

METRO Wholesale & Food Specialist GmbH, Düsseldorf

Balance sheet as of 30 September 2016

Assets

Liabilities

	30.9.2016	30.9.2015		30.9.2016	30.9.2015
	EUR	EUR		EUR	EUR
A. Non-current assets			A. Equity		
Financial assets			I. Share capital	204,517,000.00	204,517,000.00
Shares in affiliated companies	7,494,895,584.39	0.00	II. Capital reserve	189,010,760.43	3,115,460,271.51
			III. Reserves retained from earnings		
			Other reserves retained from earnings	0.00	1,864,811.93
			IV. Balance sheet profit (previous year: balance sheet loss)	0.00	-3,289,686,684.82
B. Current assets				<u>393,527,760.43</u>	<u>32,155,398.62</u>
Receivables and other assets			B. Provisions		
1. Receivables from associates	40,290,523.83	32,155,398.62	1. Tax provisions	3,136,183.47	0.00
2. Other assets	151,661.52	0.00	2. Other provisions	20,000.00	0.00
	<u>40,442,185.35</u>	<u>32,155,398.62</u>		<u>3,156,183.47</u>	<u>0.00</u>
			C. Liabilities		
			1. Trade liabilities	1,194.04	0.00
			- thereof with a remaining term of up to one year		
			€1,194.04 (previous year €0.00)		
			2. Liabilities to affiliated companies	7,138,652,631.80	0.00
				<u>7,138,653,825.84</u>	<u>0.00</u>
	7,535,337,769.74	32,155,398.62		7,535,337,769.74	32,155,398.62

Düsseldorf, 8. November 2016

Christian Baier

Dr. Christoph Kämper

Christian Ziggel

METRO Wholesale & Food Specialist GmbH, Düsseldorf

Income statement for the period from 1 October 2015 to 30 September 2016

	1/10/2015 - 30/9/2016	1/10/2014 - 30/9/2015
	EUR	EUR
1. Other operating income	8,636,320.28	44,149,063.00
2. Other operating expenses	-9,165,620.21	-10,478,027.00
3. Other interest and similar income	213,787.25	0.00
4. Depreciation/amortisation/impairment losses on financial assets	-6,722,092.61	0.00
5. Interest and similar expenses thereof to affiliated companies €-237.37 (previous year: €0.00)	-21,193.41	-12,135,559.00
6. Result from ordinary operations	-7,058,798.70	21,535,477.00
7. Income taxes	-2,784,722.47	0.00
8. Other taxes	-35,973.43	-21,535,477.00
9. Income transferred under a profit transfer agreement	-143.59	0.00
10. Net loss for the period (-) / net profit for the period (+)	-9,879,638.19	0.00
11. Loss carry-forwards from the previous year	-3,289,686,684.82	-3,289,686,684.82
12. Withdrawals from reserves retained from earnings	1,864,811.93	0.00
13. Withdrawals from capital reserve	3,747,701,511.08	0.00
14. Distribution from capital reserve	-450,000,000.00	0.00
15. Balance sheet profit (previous year: balance sheet loss)	0.00	-3,289,686,684.82

Düsseldorf, 8. November 2016

Christian Baier

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METRO Wholesale & Food Specialist GmbH (until 18/5/2016: Zweite real,- SB-Warenhaus GmbH), Düsseldorf

Notes to the financial statements for financial year 2015/16

Principles of the company

As of 1 October 2013, METRO Wholesale & Food Specialist GmbH ("MWFS" or "company"; previously: Zweite real,- SB-Warenhaus GmbH) spun off its entire operating activities and has since had no operations.

Until 15 September 2016, METRO Groß- und Lebensmitteleinzelhandel Holding GmbH (MGLEH) was the sole owner of MWFS GmbH. In the context of the structural preparations for the planned demerger of METRO GROUP, the shares in MWFS were directly sold to METRO AG and the company was officially established with its entry into the Commercial Register on 19 September 2016. Following the implementation of the demerger of METRO GROUP into the two segments wholesale and food retail (CC business segment) and consumer electronics (CE business segment), MWFS will serve as the group holding company managing the operating activities of METRO Cash & Carry and Real. In this context, the company acquired shares in affiliated companies within the group in financial year 2015/16 or absorbed such affiliated companies by means of asset contributions from METRO AG. As a result, the figures for the reporting period cannot be compared with those of the previous year.

As of 30 September 2015, MGLEH was the sole owner of MWFS. In financial year 2015/16, MGLEH sold all shares in MWFS to METRO AG. Effective 19 September 2016, METRO AG transferred these shares to METRO Consumer Electronics Zwischenholding GmbH & Co. KG (METRO CE KG) by means of an asset contribution. Since that date, METRO CE KG has been the sole owner of MWFS.

Disclosure, accounting and measurement principles

The annual financial statements of MWFS are prepared in accordance with the regulations of the German Commercial Code (HGB) and the German Limited Liability Companies Act (GmbHG).

The company classifies as a micro-entity in accordance with § 267a of the German Commercial Code (HGB), but does not make use of the size-related exemption from the obligation to draw up notes to the accounts pursuant to § 264 Section 1 Sentence 5 HGB. The company also does not use the option to draw up an abridged balance sheet in accordance with § 266 Section 1 Sentence 4 HGB and prepares its balance sheet in accordance with the applicable regulations of § 266 Section 1 Sentence 2 HGB for large and medium-sized corporations. Furthermore, the company does not make use of the option to draw up an abridged income statement in accordance with § 275 Section 5 HGB and prepares its income statement in accordance with the regulations of § 275 Section 2 HGB.

The company has voluntarily added a cash flow statement and a statement of changes in equity to its annual financial statements, forming a single unit with the balance sheet, the income statement and the notes to the annual financial statements.

The income statement was prepared using the total cost method.

The annual financial statements have been prepared in euros.

Shares in affiliated companies are recognised at cost or, if sustained impairment can be assumed, at the lower of cost or market. Lower valuations are maintained insofar as a higher valuation up to the original cost of purchase is not required.

Receivables and other assets are recognised at their nominal values.

Tax provisions and other provisions account for all identifiable risks and uncertain obligations. The provisions are measured at the settlement amount necessary to cover future payment obligations based on prudent business judgement.

Liabilities are recognised at the settlement amount.

Notes to the balance sheet

Financial assets

The following table outlines the development of financial assets:

	01.10.2015 €	Addition €	Disposal €	Depreciation/ amortisation/ impairment losses (cumulative) €	30.09.2016 €	Depreciation/ amortisation/ impairment losses in the financial year €
Shares in affiliated companies	0.00	7,501,617,677.00	0.00	6,722,092.61	7,494,895,584.39	6,722,092.61

Aside from the acquisition of the central companies of the METRO Cash & Carry and Real sales lines from METRO Groß- und Lebensmitteleinzelhandel Holding GmbH, additions particularly include the asset contributions of METRO PROPERTIES GmbH & Co. KG and METRO PROPERTIES Management GmbH by METRO AG.

Company	Addition from	Purchase price / capital contribution value
		€
METRO Cash & Carry International GmbH	Acquisition	5,963,736,000.00
METRO PROPERTIES GmbH & Co. KG	Capital contribution	821,236,000.00
real,- Holding GmbH	Acquisition	645,000,000.00
MGB METRO GROUP Buying HK Limited	Acquisition	49,000,000.00
real,- Group Holding GmbH	Acquisition	12,501,750.39
METRO Innovations Holding GmbH	Acquisition	6,747,092.61
Hitmeister GmbH	Acquisition	3,100,834.00
HoReCa Digital GmbH (previously METRO Cash & Carry International Management GmbH)	Acquisition	280,000.00
METRO PROPERTIES Management GmbH	Capital contribution	16,000.00
Total		7,501,617,677.00

Depreciation/amortisation/impairment losses relate to shares in METRO Innovations Holding GmbH.

In addition, MWFS holds a call option for the transfer of the remaining shares in METRO PROPERTIES GmbH & Co. KG from METRO AG, which can be exercised for the first time three years after the demerger of METRO AG has been implemented.

The list of affiliated companies pursuant to § 285 of the German Commercial Code (HGB) lists the respective equity and net profit or loss of the subsidiaries:

Company	Company head office	Capital share	Equity ¹⁾	Net profit or loss	Date
		%	€	€	
METRO Cash & Carry International GmbH	Düsseldorf	94.00%	3,983,964,306.27	0.00 ²⁾	30.09.2015
METRO Innovations Holding GmbH	Düsseldorf	100.00%	25,000.00	0.00 ²⁾	30.09.2015
METRO PROPERTIES GmbH & Co. KG	Düsseldorf	92.90%	154,975,788.00	6,753,737.17	30.09.2015
real,- Holding GmbH	Düsseldorf	100.00%	639,834,505.41	0.00 ²⁾	30.09.2015
real,- Group Holding GmbH	Düsseldorf	100.00%	12,501,750.39	0.00 ²⁾	30.09.2015
HoReCa Digital GmbH	Düsseldorf	100.00%	30,000.00	0.00 ²⁾	30.09.2015
METRO PROPERTIES Management GmbH	Düsseldorf	33.33%	52,488.63	4,440.49	30.09.2015
MGB METRO Group Buying HK Limited	Hong Kong	100.00%	26,848,118.00	14,680,391.00	30.09.2015
Hitmeister GmbH	Düsseldorf	100.00%	-5,237,360.14	-3,660,714.17	31.12.2015
¹⁾ based on 100%					
²⁾ after transfer / assumption of the net profit or loss in the context of controlling and profit-and-loss transfer agreements					

Receivables and other assets

Receivables and other assets comprise current receivables from METRO GROUP companies and the cash pool deposits managed by MGC METRO GROUP Clearing GmbH on behalf of the company. The other assets exclusively relate to tax receivables from commercial tax and interest.

Equity

As of 30 September 2016, the share capital is unchanged at €204,517,000.00 and includes a company share that is held by METRO Consumer Electronics Zwischenholding GmbH & Co. KG as of the closing date.

MWFS' capital reserve amounts to €189,010,760.43 as of 30 September 2016 (2014/15: €3,115,460,271.51). The decline in the capital reserve compared with the previous year is due to various legal transactions as well as to the fact that the loss carry-forwards were offset against the capital reserve. The contribution of METRO PROPERTIES GmbH & Co. KG and METRO PROPERTIES Management GmbH by METRO AG in the context of the legal establishment of MWFS increased the capital reserve by a total of €821.3 million. In addition, an amount of €450.0 million was withdrawn from the capital reserve. The loss carry-forwards and the net loss were offset against the capital reserve.

As of 30 September 2016, MWFS' reserves retained from earnings amount to €0.00 (2014/15: €1,864,811.93). They were dissolved for the settlement with loss carry-forwards.

A detailed overview of changes in equity is provided in the statement of changes in equity.

Provisions

The item tax provisions relates to corporate income tax for the tax results allocable to MWFS and the related solidarity surcharge.

Liabilities

	Total	thereof		
	€	< 1 year €	1 < 5 years €	> 5 years €
Trade liabilities	1,194.04	1,194.04	–	–
Liabilities to affiliated companies	7,138,652,631.80	514,034,047.41	6,624,618,584.39	–
Total	7,138,653,825.84	514,035,241.45	6,624,618,584.39	–

At €6,673,643,584.39 and €450,000,000, respectively, liabilities to affiliated companies essentially result from share purchases made during financial year 2015/16 and from withdrawals from the capital reserve.

The above-mentioned non-current liabilities to affiliated companies result from an extension agreement and have been deferred to 30 September 2019. An early repayment of the purchase prices is permitted under special conditions.

Liabilities totalling €6,624,618,584.39 are secured by a letter of comfort issued by METRO AG.

Notes to the income statement

During financial year 2015/16, impairment losses of €6,722,092.61 were effected on shares in affiliated companies.

Other operating income or expenses include income and/or expenses relating to other periods from the "Wal-Mart tax refunds" transaction that is described in the following.

The acquisition of the business activities of Wal-Mart Germany in 2006 had the following effects on the company's financial statements:

Previous year 2014/15: The tax audits that were conducted during the period 2001 to 2006 resulted in payment of sales tax arrears and interest on sales and capital gains tax arrears totalling €44.1 million, of which €10.5 million (from unpaid capital gains tax) is recognised in other operating expenses, €21.5 million (sales tax) in other taxes and €12.1 million in interest and similar expenses. The tax clause in the share purchase contract resulted in a claim to compensation in the same amount from Wal-Mart USA. METRO AG activated this claim from Wal-Mart USA during financial year 2014/15. It was passed through to the company and recognised under other operating income.

Current financial year 2015/16: In 2007, Wal-Mart Germany KG sold its 94.8 per cent stake in RUDU GmbH to GBS GmbH and METRO Leasing GmbH. MWFS is the legal successor to Wal-Mart Germany KG. During the past financial year, the tax audits of RUDU GmbH for the years 2001 to 2006 were completed and assessed by the relevant tax authorities. As the universal successor to Wal-Mart Germany KG, MWFS has an obligation to refund payments of tax arrears and the related duties or charges accessory to taxes of RUDU GmbH. This resulted in a negative effect of €9.1 million in other operating expenses of MWFS. These negative effects are offset by income from refund entitlements to Wal-Mart USA as well as tax refunds and interest totalling €9.1 million. METRO AG activated these refund entitlements to Wal-Mart USA and passed them through to MWFS.

Income tax also includes current corporate income tax and the related solidarity surcharge of €3.1 million concerning an exclusively tax-related allocation of income from a direct investment in a business partnership.

The item "income transferred under a profit transfer agreement" includes the income generated by the company during the period 1 October 2015 to 15 September 2016 that was transferred for the last time as a result of the termination for cause of the control and profit transfer agreement that had existed between the company and METRO Groß- und Lebensmitteleinzelhandel Holding GmbH since 2007.

In accordance with § 274 Section 1 of the German Commercial Code (HGB), the company elected not to create deferred tax assets in relation to existing loss carry-forwards.

Other notes

Contingent liabilities

In relation to two spin-offs, the company has joint liability for the spun-off liabilities under § 133 of the German Law Regulating the Transformation of Companies (UmwG). The first spin-off resulted from the transfer of six hypermarkets in financial year 2009, including all associated rights, obligations and encumbrances, contractual relationships and provisions as well as prepaid expenses and deferred charges. In addition, the company spun off its entire operations in financial year 2013/14. No claims were enforced as of the closing date. The company has a contractual claim for indemnification for both cases against real,- SB-Warenhaus GmbH that it could activate if, contrary to expectations, claims were to be enforced.

Cash flow statement

Cash and cash equivalents comprise cash of €0.00 and cash equivalents of €356,530.94 and are shown under receivables from affiliated companies. The above-mentioned share purchases did not result in any cash outflow.

Statement of changes in equity

As of 30 September 2016, €189,010,760.43 of equity shown in the balance sheet was available for dividend payouts to shareholders.

Employees

METRO Wholesale & Food Specialist GmbH did not have any employees in financial year 2015/16.

Management Board

Christian Baier
CFO METRO Cash & Carry
(from 29 August 2016)

Dr Christoph Kämper
Global Director Legal Affairs & Compliance of METRO AG
(from 29 August 2016)

Christian Ziggel
Group Director Investor Relations and Mergers & Acquisitions of METRO AG
(from 29 August 2016)

Didier Fleury
Manager Retail Transformation Projects of METRO AG
(until 1 June 2016)

Henning Gieseke
CEO/CFO real,- SB-Warenhaus GmbH
(until 29 August 2016)

Patrick Müller-Sarmiento
CEO real,- SB-Warenhaus GmbH
(until 29 August 2016)

Jörg Kramer
CHRO real,- SB-Warenhaus GmbH
(until 29 August 2016)

Frank Kretschmar
COO real,- SB-Warenhaus GmbH
(until 29 August 2016)

No compensation was paid to the Management Board.

Consolidated Financial Statements

The company is included in the consolidated financial statements of METRO AG, Düsseldorf. These consolidated financial statements are released in the electronic Federal Gazette.

Please note that METRO Wholesale & Food Specialist GmbH is exempt from the obligation to prepare consolidated financial statements in accordance with § 291 Section 1 Sentence 1 of the German Commercial Code (HGB).

Earnings appropriation

As of the closing date, a net loss for the period of €9,879,638.19 and withdrawals from reserves retained from earnings and the capital reserve totalling €3,747,701,511.08 resulted in a balance sheet profit of €0.00.

Düsseldorf, 8 November 2016

Christian Baier

Dr Christoph Kämper

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Cash flow statement and notes to the cash flow statement

The company is tied into the cash-pooling system of METRO GROUP. As a result, cash and cash equivalents also comprise these short-term, highly liquid receivables from MGC METRO Group Clearing GmbH, which may be liquidised at short notice and are subject to negligible fluctuations in value.

As the company had no own operations during the financial year, cash inflows and cash outflows resulted almost exclusively from the settlement of tax issues and related interest for earlier financial years.

There were no cash inflows or cash outflows during the previous year.

	Cash flow statement for METRO Wholesale & Food Specialist GmbH for the financial year from 1 October 2015 to 30 September 2016	2015/16 €	2014/15 €
+	Interest received on tax refunds	144,398.51	0.00
–	Interest paid, essentially for tax liabilities	-21,193.41	0.00
–	Other cash outflows, essentially tax payments	-35,954.19	0.00
+	Income tax refunds	269,280.03	0.00
=	Cash flow from operating activities	356,530.94	0.00
	Net change in cash and cash equivalents	356,530.94	0.00
	Cash and cash equivalents at the start of the period	0.00	0.00
	Cash and cash equivalents at the end of the period	356,530.94	0.00

Düsseldorf, 8. November 2016

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METRO Wholesale & Food Specialist GmbH

Statement of changes in equity for the period from 1 October 2015 to 30 September 2016

	Share capital	Capital reserve	Generated equity		Equity
			Reserves retained from earnings	Balance sheet loss	
As of 30/9/2014 / 1/10/2014	204,517,000.00	3,115,460,271.51	1,864,811.93	-3,289,686,684.82	32,155,398.62
Net profit or loss	0.00	0.00	0.00	0.00	0.00
Capital contributions	0.00	0.00	0.00	0.00	0.00
Capital withdrawals	0.00	0.00	0.00	0.00	0.00
As of 30/9/2015 / 1/10/2015	204,517,000.00	3,115,460,271.51	1,864,811.93	-3,289,686,684.82	32,155,398.62
Net profit or loss	0.00	0.00	0.00	-9,879,638.19	-9,879,638.19
Capital contributions	0.00	821,252,000.00	0.00	0.00	821,252,000.00
Capital withdrawals					
a) for offset against loss carry-forwards	0.00	-3,287,821,872.89	-1,864,811.93	3,289,686,684.82	0.00
b) for offset against net loss	0.00	-9,879,638.19	0.00	9,879,638.19	0.00
c) for dividends to shareholders	0.00	-450,000,000.00	0.00	0.00	-450,000,000.00
As of 30/9/2016	204,517,000.00	189,010,760.43	0.00	0.00	393,527,760.43

Düsseldorf, 8. November 2016

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