mr Michael Remagen, Cologne, tax consultant and partner of the auditor and tax consulting firm Korte, Remagen, Cologne.

The General Meeting is not tied to the nominations.

It is intended that the General Meeting shall decide on the election to the Supervisory Board of Ströer SE & Co. KGaA by way of individual voting.

In accordance with paragraph 5.4.3 sentence 3 of the German Corporate Governance Code, it is pointed out that in the event of his election to the Supervisory Board, Mr Christoph Vilanek is to be nominated as chairman of the Supervisory Board.

**Information on item 3 on the agenda in accordance with Section 125 (1) Sentence 5 AktG and in accordance with paragraph 5.4.1 of the German Corporate Governance Code:**

The proposed candidates belong to the following other

- a) Supervisory Boards to be formed by law and/or
- b) comparable domestic and foreign Supervisory Boards of other commercial enterprises:

Mr Christoph Vilanek:

- a) Netzpiloten AG, Hamburg, mobilcom-debitel GmbH, Büdelsdorf; Atrium 78. Europäische VV SE (in future Ströer Management SE);
- b) none.

Mr Dirk Ströer:

- a) Atrium 78. Europäische VV SE (in future Ströer Management SE);
- b) Supervisory Board of the Kölner Außenwerbung Gesellschaft mit beschränkter Haftung, Cologne.

Mr Ulrich Voigt:

- a) Atrium 78. Europäische VV SE (in future Ströer Management SE);
- b) Supervisory Board of modernes Köln GmbH as well as stock exchange council of the Düsseldorf stock exchange.

Mr Martin Diederichs:

- a) none;
- b) Supervisory Board of DSD Steel Group GmbH, Saarlouis.

Ms Julia Flemmerer:

- a) none;
- b) none.

Mr Michael Remagen:

- a) none;
- b) none.

With respect to paragraph 5.4.1 of the German Corporate Governance Code, it is declared that in the opinion of the Supervisory Board, Mr Christoph Vilanek and Mr Ulrich Voigt are not in any personal or business relationships with the Company, its Group companies, the organs of the Company or a major shareholder in the Company which are to be disclosed in accordance with this recommendation. However, by way of precaution, reference is made to the following: Mr Christoph Vilanek is CEO of freenet AG and business relationships exist between the subsidiaries of freenet AG and companies of the Ströer Group. Furthermore, the Sparkasse KölnBonn on whose Executive Board Mr Voigt is a member belongs to the bank syndicate which provides the Company with funds.

Mr Dirk Ströer is shareholder in Ströer SE and, together with Mr Udo Müller (member of the Executive Board and shareholder of Ströer SE), shareholder in Media Ventures GmbH in Cologne. A variety of business relationships exist between Media Ventures GmbH and other companies of Mr Dirk Ströer, as well as companies of the Ströer group.

Ms Julia Flemmerer is married to Mr Udo Müller (member of the Executive Board and shareholder of Ströer SE).

Mr Michael Remagen, partner of the auditor and tax consulting firm Korte, Remagen, is in tax matters responsible for Mr Udo Müller, Ströer SE and its German affiliated companies as well as Ströer Außenwerbung GmbH & Co. KG (managing partner: Dirk Ströer). In this respect business relationships exist.

Further information on the proposed candidates is to be found on the website of the Company at <http://www.stroeer.com/> under the heading "Investor Relations", "General Meeting".

#### **4. Passing of resolution on the compensation of the members of the Supervisory Board as from the change of legal form becoming effective**

In accordance with Article 15 of the Articles of Association of Ströer SE, the compensation for the Supervisory Board is approved by the General Meeting. Also after the change in form, the compensation for the Supervisory Board of Ströer SE & Co. KGaA will be approved by the General Meeting and additionally requires the consent of the personally liable partner (Article 15 of the Articles of Association of Ströer SE & Co. KGaA – Annex 1).

In the event of a positive passing of resolution on the change in form proposed in item 1 on the agenda of Ströer SE to a partnership limited by shares (KGaA), Executive Board and Supervisory Board propose that the compensation of the Supervisory Board of Ströer SE & Co. KGaA be adopted as follows:

By way of compensation for the activities in the Supervisory Board of Ströer SE & Co. KGaA, every member of the Supervisory Board shall receive a payment of EUR 200.00 for every personal participation in a meeting or telephone conference of the Supervisory Board and of its committees. However, in the case of a telephone conference, this payment shall only be made if the telephone conference is commensurate with a meeting in person in terms of its importance and scope. If several meetings or telephone conferences take place on the same day, only one payment shall be made per day.

Furthermore, the members of the Supervisory Board of Ströer SE & Co. KGaA shall be reimbursed with their proven appropriate expenses (in particular travel expenses) in connection with their participation in the meetings of the Supervisory Board.

This provision on compensation for the Supervisory Board is to apply as from the change in form of Ströer SE to a partnership limited by shares becoming effective and shall become effective on consent of the personally liable partner.

## **REQUIREMENTS FOR ATTENDANCE AT THE GENERAL MEETING AND THE EXERCISE OF VOTING RIGHTS**

In accordance with § 17 para. 1 of the Articles of Association, only shareholders that have properly registered in advance with the Company - and who have proved their eligibility - have the right to attend the General Meeting and exercise voting rights.

The registration must be made in writing pursuant to § 126b of the German Civil Code (Bürgerliches Gesetzbuch - BGB) (for example by letter, fax, or e-mail) in either the German or English language.

The authorization to participate in the General Meeting or to exercise voting rights is proved through presenting a certificate in writing pursuant to § 126b BGB from the custodian bank or financial institution that validates share ownership and that is written in either the German or English language. The verification must relate to the beginning of the 21st day before the General Meeting, i.e. **Friday, September 5, 2015, 0:00 hours (CEST) ("Record Date")**.

In relation to the Company, the participation in the General Meeting and the exercise of the shareholder's voting rights is only valid if the verification has been provided.

The Company must receive both the registration and the verification in writing pursuant to § 126b BGB at the following mailing address by no later than **Friday, September 18, 2015, 24:00 hours (CEST) (inbound)**:

Mailing address:                      Ströer SE  
                                                  c/o Commerzbank AG  
                                                  GS-MO 4.1.1 General Meetings  
                                                  60261 Frankfurt am Main  
                                                  Germany  
E-mail:                                    hv-eintrittskarten@commerzbank.com  
Fax:                                        +49 (0)69 / 136 26 351

After receipt of the registration and the verification of their share ownership at the previously mentioned place of registration, the admission cards for the General Meeting will be sent to the shareholders.

In order to ensure the timely receipt of the admission cards, we ask all shareholders to request an admission card from their custodian bank or financial institution as soon as possible. In these cases, the mailing of the registration and the verification of share ownership are usually made by the custodian bank or financial institution. For this purpose, shareholders who have requested an admission card for the General Meeting via their custodian bank or financial institution usually do not have to take any additional steps. In case of doubt, shareholders should inquire at their custodian bank or financial institution whether or not it will process the registration and the verification of share ownership for them.

### **Significance of the Record Date**

The Record Date is the decisive date for the scope and the exercise of the participation and voting rights in the General Meeting. In relation to the Company, the participation in the General Meeting and the exercise of the voting rights as a shareholder are only valid if a verification of share ownership has been provided by the Record Date. Changes in the share portfolio after the Record Date do not have any impact on this. Shareholders who have correctly registered and who have submitted the proper verification are permitted to participate in the

General Meeting or to exercise voting rights even if they sell their shares after the Record Date. Shareholders who did not own any shares prior to the Record Date, but only obtain share ownership after the Record Date, can only participate in the General Meeting and exercise their voting rights if they obtain a power of attorney or become authorized to exercise such right. The Record Date has no impact on the ability to sell off the shares. Furthermore, it is not a relevant date for a possible dividend entitlement.

## PROCEDURE FOR VOTING BY PROXY

The voting right can also be exercised by a proxy, for example through the custodian bank, a shareholders' association or a named voting representative of the Company. Even in this case, the shareholder must - as described above - register for the General Meeting and must verify his or her share ownership in due time.

The granting of authority, its revocation and the verification of the proxy towards the Company requires - in accordance with § 134 para. 3 sentence 3 AktG in connection with § 18 para. 2 of the Company's Articles of Association - the written form pursuant to § 126b BGB, if neither a bank nor a shareholders' association or any other equivalent institution or person in accordance with § 135 paras. 8 and 10 AktG has been authorized to exercise voting rights. In order to grant power of attorney, the power of attorney form can be used. Shareholders can find this on the back of the admission card sent to them or on the Company's homepage at <http://www.stroeer.com/>, under the section "Investor Relations", "General Meeting".

The verification concerning the appointment of a proxy vis-à-vis the Company can also be made by sending the authorization in written form pursuant to § 126b BGB to the following address:

Mailing address: Ströer SE  
c/o HCE Haubrok AG  
Landshuter Allee 10  
80637 München (Munich)  
Germany  
E-mail: vollmacht@hce.de  
Fax: +49 (0)89 / 210 27 289

In case of the authorization of banks or financial institutions pursuant to § 135 AktG, shareholders' associations or other equivalent institutions or persons in accordance with § 135 paras. 8 and 10 AktG, the requirement of the text form in accordance with § 134 para. 3 sentence 3 AktG does not apply.

However, the letter of authority must be verifiably registered by the proxy. However, it must also be complete and may only contain the explanations connected with the exercise of the voting rights. Therefore, we ask shareholders, who would like to authorize a bank, a shareholders' association or another equivalent institution or person in accordance with § 135 paras. 8 and 10 AktG to exercise voting rights to coordinate this with the authorized person(s).

Beyond this, we offer our shareholders the ability to have their right to vote exercised at the General Meeting - according to their instructions by a voting representative appointed by the Company for this purpose. Even in this case, the shareholder must - as described above - register for the General Meeting and must verify his or her share ownership in due time. If a shareholder would like to authorize the voting representative appointed by the Company, he must give them instructions on how the voting right should be exercised. The voting representatives appointed by the Company are obliged to vote in accordance with the instructions provided to them.

The authorization of the voting representative named by the Company can be sent prior to the General Meeting via regular mail, fax or e-mail to the following address:

Mailing address: Ströer SE  
c/o HCE Haubrok AG  
Landshuter Allee 10  
80637 München (Munich)  
Germany  
E-mail: vollmacht@hce.de  
Fax: +49 (0)89 / 210 27 289

In case of authorizing the voting representative named by the Company, we ask the shareholders to send the authorization along with the instructions to the previously mentioned address by no later than **Thursday, September 24, 2015, 16:00 hours (CEST)**. In order to grant authority and to issue instructions to the Company's voting representative, shareholders can use the form that they will find on the back of the admission card sent to them or on the Company's homepage at <http://www.stroeer.com/>, under the section "Investor Relations", "General Meeting".

Please be aware that the voting representatives appointed by the Company do not accept any authorizations pertaining to the entering of objections towards General Meeting resolutions, for shareholders to exercise their right to speak and to ask questions, or for the presentation of motions; in addition, they are not available for the voting on motions in respect of which no proposals of the Management Board and/or Supervisory Board have been published in the present invitation or later.

#### **PROCEDURE FOR VOTE BY CORRESPONDENCE**

Shareholders who do not want to or are unable to personally attend the General Meeting can cast their votes in writing or by means of electronic communication by correspondence. For this, the form located on the back of the admission card sent to shareholders or on the Company's homepage at <http://www.stroeer.com/>, under the section "Investor Relations", "General Meeting" can be used. We kindly ask the shareholders to send the votes by correspondence no later than **Thursday, September 24, 2015, 16:00 hours (CEST) (inbound)**, to the Company via regular mail, fax or e-mail at the following address:

Mailing address: Ströer SE  
c/o HCE Haubrok AG  
Landshuter Allee 10  
80637 München (Munich)  
Germany  
E-mail: briefwahl@hce.de  
Fax: +49 (0)89 / 210 27 289

In the case of voting by correspondence as well, timely registration and submission of proof of ownership of the shares in accordance with the provisions in the section "REQUIREMENTS FOR ATTENDANCE AT THE GENERAL MEETING AND THE EXERCISE OF VOTING RIGHTS" are required.

**INFORMATION REGARDING THE RIGHTS OF SHAREHOLDERS IN ACCORDANCE WITH SECT. 56 SENTENCES 2 AND 3 SE-VO, § 50 PARA. 2 SEAG, § 122 PARA. 2, § 126 PARA. 1, § 127 AND § 131 PARA. 1 AKTG**



Prior to and during the General Meeting, the shareholders are entitled to the following rights, among others. Further details can be viewed on the Company's homepage at <http://www.stroeer.com/>, under the section "Investor Relations", "General Meeting".

**Applications for items to be added to the agenda at the request of a minority in accordance with sect. 56 sentences 2 and 3 SE-VO, § 50 para. 2 SEAG, § 122 para. 2 AktG**

Shareholders whose joint holdings reach a pro rata amount of EUR 500,000.00 of the registered share capital, corresponding to 500,000 no-par value shares, can request that items be placed on the agenda and published. Each new item must be accompanied by a reason or a proposal.

Requests for additional agenda items must be received by the Company in writing or in electronic form in accordance with § 126a BGB no later than Tuesday, August 25, 2015, 24:00 hours (CEST) (inbound). Requests for additional agenda items can be sent via regular mail or e-mail to the following address:

Mailing address: Ströer SE  
- Management Board-  
Ströer Allee 1  
50999 Köln (Cologne)  
Germany  
E-mail: [hauptversammlung@stroeer.de](mailto:hauptversammlung@stroeer.de)

The applicant(s) must show in accordance with § 122 para. 2 sentence 1 and para. 1 sentence 3, § 142 para. 2 sentence 2 AktG that they have held shares for a period of at least three months. In doing so, the Company will - concerning the applicable time for attaining this minimum holding period – decide in favor of any applicant by basing it on the day of the General Meeting and by determining that an issued proof of ownership since **Thursday, June 25, 2015** is to be treated as sufficient.

**Shareholders' counter-motions and proposals for election by shareholders in accordance with §§ 126 para. 1 and 127 AktG**

Each shareholder can submit a counter-motion to the Company against proposals made by the Management Board and/or Supervisory Board in respect of a specific agenda item, as well as proposals for election.

Shareholders' counter-motions and proposals for election by shareholders that have been received by the Company no later than **Thursday, September 10, 2015, 24:00 hours (CEST) (inbound)**, via regular mail, fax or e-mail at the following address:

Mailing address: Ströer SE  
- Legal Department -  
Ströer Allee 1  
50999 Köln (Cologne)  
Germany  
Fax: +49 (0)2236 / 9645 69 106  
E-mail: [gegenantraege@stroeer.de](mailto:gegenantraege@stroeer.de)

will, together with the name of the shareholder and the grounds - which however are not necessary for proposals for election - as well as any statement by the management, be made



accessible immediately upon receipt on the Company's homepage at <http://www.stroeer.com/>, under the section "Investor Relations", "General Meeting".

Counter-motions and proposals for election which are not addressed to the aforementioned Company's address or which arrive after **Thursday, September 10, 2015, 24:00 hours** (CEST) (inbound) as well as counter-motions without sufficient justification, will not be published on the Internet by the Company.

Furthermore, proposals for election are only made accessible if they contain the name, profession, and place of residence of the nominated person; for proposals for election of Supervisory Board members, the additional information concerning their memberships in other supervisory boards required to be established by law must be included.

The Company can refrain from making a counter-motion and its grounds or a proposal for election accessible if one of the conditions of exclusion of § 126 para. 2 AktG exists. The conditions of exclusion are available on the Company's homepage at <http://www.stroeer.com/>, under the section "Investor Relations", "General Meeting".

A vote on a counter-motion or counter-suggestion regarding a proposal for election in the General Meeting assumes that the counter-motion or counter-suggestion regarding a proposal for election had been posed verbally during the General Meeting.

The right of every shareholder to submit verbal counter-motions concerning the various agenda items or counter-suggestions to proposals for election - even without the prior and timely notice to the Company - remains unaffected.

#### **Right to inform shareholders in accordance with § 131 para. 1 AktG**

If requested, each shareholder has the right to receive information from the Management Board regarding the activities of the Company, including the legal and commercial relationships with affiliated companies as well as the state of the Group and the companies included in the consolidated financial statements insofar as this is necessary to make an appropriate assessment of the agenda items. Informational requests are generally made verbally during the General Meeting within the framework of the discussion. In accordance with § 19 para. 3 of the Articles of Association, the chairman of the meeting has the right to limit the question and discussion period of a shareholder and can determine a further course of action. In addition, the Management Board can, in cases regulated under § 131 para. 3 AktG, opt out of providing any information. These cases are depicted on the Company's homepage at <http://www.stroeer.com/>, under the section "Investor Relations", "General Meeting".

#### **INFORMATION AND DOCUMENTS REGARDING THE GENERAL MEETING**

This invitation to the General Meeting, the availability of documents as required by law, applications as well as proposals for election from shareholders as well as additional information and further explanations regarding above-mentioned shareholders' rights in accordance with sect. 56 sentences 2 and 3 SE-VO, § 50 para. 2 SEAG, §§ 122 para. 2, 126 para. 1, 127 and 131 para. 1 AktG, especially in relation to the participation in the General Meeting, voting by correspondence and regarding authorization and issuing instructions, are available - from the time of calling the General Meeting - on the Company's homepage at <http://www.stroeer.com/>, under the section "Investor Relations", "General Meeting".

The documents made available as required by law will also be available at the General Meeting.

After the General Meeting, the voting results will also be published by the Company on its homepage.

Together with their admission cards, the shareholders will be given further details regarding the participation in the General Meeting, voting by correspondence as well as regarding authorization and issuing instructions.

## **NUMBER OF SHARES AND VOTING RIGHTS**

At the time of calling the General Meeting the registered share capital of the Company is divided into 48,869,784 no-par value bearer shares, all of which have one voting right. At the time of calling the General Meeting, all 48,869,784 of the Company's issued no-par value shares include the right to attend and the right to vote, which is why the total number of the Company's voting shares is 48,869,784 at the time of calling the General Meeting. At the time of this calling, the Company does not possess any own shares.

**COLOGNE, August 2015**

**STRÖER SE  
MANAGEMENT BOARD**

**Annex 1** to the invitation to the Extraordinary General Meeting of Ströer SE on September 25, 2015

Articles of Association of Ströer SE & Co. KGaA

## I. GENERAL PROVISIONS

### § 1 COMPANY'S NAME, REGISTERED OFFICE AND TERM

- (1) The Company has the name  
  
**Ströer SE & Co. KGaA.**
- (2) The Company's registered office is situated in Cologne.
- (3) The Company has been established for an unlimited period.

### § 2 CORPORATE PURPOSE

- (1) The Company's purpose is that of a management holding, i.e. the grouping of companies, advising these companies and performing other business management tasks as well as providing services for companies that are active in the following areas:
  - (a) Advertising in relation to all types of advertising media – particularly in the external and online segments – by way of management of the advertising media in question and brokerage and marketing of advertising space, including the (ongoing) development of suitable technology,
  - (b) All types of media – particularly in the online segment – including the operation and marketing of online portals for information, communication (including social networks), entertainment (including videos and games) and e-commerce (including marketing of products and provision of all types of services).
- (2) The Company may also itself operate in the business areas indicated in para. (1); in particular, it may enact any transactions and measures associated with the aforesaid activities. The Company may hold interests in other companies of the same or similar nature, nationally and internationally; it may found, purchase and sell such companies; the Company may found, purchase, manage and sell interests in any companies for investment purposes and limit itself to the management of these interests. The Company

may provide guarantees or loans to companies in which it holds a direct or indirect interest; it may assume their liabilities or otherwise support them.

### § 3

#### ANNOUNCEMENTS AND TRANSMISSION OF INFORMATION

- (1) Announcements by the Company shall be published in the German Federal Gazette (*Bundesanzeiger*).
- (2) The Company may also transmit information to the shareholders of the Company via remote data transmission.

## II.

### SHARE CAPITAL AND SHARES

### § 4

#### AMOUNT AND STRUCTURE OF THE SHARE CAPITAL

- (1) The share capital of the Company amounts to EUR 48,869,784.00 (in words: forty eight million eight hundred and sixty-nine thousand seven hundred eighty-four euros).
- (2) It is divided up into 48,869,784 (in words: forty eight million eight hundred and sixty-nine thousand seven hundred eighty-four) no-par shares.
- (3) The existing share capital as of the Company's transformation into a stock corporation (*Aktiengesellschaft*) was contributed through a Change of Legal Form of the legal entity with the previous legal form, Ströer Out-of-Home Media GmbH, seated in Cologne (commercial register section B 25192).

The existing share capital as of the Company's transformation into a European company (*Societas Europaea*, SE) was contributed through a Change of Legal Form of the legal entity with the previous legal form, Ströer Media AG, seated in Cologne (commercial register section B 41548).

The existing share capital as of the Company's transformation into a partnership limited by shares (*Kommanditgesellschaft auf Aktien*, KGaA) was contributed through a Change of Legal Form of the legal entity with the previous legal form, Ströer SE, seated in Cologne (commercial register section B 82548).

## § 5 AUTHORISED CAPITAL 2014

- (1) The General Partner is authorised with the consent of the Supervisory Board to increase the share capital of the Company one or more times in the period to 17 June 2019 by a total amount of up to EUR 18,938,495.00 (in words: eighteen million nine hundred and thirty-eight thousand four hundred ninety-five euros) by issuing up to 18,938,495 (in words: eighteen million nine hundred and thirty-eight thousand four hundred ninety-five) new no-par-value bearer shares in return for contributions in cash and/or contributions in kind (Authorised Capital 2014), but not exceeding the amount and the number of shares corresponding to the value of the Authorised Capital pursuant to section 5 (1) of the Articles of Association of Ströer SE which is still available as of the Change of Legal Form of Ströer SE to become a partnership limited by shares, pursuant to the transformation resolution adopted on 25 September 2015.
- (2) As a matter of principle, the shareholders must be granted a right of subscription. The statutory subscription right may also be granted through the bank or a company acting in accordance with section 53 (1) sentence 1 or section 53b (1) sentence 1, para. 7 of the German Banking Act (*Gesetz über das Kreditwesen, KWG*) accepting the new shares subject to an obligation to offer them indirectly to the shareholders for subscription in accordance with section 186 (5) of the German Stock Corporation Act (*Aktiengesetz, AktG*). However, the General Partner is authorised with the consent of the Supervisory Board to exclude the shareholders' statutory subscription right in case of one or more capital increases within the scope of the Authorised Capital,
  - (i) to exclude fractional amounts from the subscription rights of the shareholders;
  - (ii) if the capital increase is made in return for contributions in kind, in particular – but not restricted to – the purchase of companies, parts of companies or interests in companies;
  - (iii) in the event that the capital increase is made in return for contributions in cash and at the time when the final subscription amount is determined, the subscription amount for the new shares is not significantly lower than the market price for previously listed shares of the same class and with the same terms of issue, in accordance with sections 203 (1) and (2), 186 (3) sentence 4 *AktG*, and the proportional amount of the share capital allocated to the issued new shares in accordance with this clause (iii) – while excluding the subscription right in accordance with section 186 (3) sentence 4 *AktG* – does not exceed a total of 10% of the share capital either when this authorisation becomes effective or as of its utilisation. The proportional amount of the share capital allocated to new or treasury shares which have been issued or sold since 18 June 2014 – subject to a simplified exclusion of the subscription right pursuant to or in accordance with section 186 (3) sentence 4 *AktG* – must be added to this maximum amount, as well as the proportional amount of the share capital allocated to shares which relate to option and/or conversion rights and/or conversion obligations from bonds or participation rights which have been issued since 18 June 2014 subject to application, mutatis mutandis, of section 186 (3) sentence 4 *AktG*; and/or
  - (iv) insofar as is necessary, to grant subscription rights for the new shares to the relevant extent, to bearers of warrants or creditors of convertible bonds or participation rights with conversion or option rights which are issued by the Company or by companies dependent on the Company or in which the Company holds the

majority of shares, to the extent that they would have been thus entitled after exercising the option or conversion rights or upon fulfilment of the conversion requirement.

- (3) With the consent of the Supervisory Board, the General Partner shall determine other contents of the rights of the shares, the subscription amount, the price to be paid for the new shares, and the other conditions for the issue of the shares.
- (4) The Supervisory Board is entitled to amend the Articles of Association if such amendments only relate to its wording after a complete or partial increase of the share capital from the Authorised Capital or upon expiry of the authorisation period.

## **§ 6 CONDITIONAL CAPITAL 2013**

- (1) The share capital shall be conditionally increased by an amount of up to EUR 3,176,400 through the issuance of up to 3,176,400 no-par-value bearer shares (Conditional Capital 2013). However, this conditional capital increase applies up to the amount and number of shares in whose value the conditional capital increase pursuant to section 6A (1) of the Articles of Association of Ströer SE has not yet been performed as of the Change of Legal Form of Ströer SE to become a partnership limited by shares, pursuant to the transformation resolution adopted on 25 September 2015. The conditional capital increase will be used solely to grant rights to the holders of share option rights under the 2013 Share Options Programme which the Management Board has been authorised to issue through the resolution passed at the General Meeting on 8 August 2013. The conditional capital increase will only be implemented provided that the holders of share option rights granted on the basis of the authorisation provided by the General Meeting on 8 August 2013 and pursuant to the transformation resolution passed by the General Meeting on 25 September 2015 exercise these share option rights and the Company does not fulfil these share option rights by means of a cash payment.
- (2) The new shares will participate in the profits from the beginning of the business year for which no resolution has yet been passed by the General Meeting concerning the utilisation of the accumulated profit as of issuance of the new shares.
- (3) With the consent of the Supervisory Board, the General Partner is authorised to determine the further details of how the conditional capital increase is to be implemented unless share option rights and shares are to be issued to members of the Management Board of the General Partner; in this latter case, the Supervisory Board will stipulate the further details of how the conditional capital increase is to be implemented.
- (4) The Supervisory Board is authorised to amend the wording of the Articles of Association in accordance with the capital increase from the Conditional Capital 2013.



## **§ 7 BEARER SHARES, SHARE CERTIFICATES**

- (1) The shares in the Company will be issued as bearer shares. This also applies for new shares in case of capital increases, unless resolved otherwise.
- (2) The General Partner shall determine the form and content of share certificates and any dividend warrants and renewal coupons with the consent of the Supervisory Board. The share certificates shall be solely signed by the General Partner. The same applies for bonds and profit participation certificates, renewal coupons and interest coupons.
- (3) The shareholders' right to have their shares embodied in certificates is excluded insofar as this is permitted by law and unless certificates are required under the rules applicable at a stock exchange where the shares are admitted to trading. The Company may issue share certificates that represent individual shares (single shares) or several shares (global shares).

## **III. ORGANISATION OF THE COMPANY**

### **A. GENERAL PARTNER**

## **§ 8 GENERAL PARTNER, SPECIAL CONTRIBUTION, LEGAL RELATIONSHIPS, WITH- DRAWAL**

- (1) The General Partner is

**Ströer Management SE**  
(currently operating as Atrium 78. Europäische VV SE)

whose registered office is situated in Düsseldorf.

- (2) The General Partner has not provided any special contribution. It does not share in the Company's profit or loss or hold any interest in its assets.
- (3) The General Partner shall withdraw from the Company once the shareholders of the General Partner jointly hold less than 10 per cent of the Company's share capital, directly or indirectly through a company which is dependent in accordance with section 17 (1) *AktG* or is a controlled company in accordance with section 290 (2) of the German Commercial Code (*Handelsgesetzbuch, HGB*), for a period of more than one

week. This will not apply if the Company holds all of the shares in the General Partner.

(4) a) Should a single person who is not a member of the Müller or Ströer families gain controlling influence over the General Partner within the meaning of section 17 (1) *AktG* or section 290 (2) *HGB* and fail to submit a takeover or mandatory bid to the Company's shareholders pursuant to the following section b) and in other respects in accordance with the provisions of the German Securities Acquisition and Takeover Act (*Wertpapierwerbs- und Übernahmegesetz, WpÜG*) within three months of acquiring such controlling influence, the General Partner will withdraw from the Company upon expiry of the above-mentioned three-month period. As well as Mr. Udo Müller and Mr. Dirk Ströer, the members of the Müller and Ströer families also comprise all persons who are spouses, partners or direct relatives of Mr. Udo Müller and Mr. Dirk Ströer.

b) Should the person acquiring controlling influence provide a consideration in return for obtaining this controlling influence (control premium), the minimum price calculated in accordance with *WpÜG* for the takeover or mandatory bid shall be increased by the control premium granted pro rata for the shares issued in the Company, with the control premium equally apportioned to all of the shares issued in the Company. The control premium is the difference between

(i) the value of the total consideration agreed within the scope of the legal transaction through which this person acquires controlling influence, including any associated transactions (in particular, the simultaneous acquisition of shares in the General Partner and of shares in the Company),

and

(ii) the total amount resulting on the following basis:

- If the person acquiring controlling influence thus acquires shares in the General Partner, the portion of the balance-sheet equity of the General Partner corresponding to the shares purchased, in accordance with the annual financial statements of the General Partner most recently published before such controlling influence was acquired and
- If the person acquiring controlling influence thus acquires shares in the Company, the product of multiplying (x) the number of shares acquired by (y) the minimum price for the takeover or mandatory bid, calculated in accordance with *WpÜG*.

If the difference is negative, the control premium shall be zero euros.

c) A statutory obligation for the purchaser of the shares in the Company and in the General Partner to submit a takeover or mandatory bid to the Company's shareholders shall remain unaffected.

(5) The General Partner shall also withdraw from the Company upon providing notice of termination. Notice of termination must be provided to all of the limited shareholders at the General Meeting, or outside of the General Meeting to the chairman of the Supervisory Board or his deputy. It may only be declared as of the end of a business year, subject to a notice period of at least six months.

(6) The other grounds prescribed by law for the General Partner's withdrawal shall remain

unaffected.

- (7) Should the General Partner withdraw from the Company or if its withdrawal is foreseeable, the Supervisory Board is entitled and obliged to adopt – without delay or as of the General Partner's withdrawal – as the Company's new General Partner a corporation (*Kapitalgesellschaft*) which is wholly owned by the Company. In the event that the Company's General Partner withdraws without the Company adopting such new General Partner, the Company's shareholders alone shall temporarily manage the Company. In this case, the Supervisory Board must without delay appoint a substitute representative which will represent the Company until a new General Partner is adopted pursuant to sentence 1 of this paragraph, in particular as of the acquisition or founding of this General Partner. The Supervisory Board is entitled to revise the Articles of Association in accordance with the change of General Partner.
- (8) In case of a continuation of the Company pursuant to § 8 (7) of the Articles of Association or if all of the shares in the General Partner are held by the Company either directly or indirectly, an extraordinary General Meeting or the next regular General Meeting will decide on the Company's Change of Legal Form to become a European company (*Societas Europaea*, SE) or a stock corporation. A simple majority of the votes cast will suffice for the resolution on this Change of Legal Form. The General Partner is obliged to agree to such resolution passed by the General Meeting approving this Change of Legal Form.

## **§ 9**

### **MANAGEMENT AND REPRESENTATION OF THE COMPANY**

- (1) The Company is represented by its General Partner. The Company is represented by its Supervisory Board in relation to its General Partner.
- (2) The Company's General Partner is responsible for its management. The management powers of the General Partner include extraordinary management measures. The shareholders' right to agree to extraordinary management measures at the General Meeting is excluded. Section 164 sentence 1, 2<sup>nd</sup> half-sentence *HGB* and section 111 (4) sentence 2 *AktG* shall not apply in respect of the management of the Company's business.
- (3) For its management of the Company and its assumption of liability, the General Partner shall receive from the Company annual remuneration in the amount of EUR 5,000. It shall also be reimbursed any expenses which it incurs in connection with its management of the Company's business.

**B.**  
**SUPERVISORY BOARD**

**§ 10**  
**COMPOSITION, TERM OF OFFICE AND RESIGNATION FROM OFFICE**

- (1) The Supervisory Board consists of six members.
- (2) The Supervisory Board members are elected for the period up to the end of the General Meeting granting discharge for the fourth business year since the commencement of their term of office, but for a maximum period of six years. The business year in which the term of office commences is not included in this calculation. The General Meeting may specify a shorter term of office. Members may be re-elected.
- (3) The General Meeting may appoint replacement members for the Supervisory Board members which it elects. These replacement members will become members of the Supervisory Board following their designation by the General Meeting, to take the place of members of the Supervisory Board who have left office prematurely. If a replacement member replaces a Supervisory Board member who has left office, his term of office shall expire at the end of the next General Meeting held since his appointment to office, if a replacement member is elected at this General Meeting. If no replacement member is elected at the General Meeting, the office of the replacement member will be extended until the end of the term of office of the Supervisory Board member who left office prematurely.
- (4) Supervisory Board members or replacement members may resign from the Supervisory Board even without good cause, by giving written notification to the General Partner while notifying the chairman of the Supervisory Board or, in case the chairman resigns, his deputy, with a notice period of one month. The right to resign from office for good cause shall remain unaffected.

**§ 11**  
**CHAIRMAN AND DEPUTY CHAIRMAN**

- (1) Following the regular General Meeting at the end of which the term of office of the members elected at the General Meeting begins, a Supervisory Board meeting shall take place which need not be specially convened. The Supervisory Board will elect a chairman and a deputy chairman out of its members, for the duration of their respective term of office.
- (2) In the event that the chairman or the deputy chairman leaves office prematurely, the Supervisory Board shall re-elect a new chairman or deputy chairman without delay for the remainder of this person's term of office.
- (3) In the event that the chairman and the deputy chairman are unable to carry out their responsibilities, the oldest member of the Supervisory Board (in terms of age) shall take on these responsibilities for the period of their incapacity.

## **§ 12 CONVOCAATION AND PASSING OF RESOLUTIONS**

- (1) The chairman of the Supervisory Board or, in the event that he is unavailable, his deputy shall convene the meetings of the Supervisory Board and determine the venue for such meetings. The invitation to meetings shall be submitted in writing (e.g. by letter, fax or e-mail) to the last address given to the General Partner. In urgent cases, the chairman may convene meetings by telephone.
- (2) The invitation should be made with a notice period of 14 days and stipulate the items of the agenda. In urgent cases, the notice period may be shortened. The working documents shall be made accessible to the members of the Supervisory Board in good time, if possible together with the invitation to attend the meeting. The date on which the invitation is sent is authoritative for the calculation of the aforesaid notice period.
- (3) The Supervisory Board will be quorate if at least three members participate in the passing of resolutions. A member will participate in the passing of resolutions even in case of his abstention.
- (4) Resolutions of the Supervisory Board shall be passed with a simple majority of the votes cast unless mandatorily stipulated otherwise by law. Abstentions and votes not cast will not be considered votes cast. In case of a tied vote, the chairman of the Supervisory Board shall have the casting vote; this also applies during elections. In the event that no chairman is appointed or the chairman does not participate in the voting, a motion will be considered to have been rejected in the event of a tied vote.
- (5) The resolutions of the Supervisory Board are made regularly during meetings. Resolutions outside of the scope of meetings may also be made orally, by telephone, in writing, by fax, by e-mail or by other usual means of communication, in particular via video conferencing, if all members of the Supervisory Board participate in the resolution or if the chairman of the Supervisory Board decides upon this form of voting and no member of the Supervisory Board objects to it within a reasonable time limit determined by the chairman.
- (6) Absent members of the Supervisory Board may participate in resolutions of the Supervisory Board by having other members of the Supervisory Board submit their written voting instructions. They may also submit their vote during a meeting or retrospectively, within a reasonable time limit determined by the chairman of the Supervisory Board, by telephone, fax, e-mail or by other usual means of telecommunication, in particular via video conferencing, as long as no member of the Supervisory Board present objects to this form of voting.
- (7) The chairman is authorised to submit declarations of intent that are necessary to execute the resolutions of the Supervisory Board on behalf of the Supervisory Board. The chairman is authorised to accept declarations on behalf of the Supervisory Board. If the chairman is unable to do so, his deputy will be thus authorised.
- (8) Minutes must be prepared for each meeting of the Supervisory Board and must be signed by the chairman. The minutes must indicate the venue and date of the meeting, the participants, the items on the agenda, the main contents of the meeting and the resolutions passed by the Supervisory Board. Resolutions passed outside of meetings will be recorded in writing by the chairman, and these minutes must be distributed to all of the members of the Supervisory Board without delay.

**§ 13**  
**RIGHTS AND OBLIGATIONS OF THE SUPERVISORY BOARD**

- (1) The Supervisory Board shall have the rights and obligations prescribed in mandatory legal provisions and these Articles of Association.
- (2) The Supervisory Board monitors the General Partner's management of the Company. The General Partner must regularly report to the Supervisory Board. In addition, the Supervisory Board may require a report for good cause insofar as this relates to a business transaction of the Company or an affiliate of the Company which may significantly influence the Company's position.
- (3) Insofar as the Company holds an interest in the General Partner, the Supervisory Board will exercise any rights of the Company arising from and in connection with this interest.
- (4) The Supervisory Board is authorised to resolve amendments to the Articles of Association that relate solely to its wording.

**§ 14**  
**RULES OF PROCEDURE OF THE SUPERVISORY BOARD**

The Supervisory Board shall adopt its rules of procedure within the framework of the statutory regulations and the provisions of these Articles of Association.

**§ 15**  
**REMUNERATION**

The remuneration for the members of the Supervisory Board is approved by the General Meeting, subject to the consent of the General Partner.

**C.**  
**GENERAL MEETING**

**§ 16**  
**VENUE AND CONVOCATION**

- (1) The General Meeting will be convened by the General Partner insofar as other persons are authorised to do so by law. At the discretion of the convening body, it shall be held either at the registered office of the Company, at the registered office of a German

stock exchange or in a German city with a population of more than 100,000.

- (2) The General Meeting must be convened at least 30 days prior to the date upon whose expiry the shareholders must have registered for the General Meeting (cf. § 17). This time limit does not include the date of convocation of the meeting and the date by which the shareholders must register in advance of the General Meeting.

## **§ 17**

### **PARTICIPATING IN/TRANSMISSION OF THE GENERAL MEETING**

- (1) Only those shareholders who register in due time prior to the General Meeting and who document their entitlement to take part in and vote at the General Meeting shall be admitted to take part in the General Meeting and to exercise their voting right.
- (2) This registration must arrive in writing (section 126b of the German Civil Code (*Bürgerliches Gesetzbuch, BGB*)) at the Company or at an office that has been authorised to take receipt at the address given when the meeting was convened, at least six days prior to the General Meeting. A shorter time limit – expressed in terms of a certain number of days – may be specified in the notice of convocation of the General Meeting.
- (3) The custodian bank must document each shareholder's entitlement by means of proof of his share ownership in written form (section 126b *BGB*) and in German or English. This documentation must relate to the start of the 21<sup>st</sup> day prior to the General Meeting (record date) and must arrive at the designated office at least six days in advance of the General Meeting. A shorter time limit – expressed in terms of a certain number of days – may be specified in the notice of convocation of the General Meeting.
- (4) The date of the General Meeting and the date of receipt of the registration and/or documentation will not be taken into consideration in calculating the time limits. The details of this registration and documentation will be announced in the notice of convocation of the General Meeting.
- (5) The chairman of the General Meeting may permit video and audio transmission of the General Meeting by electronic media, as stipulated by him in detail, provided that this was announced in the notice of convocation of the General Meeting.
- (6) The resolutions passed by the General Meeting shall require the consent of the General Partner insofar as they relate to matters for which the consent of the General Partner and the limited partners is required in case of a limited partnership. Insofar as the resolutions passed by the General Meeting require the consent of the General Partner, the General Partner shall declare at the General Meeting whether it will grant or refuse this consent.



## **§ 18 VOTING RIGHTS**

- (1) Each share confers one vote at the General Meeting.
- (2) Voting rights may be exercised by authorised proxies. The authorised proxy may also be a proxy appointed by the Company. Unless simplifications are permitted by law or the Company has permitted such simplifications in the notice of convocation, this authorisation must be granted in writing (section 126b *BGB*).
- (3) The General Partner may stipulate in the notice of convocation of the General Meeting that shareholders are entitled to submit their votes in writing or by means of electronic communication without attending the General Meeting (vote by mail). The General Partner may also stipulate provisions regarding the procedure.

## **§ 19 CHAIRING OF THE GENERAL MEETING**

- (1) The chairman of the Supervisory Board shall chair the General Meeting; in case of his incapacity, he will appoint a member of the Supervisory Board to take his place. In the event that the chairman of the Supervisory Board has not appointed a member of the Supervisory Board or if this member is likewise unavailable, the members of the Supervisory Board shall determine the chairman of the General Meeting from among their members.
- (2) The chairman shall conduct the proceedings and determine the order of the agenda as well as the type and form of voting.
- (3) With regard to the right of the shareholders to speak and submit questions, the chairman may appropriately limit the time available for shareholders and stipulate further rules in this regard.

## **§ 20 PASSING OF RESOLUTIONS**

The resolutions of the General Meeting shall be passed with a simple majority of the votes cast, unless a larger majority is mandatorily stipulated by law or in these Articles of Association. As far as the German Stock Corporation Act additionally prescribes for passing of resolutions a majority of the share capital to be represented during the passing of the resolution, a simple majority of the share capital represented will be sufficient insofar as this is permitted by law.

## **IV. ANNUAL FINANCIAL STATEMENTS**

### **§ 21 BUSINESS YEAR, ACCOUNTING**

- (1) The business year is the calendar year.
- (2) Within the first three months of the business year, the General Partner shall prepare the annual financial statements for the past business year (balance sheet in addition to the profit and loss account and notes) and the management report as well as the consolidated financial statements and the group management report and submit these to the auditor.
- (3) The Supervisory Board shall issue the auditors' audit engagement. The General Partner will be granted the opportunity to respond before the auditors' audit report is forwarded to the Supervisory Board.
- (4) Together with the presentation of the annual financial statements and the management report, the consolidated financial statements and the group management report as well as the auditor's audit report, the General Partner shall provide the Supervisory Board with its proposal for utilisation of the accumulated profit for review. The Supervisory Board will notify the General Meeting of the outcome of its review in writing.
- (5) The annual financial statements will be approved by means of a resolution passed by the General Meeting, with the consent of the General Partner.

### **§ 22 UTILISATION OF THE NET PROFIT FOR THE YEAR**

- (1) In preparing the annual financial statements, the General Partner may transfer up to half of the net profit for the year into other retained earnings. It is also authorised to transfer further amounts up to 100% of the net profit for the year into other retained earnings as long as and as far as the other retained earnings do not exceed half of the share capital and will not do so even after this transfer.
- (2) To calculate the portion of the net profit for the year that must be transferred into other retained earnings in accordance with para. (1), the allocations to the statutory reserve and losses carried forward must be deducted in advance.

**§ 23**  
**UTILISATION OF PROFITS AND CALCULATION OF THE SHAREHOLDERS' PROFIT SHARES**

- (1) The General Meeting shall resolve the utilisation of the accumulated profit indicated in the approved annual financial statements.
- (2) The General Meeting may resolve dividends in kind instead of or in addition to a cash dividend if such dividends in kind are traded on a market in the sense of section 3 (2) *AktG*.
- (3) The shareholders' profit shares shall be determined on the basis of their proportion of the share capital.
- (4) In the event of a capital increase, the profit sharing can be determined in deviation from section 60 (2) sentence 3 *AktG*.
- (5) Upon expiry of a business year, with the consent of the Supervisory Board the General Partner may distribute an interim dividend to the shareholders within the framework of section 59 *AktG*.

**V.**  
**TRANSFORMATION COSTS; SEVERABILITY**

- (1) The costs for the legal form-changing transformation of Ströer Media AG to become Ströer Media SE shall be assumed by the Company up to an estimated total amount of EUR 3 million.
- (2) The costs for the legal form-changing transformation of Ströer SE to become Ströer SE & Co. KGaA shall be assumed by the Company up to an estimated total amount of EUR 1 million.
- (3) If one or more provisions of these Articles of Association are wholly or partially void or invalid, this shall not affect the validity of the remainder of the Articles of Association.

This document is a convenience translation of the German original. In case of discrepancy between the English and German versions, the German version shall prevail.

**Annex 2**      **LIST OF FULLY CONSOLIDATED GROUP COMPANIES**

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adscale GmbH
Adscale Laboratories Ltd.
ADselect GmbH
AD-Vice sp. z o.o.
Arge Schönefeld GbR
AWG Digital GmbH
BBelements sp. z o.o.
blowUP media Belgium BVBA
BlowUP Media Benelux B.V.
blowUP media espana SA.
BlowUP Media GmbH
BlowUP Media UK Ltd.
Business Advertising GmbH
CITY-DESING Gesellschaft für Aussenwerbung mbH
Content Fleet GmbH
CulturPlak Marketing GmbH
DERG Vertriebs GmbH
DSM Deutsche Städte Medien GmbH
DSM Krefeld Außenwerbung GmbH
DSM Rechtegesellschaft mbH
DSM Werbeträger GmbH & Co. KG
DSM Zeit und Werbung GmbH
DSMDecaux GmbH
ECE flatmedia GmbH
Erdbeerlounge GmbH
evidero GmbH
Evolution Media Net Sp. z o.o.
Fahrgastfernsehen GmbH
GAN Ströer GmbH
GIGA Digital AG
GIGA Fixxoo GmbH
GIGA Kino GmbH
Hamburger Verkehrsmittel-Werbung GmbH
iBillBoard Internet Reklam Hizmetleri ve Bilisim Teknolojileri A.S.
iBillBoard Poland sp. z o.o.
INFOSCREEN GmbH
Internet Billboard a.s.
Intren Kft.
Kölner Außenwerbung GmbH
Konya Inter Tanitim ve Reklam Hizmetleri A.S.
Kultur-Medien Hamburg GmbH Gesellschaft für Kulturinformationsanlagen
Linkz A.S.

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MBR Targeting GmbH
mediateam Werbeagentur GmbH/SMD GbR
Objektif Kentvizyon Reklam Pazarlama Tic. Ltd. Sti.
OnlineFussballManager GmbH
Pacemaker AOS GmbH
PRIME Networks GmbH
RegioHelden GmbH
RZV Digital A.S.
SEM A.S.
SMD Rechtegesellschaft mbH
SMD Werbeträger GmbH & Co. KG
SRG Rechtegesellschaft mbH
SRG Werbeträger GmbH & Co. KG
Ströer DERG Media GmbH
Ströer Deutsche Städte Medien GmbH
Ströer Digital Group GmbH
Ströer Digital International GmbH
Ströer Digital Media GmbH
Ströer Digital Polska sp. z o.o.
Ströer Entertainment Web GmbH
Ströer KAW GmbH
Ströer Kentvizyon Reklam Pazarlama A.S.
Ströer Kulturmedien GmbH
Ströer Media Deutschland GmbH
Ströer Media sp. z o.k.
Ströer Media sp. z o.o.
Ströer Mobile Media GmbH
Ströer Netherlands B.V.
Ströer Netherlands C.V.
Ströer Polska sp. z o.o.
Ströer Primetime GmbH
Ströer Sales & Services GmbH
Ströer SE
Ströer Content Group GmbH
Ströer Werbeträgerverwaltungs GmbH
Trierer Gesellschaft für Stadtmöblierung mbH
TUBE ONE Networks GmbH
Webguidez Entertainment GmbH
X-City Marketing Hannover GmbH

This document is a convenience translation of the German original. In case of discrepancy between the English and German versions, the German version shall prevail.

**Annex 3      ARTICLES OF ASSOCIATION OF STRÖER SE & CO. KGAA**



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**STRÖER**

**ARTICLES OF ASSOCIATION  
OF  
STRÖER SE & Co. KGaA**

**I.**  
**GENERAL PROVISIONS**

**§ 1**  
**COMPANY'S NAME, REGISTERED OFFICE AND TERM**

- (1) The Company has the name

**Ströer SE & Co. KGaA.**

- (2) The Company's registered office is situated in Cologne.
- (3) The Company has been established for an unlimited period.

**§ 2**  
**CORPORATE PURPOSE**

- (1) The Company's purpose is that of a management holding, i.e. the grouping of companies, advising these companies and performing other business management tasks as well as providing services for companies that are active in the following areas:
- (a) Advertising in relation to all types of advertising media – particularly in the external and online segments – by way of management of the advertising media in question and brokerage and marketing of advertising space, including the (ongoing) development of suitable technology,
  - (b) All types of media – particularly in the online segment – including the operation and marketing of online portals for information, communication (including social networks), entertainment (including videos and games) and e-commerce (including marketing of products and provision of all types of services).
- (2) The Company may also itself operate in the business areas indicated in

para. (1); in particular, it may enact any transactions and measures associated with the aforesaid activities. The Company may hold interests in other companies of the same or similar nature, nationally and internationally; it may found, purchase and sell such companies; the Company may found, purchase, manage and sell interests in any companies for investment purposes and limit itself to the management of these interests. The Company may provide guarantees or loans to companies in which it holds a direct or indirect interest; it may assume their liabilities or otherwise support them.

### **§ 3**

#### **ANNOUNCEMENTS AND TRANSMISSION OF INFORMATION**

- (1) Announcements by the Company shall be published in the German Federal Gazette (*Bundesanzeiger*).
- (2) The Company may also transmit information to the shareholders of the Company via remote data transmission.

## **II.**

### **SHARE CAPITAL AND SHARES**

#### **§ 4**

#### **AMOUNT AND STRUCTURE OF THE SHARE CAPITAL**

- (1) The share capital of the Company amounts to EUR 48,869,784.00 (in words: forty eight million eight hundred and sixty-nine thousand seven hundred eighty-four euros).
- (2) It is divided up into 48,869,784 (in words: forty eight million eight hundred and sixty-nine thousand seven hundred eighty-four) no-par shares.
- (3) The existing share capital as of the Company's transformation into a stock corporation (*Aktiengesellschaft*) was contributed through a Change of Legal Form of the legal entity with the previous legal form, Ströer Out-

of-Home Media GmbH, seated in Cologne (commercial register section B 25192).

The existing share capital as of the Company's transformation into a European company (*Societas Europaea*, SE) was contributed through a Change of Legal Form of the legal entity with the previous legal form, Ströer Media AG, seated in Cologne (commercial register section B 41548).

The existing share capital as of the Company's transformation into a partnership limited by shares (*Kommanditgesellschaft auf Aktien*, KGaA) was contributed through a Change of Legal Form of the legal entity with the previous legal form, Ströer SE, seated in Cologne (commercial register section B 82548).

## § 5

### AUTHORISED CAPITAL 2014

- (1) The General Partner is authorised with the consent of the Supervisory Board to increase the share capital of the Company one or more times in the period to 17 June 2019 by a total amount of up to EUR 18,938,495.00 (in words: eighteen million nine hundred and thirty-eight thousand four hundred ninety-five euros) by issuing up to 18,938,495 (in words: eighteen million nine hundred and thirty-eight thousand four hundred ninety-five) new no-par-value bearer shares in return for contributions in cash and/or contributions in kind (Authorised Capital 2014), but not exceeding the amount and the number of shares corresponding to the value of the Authorised Capital pursuant to section 5 (1) of the Articles of Association of Ströer SE which is still available as of the Change of Legal Form of Ströer SE to become a partnership limited by shares, pursuant to the transformation resolution adopted on 25 September 2015.
- (2) As a matter of principle, the shareholders must be granted a right of subscription. The statutory subscription right may also be granted through the bank or a company acting in accordance with section 53 (1) sentence 1 or section 53b (1) sentence 1, para. 7 of the German Banking Act (*Gesetz über das Kreditwesen, KWG*) accepting the new shares subject to an obligation to offer them indirectly to the shareholders for subscription in accordance with section 186 (5) of the German Stock

Corporation Act (*Aktiengesetz, AktG*). However, the General Partner is authorised with the consent of the Supervisory Board to exclude the shareholders' statutory subscription right in case of one or more capital increases within the scope of the Authorised Capital,

- (i) to exclude fractional amounts from the subscription rights of the shareholders;
- (ii) if the capital increase is made in return for contributions in kind, in particular – but not restricted to – the purchase of companies, parts of companies or interests in companies;
- (iii) in the event that the capital increase is made in return for contributions in cash and at the time when the final subscription amount is determined, the subscription amount for the new shares is not significantly lower than the market price for previously listed shares of the same class and with the same terms of issue, in accordance with sections 203 (1) and (2), 186 (3) sentence 4 *AktG*, and the proportional amount of the share capital allocated to the issued new shares in accordance with this clause (iii) – while excluding the subscription right in accordance with section 186 (3) sentence 4 *AktG* – does not exceed a total of 10% of the share capital either when this authorisation becomes effective or as of its utilisation. The proportional amount of the share capital allocated to new or treasury shares which have been issued or sold since 18 June 2014 – subject to a simplified exclusion of the subscription right pursuant to or in accordance with section 186 (3) sentence 4 *AktG* – must be added to this maximum amount, as well as the proportional amount of the share capital allocated to shares which relate to option and/or conversion rights and/or conversion obligations from bonds or participation rights which have been issued since 18 June 2014 subject to application, *mutatis mutandis*, of section 186 (3) sentence 4 *AktG*; and/or
- (iv) insofar as is necessary, to grant subscription rights for the new shares to the relevant extent, to bearers of warrants or creditors of convertible bonds or participation rights with conversion or option rights which are issued by the Company or by companies dependent on the Company or in which the Company holds the majority of shares, to the extent that they would have been thus entitled after exercising the option or conversion rights or upon fulfilment of the conversion requirement.

- (3) With the consent of the Supervisory Board, the General Partner shall determine other contents of the rights of the shares, the subscription amount, the price to be paid for the new shares, and the other conditions for the issue of the shares.
- (4) The Supervisory Board is entitled to amend the Articles of Association if such amendments only relate to its wording after a complete or partial increase of the share capital from the Authorised Capital or upon expiry of the authorisation period.

## **§ 6**

### **CONDITIONAL CAPITAL 2013**

- (1) The share capital shall be conditionally increased by an amount of up to EUR 3,176,400 through the issuance of up to 3,176,400 no-par-value bearer shares (Conditional Capital 2013). However, this conditional capital increase applies up to the amount and number of shares in whose value the conditional capital increase pursuant to section 6A (1) of the Articles of Association of Ströer SE has not yet been performed as of the Change of Legal Form of Ströer SE to become a partnership limited by shares, pursuant to the transformation resolution adopted on 25 September 2015. The conditional capital increase will be used solely to grant rights to the holders of share option rights under the 2013 Share Options Programme which the Management Board has been authorised to issue through the resolution passed at the General Meeting on 8 August 2013. The conditional capital increase will only be implemented provided that the holders of share option rights granted on the basis of the authorisation provided by the General Meeting on 8 August 2013 and pursuant to the transformation resolution passed by the General Meeting on 25 September 2015 exercise these share option rights and the Company does not fulfil these share option rights by means of a cash payment.
- (2) The new shares will participate in the profits from the beginning of the business year for which no resolution has yet been passed by the General Meeting concerning the utilisation of the accumulated profit as of issuance of the new shares.
- (3) With the consent of the Supervisory Board, the General Partner is authorised to determine the further details of how the conditional capital in-

crease is to be implemented unless share option rights and shares are to be issued to members of the Management Board of the General Partner; in this latter case, the Supervisory Board will stipulate the further details of how the conditional capital increase is to be implemented.

- (4) The Supervisory Board is authorised to amend the wording of the Articles of Association in accordance with the capital increase from the Conditional Capital 2013.

## **§ 7**

### **BEARER SHARES, SHARE CERTIFICATES**

- (1) The shares in the Company will be issued as bearer shares. This also applies for new shares in case of capital increases, unless resolved otherwise.
- (2) The General Partner shall determine the form and content of share certificates and any dividend warrants and renewal coupons with the consent of the Supervisory Board. The share certificates shall be solely signed by the General Partner. The same applies for bonds and profit participation certificates, renewal coupons and interest coupons.
- (3) The shareholders' right to have their shares embodied in certificates is excluded insofar as this is permitted by law and unless certificates are required under the rules applicable at a stock exchange where the shares are admitted to trading. The Company may issue share certificates that represent individual shares (single shares) or several shares (global shares).



### III. ORGANISATION OF THE COMPANY

#### A. GENERAL PARTNER

#### § 8 GENERAL PARTNER, SPECIAL CONTRIBUTION, LEGAL RELATIONSHIPS, WITHDRAWAL

- (1) The General Partner is

**Ströer Management SE**  
(currently operating as Atrium 78. Europäische VV SE)

whose registered office is situated in Düsseldorf.

- (2) The General Partner has not provided any special contribution. It does not share in the Company's profit or loss or hold any interest in its assets.
- (3) The General Partner shall withdraw from the Company once the shareholders of the General Partner jointly hold less than 10 per cent of the Company's share capital, directly or indirectly through a company which is dependent in accordance with section 17 (1) *AktG* or is a controlled company in accordance with section 290 (2) of the German Commercial Code (*Handelsgesetzbuch, HGB*), for a period of more than one week. This will not apply if the Company holds all of the shares in the General Partner.
- (4) a) Should a single person who is not a member of the Müller or Ströer families gain controlling influence over the General Partner within the meaning of section 17 (1) *AktG* or section 290 (2) *HGB* and fail to submit a takeover or mandatory bid to the Company's shareholders pursuant to the following section b) and in other respects in accordance with the provisions of the German Securities Acquisition and Takeover Act (*Wertpapierwerbs- und Übernahmegesetz, WpÜG*) within three months

of acquiring such controlling influence, the General Partner will withdraw from the Company upon expiry of the above-mentioned three-month period. As well as Mr. Udo Müller and Mr. Dirk Ströer, the members of the Müller and Ströer families also comprise all persons who are spouses, partners or direct relatives of Mr. Udo Müller and Mr. Dirk Ströer.

b) Should the person acquiring controlling influence provide a consideration in return for obtaining this controlling influence (control premium), the minimum price calculated in accordance with *WpÜG* for the takeover or mandatory bid shall be increased by the control premium granted pro rata for the shares issued in the Company, with the control premium equally apportioned to all of the shares issued in the Company. The control premium is the difference between

- (i) the value of the total consideration agreed within the scope of the legal transaction through which this person acquires controlling influence, including any associated transactions (in particular, the simultaneous acquisition of shares in the General Partner and of shares in the Company),

and

- (ii) the total amount resulting on the following basis:
- If the person acquiring controlling influence thus acquires shares in the General Partner, the portion of the balance-sheet equity of the General Partner corresponding to the shares purchased, in accordance with the annual financial statements of the General Partner most recently published before such controlling influence was acquired and
  - If the person acquiring controlling influence thus acquires shares in the Company, the product of multiplying (x) the number of shares acquired by (y) the minimum price for the takeover or mandatory bid, calculated in accordance with *WpÜG*.

If the difference is negative, the control premium shall be zero euros.

c) A statutory obligation for the purchaser of the shares in the Company and in the General Partner to submit a takeover or mandatory bid to the Company's shareholders shall remain unaffected.

- (5) The General Partner shall also withdraw from the Company upon provid-

ing notice of termination. Notice of termination must be provided to all of the limited shareholders at the General Meeting, or outside of the General Meeting to the chairman of the Supervisory Board or his deputy. It may only be declared as of the end of a business year, subject to a notice period of at least six months.

- (6) The other grounds prescribed by law for the General Partner's withdrawal shall remain unaffected.
- (7) Should the General Partner withdraw from the Company or if its withdrawal is foreseeable, the Supervisory Board is entitled and obliged to adopt – without delay or as of the General Partner's withdrawal – as the Company's new General Partner a corporation (*Kapitalgesellschaft*) which is wholly owned by the Company. In the event that the Company's General Partner withdraws without the Company adopting such new General Partner, the Company's shareholders alone shall temporarily manage the Company. In this case, the Supervisory Board must without delay appoint a substitute representative which will represent the Company until a new General Partner is adopted pursuant to sentence 1 of this paragraph, in particular as of the acquisition or founding of this General Partner. The Supervisory Board is entitled to revise the Articles of Association in accordance with the change of General Partner.
- (8) In case of a continuation of the Company pursuant to § 8 (7) of the Articles of Association or if all of the shares in the General Partner are held by the Company either directly or indirectly, an extraordinary General Meeting or the next regular General Meeting will decide on the Company's Change of Legal Form to become a European company (*Societas Europaea*, SE) or a stock corporation. A simple majority of the votes cast will suffice for the resolution on this Change of Legal Form. The General Partner is obliged to agree to such resolution passed by the General Meeting approving this Change of Legal Form.

## § 9

### MANAGEMENT AND REPRESENTATION OF THE COMPANY

- (1) The Company is represented by its General Partner. The Company is represented by its Supervisory Board in relation to its General Partner.
- (2) The Company's General Partner is responsible for its management. The

management powers of the General Partner include extraordinary management measures. The shareholders' right to agree to extraordinary management measures at the General Meeting is excluded. Section 164 sentence 1, 2<sup>nd</sup> half-sentence *HGB* and section 111 (4) sentence 2 *AktG* shall not apply in respect of the management of the Company's business.

- (3) For its management of the Company and its assumption of liability, the General Partner shall receive from the Company annual remuneration in the amount of EUR 5,000. It shall also be reimbursed any expenses which it incurs in connection with its management of the Company's business.

## **B. SUPERVISORY BOARD**

### **§ 10 COMPOSITION, TERM OF OFFICE AND RESIGNATION FROM OFFICE**

- (1) The Supervisory Board consists of six members.
- (2) The Supervisory Board members are elected for the period up to the end of the General Meeting granting discharge for the fourth business year since the commencement of their term of office, but for a maximum period of six years. The business year in which the term of office commences is not included in this calculation. The General Meeting may specify a shorter term of office. Members may be re-elected.
- (3) The General Meeting may appoint replacement members for the Supervisory Board members which it elects. These replacement members will become members of the Supervisory Board following their designation by the General Meeting, to take the place of members of the Supervisory Board who have left office prematurely. If a replacement member replaces a Supervisory Board member who has left office, his term of office shall expire at the end of the next General Meeting held since his appointment to office, if a replacement member is elected at this General Meeting. If no replacement member is elected at the General Meeting, the office of the replacement member will be extended until the end of the term of office of the Supervisory Board member who left office prem-

aturely.

- (4) Supervisory Board members or replacement members may resign from the Supervisory Board even without good cause, by giving written notification to the General Partner while notifying the chairman of the Supervisory Board or, in case the chairman resigns, his deputy, with a notice period of one month. The right to resign from office for good cause shall remain unaffected.

## **§ 11**

### **CHAIRMAN AND DEPUTY CHAIRMAN**

- (1) Following the regular General Meeting at the end of which the term of office of the members elected at the General Meeting begins, a Supervisory Board meeting shall take place which need not be specially convened. The Supervisory Board will elect a chairman and a deputy chairman out of its members, for the duration of their respective term of office.
- (2) In the event that the chairman or the deputy chairman leaves office prematurely, the Supervisory Board shall re-elect a new chairman or deputy chairman without delay for the remainder of this person's term of office.
- (3) In the event that the chairman and the deputy chairman are unable to carry out their responsibilities, the oldest member of the Supervisory Board (in terms of age) shall take on these responsibilities for the period of their incapacity.

## **§ 12**

### **CONVOCAION AND PASSING OF RESOLUTIONS**

- (1) The chairman of the Supervisory Board or, in the event that he is unavailable, his deputy shall convene the meetings of the Supervisory Board and determine the venue for such meetings. The invitation to meetings shall be submitted in writing (e.g. by letter, fax or e-mail) to the last address given to the General Partner. In urgent cases, the chairman may convene meetings by telephone.

- (2) The invitation should be made with a notice period of 14 days and stipulate the items of the agenda. In urgent cases, the notice period may be shortened. The working documents shall be made accessible to the members of the Supervisory Board in good time, if possible together with the invitation to attend the meeting. The date on which the invitation is sent is authoritative for the calculation of the aforesaid notice period.
- (3) The Supervisory Board will be quorate if at least three members participate in the passing of resolutions. A member will participate in the passing of resolutions even in case of his abstention.
- (4) Resolutions of the Supervisory Board shall be passed with a simple majority of the votes cast unless mandatorily stipulated otherwise by law. Abstentions and votes not cast will not be considered votes cast. In case of a tied vote, the chairman of the Supervisory Board shall have the casting vote; this also applies during elections. In the event that no chairman is appointed or the chairman does not participate in the voting, a motion will be considered to have been rejected in the event of a tied vote.
- (5) The resolutions of the Supervisory Board are made regularly during meetings. Resolutions outside of the scope of meetings may also be made orally, by telephone, in writing, by fax, by e-mail or by other usual means of communication, in particular via video conferencing, if all members of the Supervisory Board participate in the resolution or if the chairman of the Supervisory Board decides upon this form of voting and no member of the Supervisory Board objects to it within a reasonable time limit determined by the chairman.
- (6) Absent members of the Supervisory Board may participate in resolutions of the Supervisory Board by having other members of the Supervisory Board submit their written voting instructions. They may also submit their vote during a meeting or retrospectively, within a reasonable time limit determined by the chairman of the Supervisory Board, by telephone, fax, e-mail or by other usual means of telecommunication, in particular via video conferencing, as long as no member of the Supervisory Board present objects to this form of voting.
- (7) The chairman is authorised to submit declarations of intent that are necessary to execute the resolutions of the Supervisory Board on behalf of the Supervisory Board. The chairman is authorised to accept declarations on behalf of the Supervisory Board. If the chairman is unable to do so, his deputy will be thus authorised.

- (8) Minutes must be prepared for each meeting of the Supervisory Board and must be signed by the chairman. The minutes must indicate the venue and date of the meeting, the participants, the items on the agenda, the main contents of the meeting and the resolutions passed by the Supervisory Board. Resolutions passed outside of meetings will be recorded in writing by the chairman, and these minutes must be distributed to all of the members of the Supervisory Board without delay.

### **§ 13**

#### **RIGHTS AND OBLIGATIONS OF THE SUPERVISORY BOARD**

- (1) The Supervisory Board shall have the rights and obligations prescribed in mandatory legal provisions and these Articles of Association.
- (2) The Supervisory Board monitors the General Partner's management of the Company. The General Partner must regularly report to the Supervisory Board. In addition, the Supervisory Board may require a report for good cause insofar as this relates to a business transaction of the Company or an affiliate of the Company which may significantly influence the Company's position.
- (3) Insofar as the Company holds an interest in the General Partner, the Supervisory Board will exercise any rights of the Company arising from and in connection with this interest.
- (4) The Supervisory Board is authorised to resolve amendments to the Articles of Association that relate solely to its wording.

### **§ 14**

#### **RULES OF PROCEDURE OF THE SUPERVISORY BOARD**

The Supervisory Board shall adopt its rules of procedure within the framework of the statutory regulations and the provisions of these Articles of Association.



## **§ 15 REMUNERATION**

The remuneration for the members of the Supervisory Board is approved by the General Meeting, subject to the consent of the General Partner.

## **C. GENERAL MEETING**

## **§ 16 VENUE AND CONVOCATION**

- (1) The General Meeting will be convened by the General Partner insofar as other persons are authorised to do so by law. At the discretion of the convening body, it shall be held either at the registered office of the Company, at the registered office of a German stock exchange or in a German city with a population of more than 100,000.
- (2) The General Meeting must be convened at least 30 days prior to the date upon whose expiry the shareholders must have registered for the General Meeting (cf. § 17). This time limit does not include the date of convocation of the meeting and the date by which the shareholders must register in advance of the General Meeting.

## **§ 17 PARTICIPATING IN/TRANSMISSION OF THE GENERAL MEETING**

- (1) Only those shareholders who register in due time prior to the General Meeting and who document their entitlement to take part in and vote at the General Meeting shall be admitted to take part in the General Meeting and to exercise their voting right.
- (2) This registration must arrive in writing (section 126b of the German Civil Code (*Bürgerliches Gesetzbuch, BGB*)) at the Company or at an office that has been authorised to take receipt at the address given when the

meeting was convened, at least six days prior to the General Meeting. A shorter time limit – expressed in terms of a certain number of days – may be specified in the notice of convocation of the General Meeting.

- (3) The custodian bank must document each shareholder's entitlement by means of proof of his share ownership in written form (section 126b *BGB*) and in German or English. This documentation must relate to the start of the 21<sup>st</sup> day prior to the General Meeting (record date) and must arrive at the designated office at least six days in advance of the General Meeting. A shorter time limit – expressed in terms of a certain number of days – may be specified in the notice of convocation of the General Meeting.
- (4) The date of the General Meeting and the date of receipt of the registration and/or documentation will not be taken into consideration in calculating the time limits. The details of this registration and documentation will be announced in the notice of convocation of the General Meeting.
- (5) The chairman of the General Meeting may permit video and audio transmission of the General Meeting by electronic media, as stipulated by him in detail, provided that this was announced in the notice of convocation of the General Meeting.
- (6) The resolutions passed by the General Meeting shall require the consent of the General Partner insofar as they relate to matters for which the consent of the General Partner and the limited partners is required in case of a limited partnership. Insofar as the resolutions passed by the General Meeting require the consent of the General Partner, the General Partner shall declare at the General Meeting whether it will grant or refuse this consent.

## **§ 18 VOTING RIGHTS**

- (1) Each share confers one vote at the General Meeting.
- (2) Voting rights may be exercised by authorised proxies. The authorised proxy may also be a proxy appointed by the Company. Unless simplifications are permitted by law or the Company has permitted such simplifications in the notice of convocation, this authorisation must be granted in writing (section 126b *BGB*).

- (3) The General Partner may stipulate in the notice of convocation of the General Meeting that shareholders are entitled to submit their votes in writing or by means of electronic communication without attending the General Meeting (vote by mail). The General Partner may also stipulate provisions regarding the procedure.

## **§ 19**

### **CHAIRING OF THE GENERAL MEETING**

- (1) The chairman of the Supervisory Board shall chair the General Meeting; in case of his incapacity, he will appoint a member of the Supervisory Board to take his place. In the event that the chairman of the Supervisory Board has not appointed a member of the Supervisory Board or if this member is likewise unavailable, the members of the Supervisory Board shall determine the chairman of the General Meeting from among their members.
- (2) The chairman shall conduct the proceedings and determine the order of the agenda as well as the type and form of voting.
- (3) With regard to the right of the shareholders to speak and submit questions, the chairman may appropriately limit the time available for shareholders and stipulate further rules in this regard.

## **§ 20**

### **PASSING OF RESOLUTIONS**

The resolutions of the General Meeting shall be passed with a simple majority of the votes cast, unless a larger majority is mandatorily stipulated by law or in these Articles of Association. As far as the German Stock Corporation Act additionally prescribes for passing of resolutions a majority of the share capital to be represented during the passing of the resolution, a simple majority of the share capital represented will be sufficient insofar as this is permitted by law.

## IV. ANNUAL FINANCIAL STATEMENTS

### § 21 BUSINESS YEAR, ACCOUNTING

- (1) The business year is the calendar year.
- (2) Within the first three months of the business year, the General Partner shall prepare the annual financial statements for the past business year (balance sheet in addition to the profit and loss account and notes) and the management report as well as the consolidated financial statements and the group management report and submit these to the auditor.
- (3) The Supervisory Board shall issue the auditors' audit engagement. The General Partner will be granted the opportunity to respond before the auditors' audit report is forwarded to the Supervisory Board.
- (4) Together with the presentation of the annual financial statements and the management report, the consolidated financial statements and the group management report as well as the auditor's audit report, the General Partner shall provide the Supervisory Board with its proposal for utilisation of the accumulated profit for review. The Supervisory Board will notify the General Meeting of the outcome of its review in writing.
- (5) The annual financial statements will be approved by means of a resolution passed by the General Meeting, with the consent of the General Partner.

### § 22 UTILISATION OF THE NET PROFIT FOR THE YEAR

- (1) In preparing the annual financial statements, the General Partner may transfer up to half of the net profit for the year into other retained earnings. It is also authorised to transfer further amounts up to 100% of the net profit for the year into other retained earnings as long as and as far as the other retained earnings do not exceed half of the share capital and will not do so even after this transfer.

- (2) To calculate the portion of the net profit for the year that must be transferred into other retained earnings in accordance with para. (1), the allocations to the statutory reserve and losses carried forward must be deducted in advance.

### **§ 23**

#### **UTILISATION OF PROFITS AND CALCULATION OF THE SHAREHOLDERS' PROFIT SHARES**

- (1) The General Meeting shall resolve the utilisation of the accumulated profit indicated in the approved annual financial statements.
- (2) The General Meeting may resolve dividends in kind instead of or in addition to a cash dividend if such dividends in kind are traded on a market in the sense of section 3 (2) *AktG*.
- (3) The shareholders' profit shares shall be determined on the basis of their proportion of the share capital.
- (4) In the event of a capital increase, the profit sharing can be determined in deviation from section 60 (2) sentence 3 *AktG*.
- (5) Upon expiry of a business year, with the consent of the Supervisory Board the General Partner may distribute an interim dividend to the shareholders within the framework of section 59 *AktG*.

### **V.**

#### **TRANSFORMATION COSTS; SEVERABILITY**

- (1) The costs for the legal form-changing transformation of Ströer Media AG to become Ströer Media SE shall be assumed by the Company up to an estimated total amount of EUR 3 million.
- (2) The costs for the legal form-changing transformation of Ströer SE to become Ströer SE & Co. KGaA shall be assumed by the Company up to an estimated total amount of EUR 1 million.

- (3) If one or more provisions of these Articles of Association are wholly or partially void or invalid, this shall not affect the validity of the remainder of the Articles of Association.

This document is a convenience translation of the German original. In case of discrepancy between the English and German versions, the German version shall prevail.

**Annex 4      ARTICLES      OF      ASSOCIATION      OF      STRÖER  
MANAGEMENT SE**



This document is a convenience translation of the German original. In case of discrepancy between the English and German versions, the German version shall prevail.

**STRÖER**

**ARTICLES OF ASSOCIATION  
OF  
STRÖER MANAGEMENT SE**

**I.**  
**GENERAL PROVISIONS**

**§ 1**  
**COMPANY'S NAME, REGISTERED OFFICE AND TERM**

- (1) The Company has the name

**Ströer Management SE**

- (2) The Company's registered office is situated in Düsseldorf.
- (3) The Company has been established for an unlimited period.

**§ 2**  
**CORPORATE PURPOSE**

- (1) The Company's purpose of business is its interest in Ströer SE & Co. KGaA, as its General Partner, and its management of Ströer SE & Co. KGaA.
- (2) The purpose of Ströer SE & Co. KGaA is that of a management holding, i.e. the grouping of companies, advising these companies and assuming other business management tasks as well as providing services for companies that are active in the following areas:
- (a) Advertising in relation to all types of advertising media – particularly in the external and online segments – by way of management of the advertising media in question and brokerage and marketing of advertising space, including the (ongoing) development of suitable technology,
  - (b) All types of media – particularly in the online segment – including the operation and marketing of online portals for information, communication (including social networks), entertainment (including

videos and games) and e-commerce (including marketing of products and provision of all types of services).

- (3) Ströer SE & Co. KGaA may itself operate in the business areas indicated in para. (2); in particular, it may enact any transactions and measures associated with the aforesaid activities. Ströer SE & Co. KGaA may hold interests in other companies of the same or similar nature, nationally and internationally; it may found, purchase and sell such companies; it may found, purchase, manage and sell interests in companies for investment purposes and limit itself to the management of these interests. Ströer SE & Co. KGaA may provide guarantees or loans to companies in which it holds a direct or indirect interest; it may assume their liabilities or otherwise support them.
- (4) The Company may undertake any measures and transactions which are associated with the purpose of Ströer SE & Co. KGaA or which are directly or indirectly conducive to its corporate purpose.

### **§ 3 ANNOUNCEMENTS**

Announcements by the Company shall be published in the German Federal Gazette (*Bundesanzeiger*).

## **II. SHARE CAPITAL AND SHARES**

### **§ 4 AMOUNT AND STRUCTURE OF THE SHARE CAPITAL**

- (1) The share capital of the Company amounts to EUR 120,000.00 (in words: one hundred and twenty-thousand euros).
- (2) It is divided into 120,000 (in words: one hundred and twenty-thousand)

no-par-value registered shares.

- (3) Of the shares in the Company, as of the date on which these Articles of Association will come into force, 61,200 are held by Mr. Udo Müller (the **Müller shares**) and 58,800 by Mr. Dirk Ströer (both the **Ströer shares** and the **Ströer shares granting a right of appointment**). The Müller shares, the Ströer shares and the Ströer shares granting a right of appointment will maintain their status as Müller shares, Ströer shares or Ströer shares granting a right of appointment even if the Müller shares are no longer exclusively held by Mr. Udo Müller and the Ströer shares or the Ströer shares granting a right of appointment are no longer exclusively held by Mr. Dirk Ströer.
- (4) New shares which are acquired by holders of the Müller shares within the scope of capital increases will be automatically included in the Müller shares. New shares which are acquired by holders of the Ströer shares within the scope of capital increases will be automatically included in the Ströer shares and also in the Ströer shares granting a right of appointment.
- (5) The purchased shares will be converted into Ströer shares in the event of holders of Ströer shares purchasing Müller shares; if Ströer shares are purchased by holders of Müller shares, the purchased shares will be converted into Müller shares. This does not apply for the Ströer shares granting a right of appointment; as of the date of these Articles of Association coming into force, these are only the 58,800 shares held by Mr. Dirk Ströer as well as the new shares resulting from capital increases which qualify as Ströer shares granting a right of appointment in accordance with the above para. (4) sentence 2.

## § 5

### REGISTERED SHARES, SHARE CERTIFICATES

- (1) The shares in the Company will be issued as registered shares. This also applies for new shares in case of capital increases, unless resolved otherwise.
- (2) The Management Board shall determine the form and content of share certificates and any dividend warrants and renewal coupons with the consent of the Supervisory Board. The share certificates shall be solely

signed by the Management Board. The same applies for bonds and profit participation certificates, renewal coupons and interest coupons.

- (3) The shareholders' right to have their shares embodied in certificates is excluded.
- (4) The Company may issue registered share certificates that represent individual shares (single shares) or several shares (global shares).

## **§ 6**

### **TRANSFER AND CALL-IN OF SHARES**

- (1) The transfer and the encumbrance of shares with any type of third-party rights and, above all, the pledging of shares shall require the Company's consent. The Supervisory Board shall duly decide on the grant of consent. Resolutions in this respect will be passed on the basis of a majority of the votes cast. A shareholder wishing to sell his shares will be entitled to vote on the resolution if he is also a member of the Supervisory Board. Persons appointed by this shareholder to the Supervisory Board will likewise be entitled to vote on this resolution.
- (2) If the Supervisory Board has not yet granted consent, the General Meeting may unanimously resolve that it will decide on the grant of consent. A resolution passed by the General Meeting on the grant of consent shall require a majority of at least three-quarters of the share capital represented within the scope of the resolution.
- (3) In case of the death of a shareholder, the Management Board shall call in the shares held by this shareholder – even without the consent of his heir or other legal successor – unless (a) the heir(s) or other legal successor(s) are one or more spouses, partners or direct relatives of the shareholder or shareholders who already held an interest in the Company before the accrual of the inheritance or (b) one or more members of the group of persons indicated above under section (a) have purchased the shares held by the deceased shareholder within six months of this shareholder's death. This time limit will not be extended if the Supervisory Board or the General Meeting refuses to grant its consent to a transfer to one or more members of the group of persons indicated under the above section (a).
- (4) Moreover, the Management Board shall call in the shares held by a

shareholder

- (a) if these are (i) pledged or encumbered with third-party rights or (ii) transferred to the ownership or the legal power of disposal of a third party without the consent of the Supervisory Board or the General Meeting, before the death of the shareholder; or
  - (b) if German insolvency proceedings or similar foreign proceedings are initiated in respect of the assets of the relevant shareholder.
- (5) The Management Board shall notify the shareholder or his legal successors or creditors of this call-in by registered mail. The voting right of the affected shareholder will be suspended from receipt of the Management Board's declaration. The Management Board may only declare the call-in within the period beginning on the first day following the expiry of the time limit indicated in para. (3) (b) and ending six months after the date on which the Management Board learns of the expiry of the time limit specified in para. (3) (b).
- (6) In the event of a call-in, the shareholder or his legal successors or creditors shall be paid a call-in fee in the amount of the pro rata share of the Company's equity capital corresponding to the value of the called-in shares, in accordance with the Company's most recently published annual financial statements. A premium on the market value (control premium) which may be achievable through a possible sale of the shares to a third party will not be included in the valuation. Section 225 (2) of the German Stock Corporation Act (*Aktiengesetz, AktG*) must be complied with.
- (7) After calling in shares, the Supervisory Board is authorised to amend the section of the Articles of Association regarding the share capital accordingly.

### **III. ORGANISATION**

- (1) The Company's constitution is organised according to the dualistic (two-tier) system.
- (2) The bodies of the Company are the Management Board as the managing body, the Supervisory Board as the supervisory body and the Gen-

eral Meeting.

#### **IV. THE MANAGEMENT BOARD**

##### **§ 7 COMPOSITION AND RULES OF PROCEDURE**

- (1) The Management Board comprises at least two persons. Apart from this, the Supervisory Board determines the specific number of members of the Management Board. It may designate a Management Board chairman and deputy chairman.
- (2) The members of the Management Board are appointed by the Supervisory Board for a period of no more than five years. Members may be re-appointed.
- (3) The resolutions of the Management Board are passed on the basis of a simple majority unless a larger majority is required by law. Abstentions and votes not cast will not be considered votes cast. In case of a tied vote, the vote of the chairman will be decisive.
- (4) The Supervisory Board shall adopt rules of procedure for the Management Board.

##### **§ 8 REPRESENTATION OF THE COMPANY**

- (1) The Company is represented by two members of the Management Board or by one member of the Management Board and a Prokurist (authorised signatory); Art. 9 (1) (c) ii) of Regulation (EC) no. 2157/2001 of 8 October 2001 in conjunction with section 112 *AktG* shall remain unaffected.
- (2) The Supervisory Board may confer a sole power of representation upon some or all of the members of the Management Board. The Supervisory



Board may generally or in individual cases exempt from the restriction laid down in section 181 2<sup>nd</sup> alternative of the German Civil Code (*Bürgerliches Gesetzbuch, BGB*) some or all of the members of the Management Board as well as authorised signatories who are authorised to represent the Company in legal proceedings together with a member of the Management Board.

## § 9

### TRANSACTIONS REQUIRING APPROVAL

- (1) The Company may not enact the following management measures in its capacity as the General Partner of Ströer SE & Co. KGaA without the prior consent of the Supervisory Board:
  - (a) Determination of the investment and financial planning of Ströer SE & Co. KGaA for the following business year (budget);
  - (b) Starting new and discontinuing old business areas by Ströer SE & Co. KGaA, where essential for Ströer SE & Co. KGaA's corporate group;
  - (c) Acquisition and disposal of companies, shares in companies and operations and parts of operations by the Company or by Ströer SE & Co. KGaA if the purchase costs or proceeds exceed EUR 20 million in an individual case. This shall not apply for purchases or sales within Ströer SE & Co. KGaA's corporate group;
  - (d) Conclusion, amendment and cancellation of intercompany agreements.
- (2) The Supervisory Board may decide that its consent is required for further types of transactions or certain management measures.

## V. THE SUPERVISORY BOARD

### § 10 COMPOSITION, TERM OF OFFICE AND RESIGNATION FROM OFFICE

- (1) The Supervisory Board consists of six members. The respective holder of all Ströer shares granting a right of appointment shall appoint two members to the Supervisory Board (***right of appointment***). If the Ströer shares granting a right of appointment are not held by a single person, the holders of the Ströer shares granting a right of appointment may only exercise this (uniform) right of appointment through a joint representative. The other members of the Supervisory Board are appointed by the General Meeting. The right of appointment shall expire if (i) the holders of the Ströer shares granting a right of appointment are no longer exclusively Mr. Dirk Ströer and/or his spouses, partners or direct relatives or (ii) the total interest which the persons indicated under the above section (i) hold in Ströer SE & Co. KGaA amounts to less than five per cent of this Company's share capital.
- (2) The Supervisory Board members are appointed and elected for the period up to the end of the General Meeting granting discharge for the fourth business year since the commencement of their term of office, but for a maximum period of six years. The business year in which the term of office commences is not included in this calculation. The General Meeting may specify a shorter term of office. Members may not be re-elected or newly appointed.
- (3) The General Meeting may appoint replacement members for the Supervisory Board members which it elects. These replacement members will become members of the Supervisory Board following their designation by the General Meeting, to take the place of members of the Supervisory Board who have left office prematurely. If a replacement member replaces a Supervisory Board member who has left office, his term of office shall expire at the end of the next General Meeting held since his appointment to office, if a replacement member is elected at this General Meeting. If no replacement member is elected at the General Meeting, the office of the replacement member will be extended until the end of the term of office of the Supervisory Board member who left office prem-

aturely. The same applies for the members of the Supervisory Board appointed to the Company's Supervisory Board by the person holding a right of appointment under para. (1).

- (4) Supervisory Board members or replacement members may resign from the Supervisory Board even without good cause, by giving written notification to the Management Board while notifying the chairman of the Supervisory Board or, in case the chairman resigns, his deputy, with a notice period of one month. The right to resign from office for good cause shall remain unaffected.

## **§ 11**

### **CHAIRMAN AND DEPUTY CHAIRMAN**

- (1) Following the regular General Meeting at the end of which the term of office of the members elected at the General Meeting begins, a Supervisory Board meeting shall take place which need not be specially convened. The Supervisory Board will elect a chairman and a deputy chairman out of its members, for the duration of their respective term of office.
- (2) The chairman and the deputy chairman will be elected on the basis of a simple majority of the votes cast at the meeting. In case of a tied vote, the presiding chairman will have the casting vote in regard to his own re-election.
- (3) In the event that the chairman or the deputy chairman leaves office prematurely, the Supervisory Board shall re-elect a new chairman or deputy chairman without delay for the remainder of this person's term of office.
- (4) In the event that the chairman and the deputy chairman are unable to carry out their responsibilities, the oldest member of the Supervisory Board (in terms of age) shall take on these responsibilities for the period of their incapacity.

## § 12

### CONVOCAATION AND PASSING OF RESOLUTIONS

- (1) The chairman of the Supervisory Board or, in the event that he is unavailable, his deputy shall convene the meetings of the Supervisory Board and determine the venue for such meetings. The invitation to the meeting shall be submitted in writing (e.g. by letter, fax or e-mail) to the last contact details given to the Management Board. In urgent cases, the chairman may convene meetings by telephone.
- (2) The invitation should be made with a notice period of 7 days and stipulate the individual items of the agenda. In urgent cases, the notice period may be shortened. The working documents shall be made accessible to the members of the Supervisory Board in good time, if possible together with the invitation to attend the meeting. The date on which the invitation is sent is authoritative for the calculation of the aforesaid notice period. Upon expiry of the notice period, additions to or changes of the agenda are only admissible if no member of the Supervisory Board objects.
- (3) The Supervisory Board shall be quorate if half of its requisite total number of members participates in the passing of resolutions. A member will participate in the passing of resolutions even in case of his abstention.
- (4) Resolutions of the Supervisory Board shall be passed with a simple majority of the votes cast unless mandatorily stipulated otherwise by law. Abstentions and votes not cast will not be considered votes cast. In case of a tied vote, the chairman of the Supervisory Board shall have the casting vote; this also applies during elections. In the event that no chairman is appointed or the chairman does not participate in the voting, a motion will be considered to have been rejected in the event of a tied vote.
- (5) The resolutions of the Supervisory Board are made regularly during meetings. Resolutions outside of the scope of meetings may also be made orally, by telephone, in writing, by fax, by e-mail or by other usual means of communication, in particular via video conferencing, if all members of the Supervisory Board participate in the resolution or if the chairman of the Supervisory Board decides upon this form of voting and no member of the Supervisory Board objects to it within a reasonable time limit determined by the chairman.
- (6) Absent members of the Supervisory Board may participate in resolutions of the Supervisory Board by having other members of the Supervisory

Board submit their written voting instructions. They may also submit their vote during a meeting or retrospectively, within a reasonable time limit determined by the chairman of the Supervisory Board, by telephone, fax, e-mail or by other usual means of telecommunication, in particular via video conferencing, as long as no member of the Supervisory Board present objects to this form of voting.

- (7) The chairman is authorised to submit declarations of intent that are necessary to execute the resolutions of the Supervisory Board on behalf of the Supervisory Board. The chairman is authorised to accept declarations on behalf of the Supervisory Board. If the chairman is unable to do so, his deputy will be thus authorised.
- (8) Minutes must be prepared for each meeting of the Supervisory Board and must be signed by the chairman. The minutes must indicate the venue and date of the meeting, the participants, the items on the agenda, the main contents of the meeting and the resolutions passed by the Supervisory Board. Resolutions passed outside of meetings will be recorded in writing by the chairman, and these minutes must be distributed to all of the members of the Supervisory Board without delay.

### **§ 13**

#### **RULES OF PROCEDURE OF THE SUPERVISORY BOARD; AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

- (1) The Supervisory Board shall adopt its rules of procedure within the framework of the statutory regulations and the provisions of these Articles of Association.
- (2) The Supervisory Board is authorised to resolve amendments to the Articles of Association that relate solely to its wording.

### **§ 14**

#### **REMUNERATION**

The remuneration for the members of the Supervisory Board is approved by the General Meeting.

## VI. GENERAL MEETING

### § 15 VENUE AND CONVOCATION

- (1) The General Meeting shall be convened by the Management Board unless other persons are authorised to do so by law. At the discretion of the convening body, it shall be held either at the registered office of the Company, at the registered office of a German stock exchange or in a German city with a population of more than 100,000.
- (2) The General Meeting shall be convened by letter, fax or e-mail.
- (3) Unless a shorter time limit is permitted by law, the General Meeting must be convened at least 30 days prior to the date of the General Meeting. The date on which the invitation is sent is authoritative for the calculation of the aforesaid notice period which shall not include the date of sending of the notice of convocation and the date of the General Meeting.
- (4) The General Meeting may pass resolutions without complying with sections 121 to 128 *AktG* and this section 15 if all of the shareholders have attended or are represented and no shareholder objects to this procedure for passing resolutions.

### § 16 VOTING RIGHTS

- (1) Each share confers one vote at the General Meeting.
- (2) Voting rights may be exercised by authorised proxies. Unless simplifications are permitted by law or the Company has permitted such simplifications in the notice of convocation, this authorisation must be granted in writing (section 126b *BGB*).
- (3) The voting rights deriving from the Müller shares or from the Ströer shares must be exercised uniformly. If the Müller shares and/or the Ströer shares are not held by an individual person, the rights from the

Müller shares or the Ströer shares may only be exercised through a joint representative; section 69 (1) *AktG* applies mutatis mutandis.

## **§ 17**

### **CHAIRING OF THE GENERAL MEETING**

- (1) The chairman of the Supervisory Board shall chair the General Meeting; in case of his incapacity, he will appoint a member of the Supervisory Board to take his place. In the event that the chairman of the Supervisory Board has not appointed a member of the Supervisory Board or if this member is likewise unavailable, the members of the Supervisory Board shall determine the chairman of the General Meeting from among their members.
- (2) The chairman shall conduct the proceedings and determine the order of the agenda as well as the type and form of voting.

## **§ 18**

### **PASSING OF RESOLUTIONS**

The majorities of the votes cast and the share capital represented which is required for resolutions passed by the General Meeting shall be in accordance with applicable statutory provisions.

## **VII.**

### **ANNUAL FINANCIAL STATEMENTS**

## **§ 19**

### **BUSINESS YEAR, ACCOUNTING**

- (1) The business year is the calendar year.
- (2) Within the first three months of a business year, the Management Board shall prepare the annual financial statements for the past business year (balance sheet in addition to the profit and loss account and notes) and the management report and also – if required by law – the consolidated financial statements and the group management report, and must submit



these to the Supervisory Board and the auditor appointed by the Supervisory Board without delay following their preparation. At the same time, the Management Board must submit to the Supervisory Board the proposal for utilisation of the accumulated profit which the Management Board wishes to present to the General Meeting.

- (3) The Supervisory Board shall examine the annual financial statements, the management report and the proposal for utilisation of the accumulated profit as well as the consolidated financial statements and the group management report, and shall report its findings to the General Meeting in writing. The Supervisory Board must submit its report to the Management Board within one month of its receiving the documents presented. At the end of the report, the Supervisory Board must declare whether it approves the annual financial statements and the consolidated financial statements prepared by the Management Board. Once the Supervisory Board has approved the annual financial statements following its review, the annual financial statements will have been confirmed.

## **§ 20**

### **UTILISATION OF THE NET PROFIT FOR THE YEAR**

- (1) Once the Management Board and the Supervisory Board have confirmed the annual financial statements, they may transfer up to half of the net profit for the year into other retained earnings. They are moreover authorised to transfer further amounts up to 100% of the net profit for the year into other retained earnings as long as and as far as the other retained earnings do not exceed half of the share capital and will not do so even after this transfer.
- (2) To calculate the portion of the net profit for the year that must be transferred into other retained earnings in accordance with para. (1), the allocations to the statutory reserve and losses carried forward must be deducted in advance.

## **§ 21**

### **UTILISATION OF PROFITS AND CALCULATION OF THE SHAREHOLDERS' PROFIT SHARES**

- (1) The General Meeting shall resolve the utilisation of the accumulated profit indicated in the approved annual financial statements.
- (2) The shareholders' profit shares shall be determined on the basis of their proportion of the share capital.

## **VIII.**

### **SEVERABILITY**

If one or more provisions of these Articles of Association are wholly or partially void or invalid, this shall not affect the validity of the remainder of the Articles of Association.

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This document is a convenience translation of the German original. In case of discrepancy between the English and German versions, the German version shall prevail.

**Annex 5      COMPLIANCE DECLARATION OF STRÖER SE**

**Declaration of compliance with the German Corporate Governance Code pursuant to Sec. 161 AktG [“Aktengesetz”: German Stock Corporation Act]**

The board of management and the supervisory board of Ströer Media SE declare pursuant to Sec. 161 AktG:

Since the last declaration of compliance on 24 January 2014, Ströer Media SE has complied with the recommendations made by the government commission on the German Corporate Governance Code (GCGC) as amended on 24 June 2014 and will continue to comply with them in the future with the following exceptions:

- Contrary to the recommendation in 3.8 GCGC, no deductible for the members of the supervisory board was agreed upon in the D&O insurance policies for the members of the board of management, the supervisory board and executive employees. In our opinion, a deductible for supervisory board members would impair the interest and willingness of suitable individuals in remaining on or becoming active for the supervisory board of Ströer Media SE.
- Remuneration paid to the board of management is disclosed in accordance with the legal provisions and pursuant to the opt-out resolution adopted by the Company’s shareholder meeting on 14 May 2010. Under this resolution, the amount of remuneration paid to the individual members of the board of management is not disclosed in the Company’s separate or consolidated financial statements. As long as an “opt-out resolution adopted by the shareholder meeting applies, the Company shall not include the disclosures recommended in 4.2.5 Sentences 5 and 6 GCGC in the remuneration report.”
- Contrary to the recommendation in 5.3.3 GCGC, the supervisory board has not established a nomination committee in addition to the existing audit committee because Ströer Media SE does not need a special committee to propose shareholder representatives as candidates given the fact that employees are not represented on the supervisory board.

Cologne, 15 December 2014

The supervisory board

The board of management

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Christoph Vilanek  
Chairman of the Supervisory Board

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Udo Müller  
Chairman of the Board of Management