

Report about the audit of the spin-off

pursuant to § 125 sent. 1 in conjunction with § 9 para. 1  
and § 12 of the German Transformation Act (*Umwandlungsgesetz*)  
regarding parts of the assets of

METRO AG,

Düsseldorf

to

METRO Wholesale & Food Specialist AG,

Düsseldorf

Executed copy no. X

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List of abbreviations

para.	paragraph
AG	<i>Aktiengesellschaft</i> , German stock corporation
AktG	<i>Aktengesetz</i> , German Stock Corporation Act
BGH	<i>Bundesgerichtshof</i> , German Federal Court of Justice
DM	Deutsche Mark
EUR	Euro
e.V.	<i>eingetragener Verein</i> , registered association
<i>et seqq.</i>	<i>et sequentia</i> (and the following)
GmbH	<i>Gesellschaft mit beschränkter Haftung</i> , German limited liability company
HFA	<i>Hauptfachausschuss</i> , Auditing and Accounting Board of the Institute of Public Auditors in Germany (IDW), Düsseldorf
HFA 6/1988	statement no. HFA 6/1988 "Merger audit pursuant to § 340b para. 4 of the German Stock Corporation Act (Aktengesetz – AktG) "
HGB	<i>Handelsgesetzbuch</i> ; German Commercial Code
HRA	Section A of the German Commercial Register
HRB	Section B of the German Commercial Register

IDW	<i>Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf,</i> Auditing and Accounting Board of the Institute of Public Auditors in Germany
KG	<i>Kommanditgesellschaft,</i> German limited partnership
LTI Programmes	Long-Term Incentive Programmes
bn	billion
no.	number
Performance Share Plan	Performance Share Plan 2009 to 2013
Demerger Agreement	hive-down and spin-off agreement dated 13 December 2016 (Roll of Deeds no. A 1959/2016 of the notary public Dr. Paul Rombach, Düsseldorf)
Demerger Report	jointly prepared demerger report of the Management Boards of METRO AG and MWFS AG
UmwG	<i>Umwandlungsgesetz,</i> German Transformation Act
Share Allocation Ratio	exchange ratio

List of abbreviated company names

METRO Erste	METRO Erste Erwerbsgesellschaft mbH, Düsseldorf
MGLEH	METRO Groß- und Lebensmitteleinzelhandel Holding GmbH, Düsseldorf
MWFS AG	METRO Wholesale & Food Specialist AG, Düsseldorf

## A. Engagement and performance of the engagement

METRO AG, Düsseldorf,  
(hereinafter also referred to as "METRO AG" or "Transferring Entity"),

intends to transfer a part of its assets to

METRO Wholesale & Food Specialist AG, Düsseldorf,  
(hereinafter also referred to as "METRO Wholesale & Food Specialist AG" or "MWFS AG" or  
"Receiving Entity"),

previously METRO Wholesale & Food Specialist GmbH, Düsseldorf, through a spin-off by way of acquisition pursuant to § 123 para. 2 no. 1 UmwG on the basis of preserving the proportion of company interest held. METRO Wholesale & Food Specialist GmbH, Düsseldorf, was subjected to a change in legal form on the basis of the shareholder's resolution dated 8 November 2016 (Roll of Deeds No. 1729/2016 of the notary public Dr. Paul Rombach, with his registered office in Düsseldorf), and registered with the commercial register (Local Court of Düsseldorf, HRB 79055) as a stock corporation on 11 November 2016.

Upon a joint application by the Management Board of METRO AG and the management of METRO Wholesale & Food Specialist GmbH, Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne, was selected and appointed as demerger auditor by the Regional Court of Düsseldorf (Ref. 31 O 27/16 [AktE]) based on a resolution dated 22 August 2016 pursuant to § 125 sent. 1 in conjunction with §§ 9 para. 1, 10 UmwG (Annex 1).

On 13 December 2016, the Management Boards of METRO AG and MWFS AG entered into a hive-down and spin-off agreement (hereinafter referred to as "Demerger Agreement") (Roll of Deeds A 1959/2016 of the notary public Dr. Paul Rombach, Düsseldorf). The general meeting of METRO AG is expected to grant its approval to the Demerger Agreement on 6 February 2017 pursuant to § 125 sent. 1 in conjunction with §§ 13 para. 1, 65 para. 1 UmwG. METRO AG, as the sole shareholder of MWFS AG, will cause approval to be granted by the general meeting of MWFS AG.

The spin-off mainly comprises all shares in METRO Groß- und Lebensmitteleinzelhandel Holding GmbH, Düsseldorf, (Local Court of Düsseldorf, HRB 40923) (hereinafter also referred to as "MGLEH") (including, but not limited to its subsidiary METRO Erste Erwerbsgesellschaft mbH, Düsseldorf, (Local Court of Düsseldorf, HRB 75772)) (hereinafter also referred to as "METRO Erste"), the entire limited partnership interest in METRO Wholesale & Food Services Vermögensverwaltung GmbH & Co. KG, Düsseldorf (Local Court of Düsseldorf, HRA 24111), as well as any shares in METRO

Wholesale & Food Services Vermögensverwaltung Management GmbH, Düsseldorf (Local Court of Düsseldorf, HRB 78530), in each case including any associated rights and obligations, including, but not limited to profit participation rights.

In the relationship between METRO AG and MWFS AG, the transfer of the Spin-Off Assets is intended to take place with economic effect as of 1 October 2016, 00:00 a.m. (Relevant Spin-Off Date). From this time onward, in the internal relationship between METRO AG and MWFS AG any acts and transactions of METRO AG that concern the Spin-Off Assets will be deemed to be made for the account of MWFS AG.

We commenced our audit after the receipt of the resolution dated 22 August 2016 regarding our appointment by the court on 26 August 2016 and conducted the audit until 14 December 2016 in the business premises of METRO AG in Düsseldorf, the legal advisor of METRO AG in Düsseldorf as well as in our offices in Cologne. In this context, we conducted our audit activities concurrently with the preparation of the Demerger Agreement and the jointly developed demerger report of the Management Boards of METRO AG and MWFS AG (hereinafter also referred to as "Demerger Report"). We have expressed our audit opinion independently and in our own responsibility.

Substantially the following documents were available to us for the conduct of our audit:

- Hive-down and spin-off agreement (Demerger Agreement) between METRO AG (as Transferring Entity) and MWFS AG (as Receiving Entity), including Annexes, dated 13 December 2016 (Roll of Deeds No. A 1959/2016 of the notary public Dr. Paul Rombach, Düsseldorf), including any previous drafts
- Joint Demerger Report of the Management Boards of METRO AG and MWFS AG concerning the hive-down and spin-off of wholesale and food retail businesses pursuant to § 127 sent. 1 UmwG dated 13 December 2016, including previous drafts
- Group Separation Agreement between METRO AG and MWFS AG (Annex 34 of the Demerger Agreement), including previous drafts
- Annual balance sheet of METRO AG as at 30 September 2016 which was audited by KPMG AG Wirtschaftsprüfungsgesellschaft and received an unqualified audit opinion (hereinafter also referred to as "Closing Balance Sheet" pursuant to § 125 sent. 1 in conjunction with § 17 para. 2 UmwG)
- Financial statements of METRO AG and various subsidiaries as at 30 September 2016, each of which were audited by KPMG AG Wirtschaftsprüfungsgesellschaft and received an unqualified audit opinion
- Formation audit report by KPMG AG Wirtschaftsprüfungsgesellschaft dated 9 November 2016 regarding the change in legal form of METRO Wholesale & Food Specialist GmbH, Düsseldorf
- Minutes of the Supervisory Board of METRO AG (and its committees) for the financial years 2015 and 2016 (until 15 November 2016)



- Spin-Off Balance Sheet as at 1 October 2016
- Commercial register excerpts of METRO AG, MWFS AG, MGLEH and METRO Erste
- Articles of Association of METRO AG and MWFS AG, as amended as at the date of the preparation of the Demerger Agreement
- Publicly available information

Any information and evidence required by us were willingly provided by the employees specified by the Management Boards of the entities involved as well as by their advisers. The completeness of the clarifications and evidence provided was confirmed to us by each of the Management Boards of both companies in a written declaration, stating that all information and documents deemed relevant for our audit by the Management Boards were provided to us and that this information and these documents, to the best of their knowledge and belief, are accurate.

Within the framework of our audit, we have complied with the statement no. HFA 6/1988 of the Auditing and Accounting Board (Hauptfachausschuss; HFA) of the Institute of Public Auditors in Germany entitled "Merger audit pursuant to § 340b para. 4 of the German Stock Corporation Act (*Aktiengesetz – AktG*)" to the extent that the recommendations included therein are also applicable for the demerger.<sup>1</sup>

Any changes that occur during the period between the conclusion of our audit and the resolutions adopted by the general meetings of METRO AG and MWFS AG about the spin-off, changes in the composition of the Spin-Off Assets or other basic principles of the spin-off have to be taken into consideration.

We expressly point out that we have not audited the keeping of accounts, the financial statements, the management reports, consolidated annual financial statements, the Group management reports or the management bodies of METRO AG and MWFS AG, respectively. Such audits are not the object of the audit in accordance with §§ 125 sent. 1 in conjunction with § 9 para. 1 UmwG.

The compliance of the annual financial statements and the consolidated annual financial statements of METRO AG and MWFS AG with the applicable legal requirements has been confirmed by the appointed independent auditor.

The conduct of the engagement and our responsibility are subject to the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as at 1 January 2002 (Annex 2). In addition to the legal limitation of liability pursuant to §§ 125 sent. 1 in conjunction with § 11 para. 2 UmwG in conjunction with § 323 of the German Commercial Code (*Handelsgesetzbuch – HGB*), these General Engagement Terms also

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<sup>1</sup> § 340b para. 4 AktG was replaced by § 12 UmwG effective from 1 January 1995.

govern our responsibility vis-à-vis third parties.

## B. Subject, type and scope of the demerger audit

The provisions set out in §§ 9 to 12 UmwG pursuant to § 125 sent. 1 in conjunction with § 60 UmwG have to be applied to the demerger audit by analogy. Accordingly, the demerger audit extends to the audit of the completeness and accuracy of the information provided in the Demerger Agreement and to the fact whether the intended exchange ratio for the shares, the amount of the additional cash payments, if applicable, or the membership in the Receiving Entity is appropriate as a consideration. The German Federal Court of Justice (*Bundesgerichtshof* – BGH) has defined the following objectives of the merger audit, the principles of which have to be applied by analogy as a starting point (BGH ruling dated 22 May 1989, II ZR 206/88):

- Completeness of the Demerger Agreement,
- Accuracy of the information provided in the Demerger Agreement,
- Appropriateness of the exchange ratio.

In accordance with § 12 para. 1 UmwG, the demerger auditor has to report in writing about the findings of the audit. Pursuant to § 12 para. 2 UmwG, the audit report has to be concluded with a declaration as to whether the proposed exchange ratio for the shares, the amount of the additional cash payments, if applicable, or the membership in the Receiving Entity is appropriate as a consideration. In this context, it has to be stated which methods were applied to determine the proposed exchange ratio as well as the reasons based on which the application of these methods are appropriate or which consideration would result if different methods were applied; at the same time, it has to be discussed which weightings the various methods were given in the determination of the proposed exchange ratio or the consideration and the values underlying them and which particular difficulties occurred in the valuation of the entities.

The procedure for the determination of the exchange ratio is not governed explicitly by law. However, generally, the provision in § 12 para. 2 UmwG assumes that business valuations are required. As discussed in detail in Section D.I.3. of this audit report, in the present case, a comparative business valuation of the Spin-Off Assets and the Receiving Entity in the proper sense is not necessary for the determination of the exchange ratio or the share allocation ratio, respectively, as there are no changes for the METRO AG shareholders in terms of assets.

Against this background, this audit report does not include any information on valuations made, their methodological consistency and content-related assumptions, the derivation of underlying data and the plausibility of forward-looking statements as well as information regarding specific difficulties of the valuation.

Accordingly, no statements will be made regarding subject matters that are directly connected with a business valuation based on a fundamental analysis procedure, such as the income capitalisation approach, or regarding the stock exchange price.

The general minimum requirements as well as the minimum requirements specific for the legal form specified under German Transformation Law are relevant for the audit work in terms of the completeness of the Demerger Agreement.

The legal requirements as regards the completeness and accuracy of the Demerger Agreement are set out in § 126 para. 1 UmwG, stating the minimum content of the Demerger Agreement. Accordingly, the Demerger Agreement must include at least the following information (§ 126 para. 1 no. 1 to 11 UmwG):

- company name and registered office of the entities involved in the demerger,
- agreement on the transfer of parts of the assets of the Transferring Entity each in its entirety against the granting of shares or memberships in the Receiving Entities,
- in the case of split-up and spin-off, the exchange ratio of the shares and, if applicable, the amount of the additional cash payment or information about the membership in the Receiving Entities,
- in the case of split-up and spin-off, the details for the transfer of shares of the Receiving Entities or regarding the acquisition of the membership in the Receiving Entities,
- date from which such shares or memberships grant an entitlement in a share in the net profit as well as all specific characteristics of such entitlement,
- date from which all acts of the Transferring Entity are deemed performed for the account of the Receiving Entity (Relevant Demerger Date),
- rights granted by the Receiving Entities to individual shareholders as well as to the holders of special rights such as shares without voting rights, preference shares, shares with multiple-voting rights, bonds and profit-participation rights or the measures intended for such persons,
- any special benefit granted to a member of a representative or supervisory body of the entities involved in the demerger, a managing director, a partner, an independent auditor or a demerger auditor,
- the exact description and allocation of assets and liabilities transferred to each of the Receiving Entities as well as those of the transferred operational activities and branches of activity through allocation to the Receiving Entities,
- in the case of split-up and spin-off, the allocation of the shares of each of the entities involved to the shareholders of the Transferring Entity as well as the measure for the allocation and
- the consequences of the demerger for the employees and their representative bodies as well as the measures envisaged in this context.

Optional components of the Demerger Agreement cannot be audited for completeness due to the lack of a statutory obligation, however, as contractual components, they are reviewed as to their accuracy within the framework of the demerger audit.

The audit of the accuracy of the (statutory and optional) information given in the Demerger Agreement addresses the issue of whether this information is factually correct and consistent. The decisive factor is that the subject matter underlying the Demerger Agreement give a true and fair view of the actual situation and that the forecasts and judgments, if any, are plausible. A comprehensive review of the effectiveness and validity of the provisions set out in the Demerger Agreement will not be conducted. If any objections or concerns as to the accuracy or effectiveness of individual arrangements arise as a result of the audit work, a corresponding reference has to be included in the audit report.

The option existing pursuant to § 127 UmwG regarding the preparation of a joint Demerger Report was exercised by the Management Boards of METRO AG and MWFS AG. The Demerger Report provides, from a legal and economic perspective, an explanation of and the reasons for the demerger, the Demerger Agreement and in particular the subscription ratio for the shares within the context of the spin-off. The Demerger Report is not the subject of a statutory demerger audit. However, the Demerger Report may be used within the context of the audit as a source of information to the extent that it includes references to the Spin-Off Assets. A review of the expediency of the demerger from an economic and business policy perspective is not the subject of the audit. Nevertheless, the Demerger Report is of relevance for the demerger audit insofar as the Demerger Report may be used to identify any existing inconsistencies between the statements of the Management Boards of the receiving and the transferring company given in the Demerger Report and the provisions set out in the Demerger Agreement, which may give rise to any doubts as to the completeness and accuracy of the contents of the Demerger Agreement.

In accordance with § 12 para. 2 UmwG, a statement as to the appropriateness of the exchange ratio has to be incorporated into the audit report. The appropriateness is normally derived from a value relation between the involved entities. In the present case, however, neither a value relation is determined nor are shares exchanged. The shareholders of the Transferring Entity rather receive new shares of the Receiving Entity. In the following, we therefore refer to a "Share Allocation Ratio", rather than an exchange ratio.

Therefore, the audit engagement pursuant to § 125 sent. 1 UmwG and the corresponding application of § 12 para. 2 UmwG are to be construed to the effect that the audit report has to be concluded with a statement as to whether the Share Allocation Ratio is appropriate and that no reservations may be raised against the Share Allocation Ratio.

### C. Presentation of the intended structural measure

METRO AG, Düsseldorf, is the parent company of the Metro Group companies, i. e. the companies affiliated with METRO AG within the meaning of §§ 15 et seq. AktG (hereinafter also referred to as "METRO GROUP"); it is one of the leading global trade companies.

METRO GROUP is to be divided into two strategically and organisationally independent companies listed on German stock exchanges, with each being specialised in their distinct market segment: The wholesale and food retail businesses pursued by the METRO Cash & Carry (in future: METRO Wholesale) and Real sales lines and additional pertaining activities (MWFS Business Division) are to be transferred to MWFS AG by way of a hive-down and subsequent spin-off, which are combined as legally independent measures within a common Demerger Agreement, while the consumer electronics business pursued by the Media-Saturn sales line (entertainment and household electronics) and the pertaining service activities (CE Business Division) are to remain with METRO AG.

MWFS AG is to become the new parent company of the MWFS Business Division listed on German stock exchanges, while the previous METRO AG continues to be the parent company of the CE Business Division. In order to prepare for the demerger of METRO GROUP, measures were initiated at the METRO AG level to establish two branches of activity with their own distinct premises and organisation.

The Hive-Down Assets substantially comprise the MWFS Branch of Activity (including the related employees and operating and office equipment), the intangible assets, further interests of METRO AG as well as all liabilities to third parties. In contrast, the Spin-Off Assets substantially comprise the 100 percent interest of METRO AG in MGLEH also pertaining to the MWFS Business Division, which, together with its subsidiary METRO Erste, has purchase price receivables from MWFS AG resulting from the sale of interests of the MWFS Business Division.

The Spin-Off Assets described above will be transferred to MWFS AG by way of spin-off within the meaning of the German Transformation Act. In terms of value, these Spin-Off Assets represent the largest portion of the assets of the MWFS Business Division. The shareholders of METRO AG will be allocated shares of MWFS AG with a Share Allocation Ratio of 1 : 1 as consideration for the spin-off, i. e. one ordinary share or preference share of MWFS AG is allocated for each ordinary share and preference share, respectively, of METRO AG. The shares of MWFS AG issued as consideration for the spin-off represent approximately 90 percent of MWFS AG's share capital after the consummation of the spin-off.

It is intended that after the demerger of METRO GROUP, around 90 percent of MWFS AG will be held by METRO AG shareholders. The remaining approximately 10 percent of the MWFS Shares are

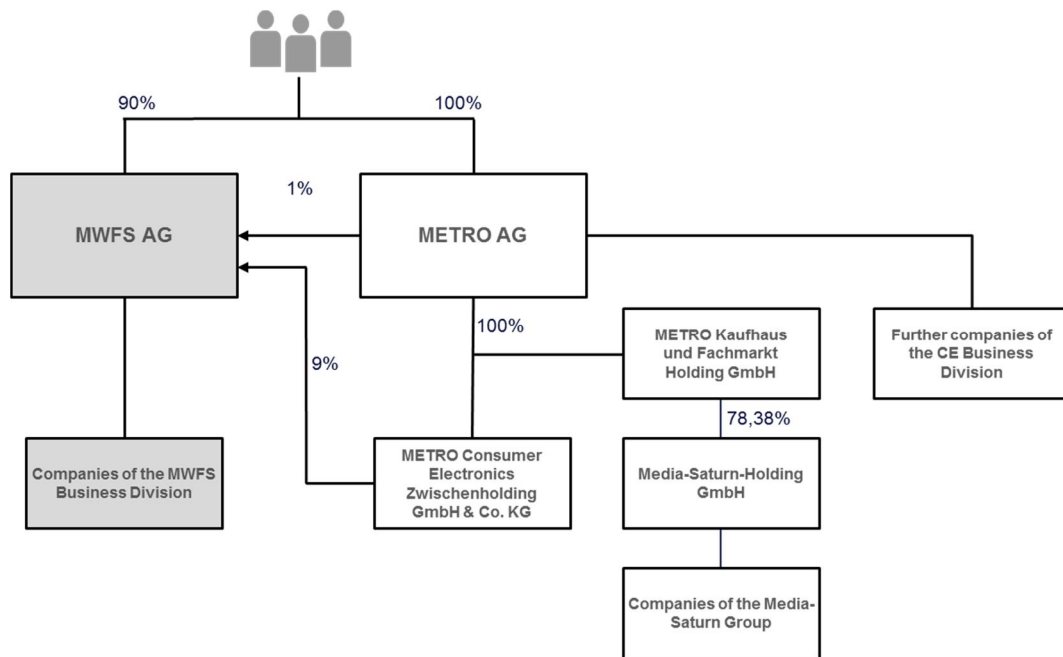
to be held directly and indirectly by the current METRO AG. Of the approximately 10 percent of the MWFS Shares held by METRO AG after the consummation of the spin-off, METRO AG already holds, indirectly via a wholly-owned subsidiary as an intermediary holding company, i. e. the METRO Consumer Electronics Zwischenholding GmbH & Co. KG, Düsseldorf (Local Court of Düsseldorf, HRA 24113), an interest that will be equivalent to approximately 9 percent of the total number of shares after the spin-off. In addition, an interest corresponding to approximately 1 percent of the total number of shares after the spin-off will be granted to METRO AG as consideration for the hive-down which is agreed upon in the context of the Demerger Agreement.

The details of the spin-off are set out in the hive-down and spin-off agreement (Demerger Agreement) entered into between METRO AG as Transferring Entity and MWFS AG as Receiving Entity, including Annexes, dated 13 December 2016 (Roll of Deeds No. A 1959/2016 of the notary public Dr. Paul Rombach, Düsseldorf. This Demerger Agreement is to be submitted to the ordinary general meeting of MWFS AG – after the date of the ordinary general meeting of METRO AG – in early March 2017 to pass a resolution pursuant to § 125 sent. 1 in conjunction with §§ 13 para. 1, 65 para. 1 UmwG. The ordinary general meeting of METRO AG is to vote on the approval of the Demerger Agreement in accordance with § 125 sent. 1 in conjunction with §§ 13 para. 1, 65 para. 1 UmwG on 6 February 2017. In each case, holders of non-voting preference shares are not entitled to vote; a special resolution of the holders of preference shares of METRO AG is not required (cf. § 125 sent. 1 in conjunction with § 65 para. 2 UmwG).

Immediately after the spin-off has taken effect, all shares of MWFS AG are to be admitted to the Regulated Market of the Frankfurt Stock Exchange and additionally on the section of the Regulated Market with additional post-admission obligations of the Frankfurt Stock Exchange. Moreover, a secondary listing on the Luxembourg Stock Exchange is planned. The spin-off will have no immediate effects on the shares of METRO AG held by METRO AG shareholders.

The Management Boards of the two companies involved in the hive-down and spin-off, i. e. METRO AG and MWFS AG, have explained and provided reasons for both the planned hive-down and the planned spin-off in detail from a legal and economic perspective in form of a jointly prepared report pursuant to § 127 sent. 1 UmwG (Demerger Report). Neither the completeness nor the accuracy of the joint Demerger Report of the Management Boards of METRO AG and MWFS AG nor the expediency of the Demerger Agreement were the subject of our audit.

The following ownership structure applies after the spin-off has taken effect:





## D. Audit of the Demerger Agreement

### I. Completeness and accuracy of the legal minimum disclosures

The following findings were identified as regards the individual disclosures about the spin-off pursuant to § 126 para. 1 no. 1 to 11 UmwG (minimum requirements):

#### 1. Company name and registered office of the entities involved (§ 126 para. 1 no. 1 UmwG)

Both the company name and the registered office of the entities involved are stated in the recitals and the preamble of the Demerger Agreement (Part A) and correspond to the Articles of Association of the companies and the entries in the commercial register of Düsseldorf. Both entities involved have a financial year that differs from the calendar year; it begins on 1 October in one year and ends on 30 September of the following year.

Accordingly, the required information in respect of the companies involved in the spin-off is stated correctly in the Demerger Agreement.

METRO AG is to be renamed into "CECONOMY AG", while MWFS AG will take over the current company name of METRO AG and will use "METRO AG" in future as its own company name.

#### 2. Agreement on the asset transfer (§ 126 para. 1 no 2 UmwG)

In accordance with § 15 para. 1 of the Demerger Agreement, METRO AG transfers by means of a spin-off by way of acquisition pursuant to § 123 para. 2 no. 1 UmwG the part of its assets specified in § 17 of the Demerger Agreement, together with all rights and obligations, in their entirety to MWFS AG in exchange for the granting of shares in MWFS AG to the shareholders of METRO AG pursuant to § 18 of the Demerger Agreement (spin-off by way of acquisition preserving the proportion of company interests held). This transfer by means of a spin-off results in a so-called partial universal succession (§ 131 para. 1 no. 1 UmwG).

§ 15 para. 2 of the Demerger Agreement states that the items of assets and liabilities as well as other rights and obligations of METRO AG that are not allocated to the Spin-Off Assets pursuant to the Demerger Agreement or that are explicitly excluded from transfer, are not to be transferred to MWFS AG by way of the spin-off. In connection with the assets expressly excluded from the transfer, we especially refer to the assets specified in § 4 para. 12 c) of the Demerger Agreement that are allocated to the assets pertaining to the CE Business Division for contribution to MGLEH.

§ 36 of the Demerger Agreement contains a provision regarding the relationship between hive-down and spin-off. The hive-down and spin-off of assets of METRO AG as agreed in the Demerger

Agreement are intended to legally implement the group demerger of the METRO GROUP, provided that the hive-down is not to take place without the spin-off following thereafter and the spin-off is not to take place without the previous hive-down. The entities involved are obliged to work towards the hive-down and the spin-off being registered in the commercial register in such manner that the shortest possible time period will pass between the Hive-Down Effective Date and the Spin-Off Effective Date. Hive-down and spin-off have to be registered with the responsible commercial register not later than on 31 May 2017 (§ 125 sent. 1 in conjunction with § 17 para. 2 sent. 4 UmwG).

The documents provided to us show that the information given in relation to the Spin-Off Assets are factually correct.

### 3. Share Allocation Ratio (§ 126 para. 1 no. 3 UmwG)

In accordance with § 4 of its Articles of Association (Capital Stock and Shares), as amended on 19 February 2016, METRO AG has a share capital of EUR 835,419,052.27 (§ 4 para. 1 of the Articles of Association), divided into 324,109,563 ordinary shares (approx. 99.18% of the total share capital) and 2,677,966 non-voting preference shares (approx. 0.82% of the total share capital) (§ 4 para. 2 of the Articles of Association), each made out to the bearer (§ 4 para. 3 of the Articles of Association) and with a notional interest in the share capital in the amount of EUR 2,56 per share (prior to the conversion into EUR: DM 5.00). The non-voting preference shares have preference in the payment of dividends pursuant to §§ 4 para. 4, 21 of the Articles of Association. The distribution of profits at METRO AG pursuant to § 21 of the Articles of Association is envisaged as follows:

- Holders of non-voting preference shares will receive from the annual net earnings a preferred dividend of EUR 0.17 per preference share (§ 21 para. 1 of the Articles of Association) (advance dividend).
- Should the net earnings available for distribution not suffice in any one financial year to pay the preferred dividend, the arrears (excluding any interest) have to be paid from the net earnings of future financial years in an order based on age, i.e. in such manner that any older arrears are paid off prior to any more recent ones and that the preferred dividends payable from the profit of a financial year are not distributed until all of any accumulated arrears have been paid (§ 21 para. 2 of the Articles of Association).
- After the preference dividend has been distributed, the holders of ordinary shares will receive a dividend of EUR 0.17 per ordinary share. Thereafter, a non-cumulative extra dividend of EUR 0.06 per preference share will be paid to the holders of non-voting preference shares (absolute extra dividend). The extra dividend will amount to 10 percent of such dividend as, in accordance with § 21 para. 4 of the Articles of Association, will be paid to the holders of ordinary shares inasmuch as such dividend equals or exceeds EUR 1.02 per ordinary share (relative extra dividend) (§ 21 para. 3 of the Articles of Association).

Association).

- The holders of non-voting preference shares and of ordinary shares will equally share in any additional profit distribution in the proportion of their shares in the capital stock (§ 21 para. 4 of the Articles of Association).

In accordance with § 4 of its Articles of Association (Capital Stock and Shares), as amended on 16 November 2016 (after the reduction of the share capital), MWFS AG has a share capital – prior to the spin-off – of EUR 32,678,752.00 (§ 4 para. 1 of the Articles of Association), divided into 32,410,956 ordinary shares (approx. 99.18%) and 267,796 non-voting preference shares (approx. 0.82%) (§ 4 para. 2 of the Articles of Association), each made out to the bearer (§ 4 para. 3 of the Articles of Association) and with a notional interest in the share capital in the amount of EUR 1,00 per share. The non-voting preference shares have preference in the payment of dividends pursuant to §§ 4 para. 4, 20 of the Articles of Association (distribution of profits).

The distribution of profits at MWFS AG is envisaged as follows in accordance with § 20 of the current Articles of Association (§ 21 of the future Articles of Association after the consummation of the spin-off, see Annex 32.1 of the Demerger Agreement):

- Holders of non-voting preference shares will receive from the annual net earnings an advance dividend of EUR 0.17 per preference share (§ 20 para. 1 of the Articles of Association) (advance dividend).
- Should the net earnings available for distribution not suffice in any one financial year to pay the advance dividend, the arrears (excluding any interest) have to be paid from the net earnings of future financial years in an order based on age, i.e. in such manner that any older arrears are paid off prior to any more recent ones and that the preferred dividends payable from the profit of a financial year are not distributed until all of any accumulated arrears have been paid (§ 20 para. 2 of the Articles of Association).
- After the advance dividend has been distributed, the holders of ordinary shares will receive a dividend of EUR 0.17 per ordinary share. Subsequently, a non-cumulative extra dividend will be paid to the holder of preference shares which, for each preference share, will amount to 10 percent of such dividend as, in accordance with § 20 para. 4 of the Articles of Association, will be paid to the holders of ordinary shares, provided that such dividend equals or exceeds EUR 1.02 per ordinary share (relative extra dividend) (§ 21 para. 3 of the Articles of Association). The preference shares of MWFS AG are not entitled to an absolute extra dividend, as stipulated in accordance with 21 para. 3 of the Articles of Association of METRO AG.
- The holders of non-voting preference shares and of ordinary shares will equally share in any additional profit distribution in the proportion of their shares in the capital stock (§ 20 para. 4 of the Articles of Association).

§ 18 para. 4 of the Demerger Agreement states that MWFS AG is to increase its share capital by EUR 326,787,529.00 by issuing 324,109,563 no-par value, non-voting bearer ordinary shares and 2,677,966 no-par value, non-voting bearer preference shares of MWFS AG for the purpose of implementing the spin-off ("Spin-Off Capital Increase"), with each new no-par value share accounting for EUR 1.00 of the amount of the share capital increase. The spin-off is to be registered with the commercial register only after the implementation of the Spin-Off Capital Increase is registered with the commercial register of MWFS AG (§ 125 sent. 1 in conjunction with § 66, § 130 para. 1 sent. 1 UmwG).

Pursuant to § 18 para. 5 of the Demerger Agreement, the contribution in kind is made by transfer of the Spin-Off Assets. To the extent that the value at which the contribution in kind made by METRO AG is received by MWFS AG, i.e. the commercial law carrying amount of the Spin-Off Assets at the Relevant Spin-Off Date, exceeds the amount of the share capital increase (EUR 326,787,529.00), such excess amount is to be transferred to the capital reserve of MWFS AG pursuant to § 272 para. 2 no. 1 HGB.

In accordance with § 18 para. 1 of the Demerger Agreement, the shareholders of METRO AG will receive by way of consideration for the transfer of the Spin-Off Assets to MWFS AG, in accordance with their respective interest (preserving the proportion of company interests held), one no-par value ordinary bearer share of MWFS AG for each no-par value ordinary bearer share of METRO AG, and one no-par value, non-voting bearer preference share of MWFS AG for each no-par value, non-voting bearer preference share of METRO AG. No additional cash payment will be granted. Therefore, the Share Allocation Ratio is consistent for all shareholders and amounts to 1 : 1. The preference shares of MWFS AG have the preferential right (as described above) set out in Annex 30.1 of the Demerger Agreement (§ 30 para. . 1 of the Demerger Agreement).

After the spin-off has taken effect, each shareholder of METRO AG will continue to hold the same (absolute) amount of shares in both METRO AG and in MWFS AG. Each shareholder also continues to hold the same (relative) interest in METRO AG and in MWFS AG, i. e. on the one hand directly and on the other hand indirectly via the shares held by METRO AG granted within the framework of the hive-down as well as via its interest in the intermediary holding company, METRO Consumer Electronics Zwischenholding GmbH & Co. KG, which holds the already existing shares in MWFS AG. Please refer to Section VI.1 and Section VIII.3.a) of the Demerger Report for detailed information on the future shareholder structure of MWFS AG and the effects of the proportion of interest held by the METRO AG shareholders.

It was taken into account in this context that METRO AG – based on the information provided in the Demerger Report – does not hold any treasury shares without subscription rights pursuant to § 131 para. 1 no. 3 UmwG.

A business valuation is not required in the present case to determine and review the Share Allocation Ratio. It is a demerger preserving the proportion of company interests held and the group of shareholders of MWFS AG (as Receiving Entity) remains identical with that of METRO AG (as Transferring Entity) from an economic perspective. Therefore, there will be no asset shift between the shareholders of METRO AG or the classes of shares. The required disclosures for the Share Allocation Ratio are included in § 18 para. 1 of the Demerger Agreement.

The principles of the continuation of membership and of equivalence in value are set out in § 126 para. 1 no. 3 AktG in conjunction with § 131 para. 1 no. 3 UmwG. A spin-off preserving the proportion of company interests held is solely determined by the calculated proportion of shares in the Receiving Entity granted to the shareholders of the Transferring Entity as consideration for the assets transferred within the context of the spin-off, with the “preservation of the proportion of company interests held” (§ 128 sentence 2 UmwG) being determined by the participation ratio in relation to the consideration, rather than the identity in value regarding which the shareholders are protected on the basis of § 125 UmwG in conjunction with §§ 14 et seq. UmwG. The identity of interests held is also maintained when, in addition to the shareholders of the Transferring Entity, the Transferring Entity itself holds an interest in the Receiving Entity.

The principle of the equivalence in value solely protects rights in assets, but not administrative rights. In substance, there will be no changes for the METRO shareholders arising from the entire transaction, especially since no third parties are or will become involved.

Finally, § 33 of the Demerger Agreement includes a provision setting out the details in relation to the future stock exchange admission of all shares of MWFS AG. The shares of METRO AG have been admitted to a stock exchange. Following the spin-off taking effect, all shares of MWFS AG are to be immediately admitted to trading on the Regulated Market of the Frankfurt Stock Exchange and additionally on the section of the Regulated Market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange as well as on the regulated market of the Luxembourg Stock Exchange in compliance with the related legal requirements (including, but not limited to the issue of a securities prospectus to be approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (§ 33 para. 1 of the Demerger Agreement). The stock exchange admission of MWFS Shares ensures the fungibility of these shares so that no cash compensation is necessary pursuant to §§ 125 sent. 1, 29 para. 1 sent. 1 UmwG.

In summary, we conclude that method, procedure and result of the determination of the Share Allocation Ratio are reasonable and therefore plausible and appropriate and lead to the granting of shares of MWFS AG to the shareholders of METRO AG preserving the proportion of company interests held.

Based on the findings of our audit, the information provided in the Demerger Agreement in relation to the Share Allocation Ratio meets the requirements set out in § 126 para. 1 no. 3 UmwG.

4. Details on the transfer of shares (§ 126 para. 1 no. 4 UmwG)

§ 18 para. 6 of the Demerger Agreement sets out the details for the transfer of the shares of MWFS AG to METRO AG shareholders as follows:

METRO AG appoints Deutsche Bank Aktiengesellschaft, Frankfurt am Main, as trustee to receive the shares of MWFS AG to be granted and to deliver these to the shareholders of METRO AG. Possession of the shares to be granted will be provided to the trustee prior to the registration of the spin-off, and the trustee is instructed to provide such shares to the shareholders of METRO AG upon registration of the spin-off in the commercial register of METRO AG.

§ 37 para. 1 of the Demerger Agreement contains detailed general provisions on cost allocation pursuant to which the costs of the spin-off will be borne generally by MWFS AG, unless such costs are allocated by contract to METRO AG. The costs arising from the notarisation of the Demerger Agreement and its implementation are borne by MWFS AG.

All shares of MWFS AG are to be admitted to stock exchange trading in future (§ 33 of the Demerger Agreement). For the avoidance of doubt, § 33 para. 3 of the Demerger Agreement also includes the note that MWFS AG is to bear any other costs and expenses incurred or still to be incurred due to or in connection with the stock exchange listing and its preparation. To the extent that these costs are not already borne by MWFS AG particularly due to the hive-down, but are, for example, part of the assets remaining at METRO AG or arise only after the hive-down has taken effect, MWFS AG has to indemnify METRO AG.

Based on the findings of our audit, the information provided in the Demerger Agreement in relation to the details on the transfer of shares of the Receiving Entity meets the requirements set out in § 126 para. 1 no. 4 UmwG.

5. Date of entitlement to a share in profits in relation to the new shares (§ 126 para. 1 no. 5 UmwG)

In accordance with § 18 para. 3 of the Demerger Agreement, the new shares to be granted by MWFS AG are entitled to a share in profits from 1 October 2016 (including). Pursuant to § 1 para. 3 of the Articles of Association of MWFS AG, as amended on 8 November 2016, MWFS AG has a financial year that differs from the calendar year; it begins on 1 October and ends on 30 September of the following calendar year.

Based on the findings of our audit, the information provided in the Demerger Agreement in relation to the date of the participation in the net profit meets the requirements set out in § 126 para. 1 no. 5 UmwG.

6. Relevant Demerger Date (§ 126 para. 1 no. 6 UmwG)

In accordance with § 16 para. 1 of the Demerger Agreement, in the relationship between METRO AG and MWFS AG, the transfer of the Spin-Off Assets is to take place with economic effect as of 1 October 2016, 00:00 a.m. ("Relevant Spin-Off Date"). This date is the Relevant Demerger Date within the meaning of § 126 para. 1 no. 6 UmwG. From this time onward, METRO AG and MWFS AG will treat in their relationship (internal relationship) any acts and transactions of METRO AG that concern the Spin-Off Assets as being made for the account of MWFS AG.

The Relevant Demerger Date immediately follows the reporting date of the Closing Balance Sheet of the transferring METRO AG (§ 125 sent. 1 in conjunction with § 17 para. 2 UmwG) as at 30 September 2016 (§ 16 para. 3, § 3 para. 3 of the Demerger Agreement), as is factually correct.

A provision regarding the postponement of the Relevant Spin-Off Date (so-called postponement clause) is not provided for; pursuant to § 38 para. 2 of the Demerger Agreement, each party has the right to withdraw from the Demerger Agreement if the hive-down has not taken effect by 31 October 2017.

The tax transfer effective date for the spin-off will be 30 September 2016, 12.00 p.m. (§ 16 para. 2 of the Demerger Agreement).

§ 25 of the Demerger Agreement includes a clarification as to the taking effect and the effective date of the hive-down and the spin-off. In accordance with § 25 para. 2 of the Demerger Agreement, the transfer of the Spin-Off Assets will take place with effect *in rem* at the time of registration of the spin-off in the commercial register of METRO AG and thus with the spin-off taking effect ("Spin-Off Effective Date"). In accordance with § 25 para. 3 of the Demerger Agreement, possession of movable property forming part of the Spin-Off Assets will be transferred to MWFS AG on the Spin-Off Effective Date. To the extent that any movable property is in the possession of any third parties, the relevant claim to recover possession also forms part of the Spin-Off Assets.

In accordance with § 16 para. 5 of the Demerger Agreement, in the period between the conclusion of the Demerger Agreement and the Spin-Off Effective Date, METRO AG may manage and dispose of the Spin-Off Assets only in the course of its ordinary business and with the due diligence of a prudent business person and is to adhere to the provisions of the Demerger Agreement.

The spin-off is registered in the commercial register of METRO AG only when the general meetings of METRO AG and MWFS AG have passed corresponding resolutions. In accordance with § 131 para. 1 no. 1 UmwG, the entry of the demerger in the commercial register of METRO AG (as Transferring Entity) results in the change of the legal possessor in relation to the individual interest, including the rights and obligations pertaining thereto. Hence, the Spin-Off Effective Date differs from the Relevant Spin-Off Date. The entities involved intend to ensure by way of appropriate

measures that the hive-down is initially registered in the commercial register and subsequently the hive-down, and that the shortest possible time period will pass between both registrations. The registration of the hive-down and the spin-off can each only be made once the capital increase is registered with the commercial register of MWFS AG.

Based on the findings of our audit, the information provided in the Demerger Agreement in relation to the Relevant Spin-Off Date meets the requirements set out in § 126 para. 1 no. 6 UmwG.

7. Granting of special rights to individual shareholders or for holders of special rights (§ 126 para. 1 no. 7 UmwG)

§§ 19, 30 of the Demerger Agreement describe the granting of special rights to individual shareholders or for holders of special rights within the meaning of § 126 para. 1 no. 7 UmwG. Generally, this includes rights granted to the holders of special rights at the Receiving Entity or, pursuant to § 125 sent. 1 in conjunction with § 23 UmwG or § 133 para. 2 sent. 2 UmwG, at the Transferring Entity. In accordance with § 126 para. no. 7 UmwG, special rights are deemed to include, for example, shares without voting rights, preference shares, shares with multiple-voting rights, bonds and profit-participation rights.

In accordance with § 30 para. 1 of the Demerger Agreement, holders of preference shares of METRO AG are granted preference shares in MWFS as consideration for the transfer of the Spin-Off Assets.

In order to fulfil the obligations pursuant to § 125 sent. 1 in conjunction with § 23 UmwG, the following measures are envisaged in this respect: The preference shares of MWFS AG have the preferential right set out in Annex 30.1 of the Demerger Agreement, while the existing preferential right associated with the preference shares of METRO AG remains unchanged. Each of the two entities are obliged to meet the obligations in accordance with § 125 sent. 1 in conjunction with § 23 UmwG, to the extent that this refers to the features of the preference shares of the respective entity itself, of MWFS AG for the MWFS preference shares and of METRO AG for the METRO preference shares. In view of the joint and several liability of METRO AG and MWFS AG in accordance with § 133 para. 2 sent. 1 UmwG for fulfilling the obligation pursuant to § 125 sent. 1 in conjunction with § 23 UmwG, the indemnity rules set out in § 29 para. 3 of the Demerger Agreement apply for the internal relationship, to the extent that the statutory liability in the external relationship is in conflict with the agreed allocation between MWFS AG and METRO AG in the internal relationship.

Since preference shares are preferential rights within the meaning of § 23 UmwG, holders of preference shares have to be granted “equivalent rights” at the Receiving Entity by granting preference shares. The features of the preference shares described in the Demerger Agreement in accordance with § 126 para. 1 no. 7 UmwG (cf. Annex 30.1 of the Demerger Agreement and Section D.I.3. of this audit report as regards the features of the preferential right) are in compliance with the



equivalence requirement set out in § 23 UmwG. The features of the preferential right of the preference shares of MWFS AG were selected so that it is balanced for both holders of preference shares and holders of ordinary shares and seem to be equivalent from an overall perspective, taking into account the previous dividend policy of METRO AG and the future dividend policy of both companies after group separation (see Section VI.2. of the Demerger Report as regards the features of the preference shares). The selected features prove to be virtually neutral to the shareholders of METRO AG and MWFS AG. The uncertainty as regards the further development affects both holders of ordinary shares and holders of preference shares. Against this background, the reflection of the preferential right of the shareholders of METRO AG in MWFS AG by combining advance dividend (excluding absolute extra dividend) plus relative extra dividend is a reasonable decision from the perspective of both holders of ordinary shares and holders of preference shares of METRO AG.

As a matter of precaution, § 30 para. 2 of the Demerger Agreement includes a reference that METRO AG has granted share-based remuneration rights to the members of the Management Board of METRO AG, the senior managers of METRO AG as well as the management bodies and the senior managers of METRO GROUP under a long-term remuneration programme (so-called "Performance Share Plan 2009 to 2013" or "Performance Share Plan") (see Annex 30.2 of the Demerger Agreement for a more detailed description), of which only the rights granted in 2013 (2013 tranche of the Performance Share Plan) exist. The Performance Share Plan – as the only one of the various long-term incentive programmes – is solely based on the price of the METRO AG share. It is planned that these rights, to the extent they still exist as at the Spin-Off Effective Date, are subject to a compensation with effect from the Spin-Off Effective Date in accordance with the rules set out in Annex 30.2 of the Demerger Agreement so that the 2013 tranche is terminated by this. Annex 30.2 of the Demerger Agreement includes an overview with a description of the Performance Share Plan and the compensation rules.

The Performance Share Plan taken into account in § 30 para. 2 of the Demerger Agreement is a so-called "virtual stock option programme". The incentive is granted through a cash settlement that depends on the stock price, rather than the issue of shares. As it is not finally clarified from a legal perspective whether virtual stock option programmes are special rights within the meaning of § 126 para. 1 no. 7 UmwG, the information provided in § 30 para. 2 of the Demerger Agreement is provided as a precautionary measure. No reservations may be raised against this issue.

§ 30 para. 3 of the Demerger Agreement finally sets out that, other than the above, no further rights will be granted to individual shareholders or holders of special rights within the meaning of § 126 para. 1 no. 7 UmwG, and no measures are intended for such persons within the meaning of said provision (so-called negative declaration). According to the information provided to us, the granting of further special rights within the meaning of § 126 para. 1 no. 7 UmwG is not planned.

Based on the findings of our audit, the information provided in the Demerger Agreement in relation to special rights meets the requirements set out in § 126 para. 1 no. 7 UmwG.

8. Granting of special benefits (§ 126 para. 1 no. 8 UmwG)

The special benefits to be disclosed pursuant to § 126 para. 1 no. 8 UmwG that are granted to a member of a representative or supervisory body of the entities involved in the demerger, a managing director, a partner, an independent auditor or a demerger auditor, are described in §§ 19, 31 of the Demerger Agreement.

§ 31 para. 1 of the Demerger Agreement outlines that the tranches of the long-term, partially share-based remuneration programmes (so-called Long-Term Incentive Programmes ("LTI Programmes")) (including the Performance Share Plan) granted by METRO AG to a group of entitled executives, existing as at the Spin-Off Effective Date and for which the Performance Period has not yet expired, is to be settled early with effect as of the Spin-Off Effective Date. Cash settlement is intended for all LTI Programmes; none of the LTI Programmes grants rights for the subscription of METRO AG shares. In contrast to the other LTI Programmes, the Performance Share Plan is solely based on the price of the METRO AG share. The members of the Management Board of METRO AG, senior executives of METRO AG as well as management bodies and senior executives of METRO GROUP belong to the group of entitled executives. The settlement has the effects described in Annex 31.1 of the Demerger Agreement for the members of the Management Board of METRO AG, of the Management Board of MWFS AG and of the Supervisory Board of MWFS AG.

Annex 31.1 of the Demerger Agreement includes a description of special benefits in connection with the settlement of the LTI Programmes at METRO AG (for details regarding the description of the partial share-based remuneration and employee programmes, see Section II.2.f) of the Demerger Report, and for details regarding the effects of the demerger on such programmes, see Section VII.3.f) of the Demerger Report). Amongst others, the LTI Programmes existing at METRO AG are outlined, i. e. the Performance Share Plan, the Sustainable Performance Plan and the Sustainable Performance Plan Version 2014. In addition, the overview includes the target amounts for the entitled members of corporate bodies of METRO AG and of MWFS AG in relation to the outstanding tranches of these LTI Programmes under the assumption of a 100% target achievement and the settlement of some of these tranches – to the extent that these are no longer outstanding upon the spin-off taking effect –, as at the date on which the spin-off takes effect (as a deemed final exercise date), with settlement taking place at fair value. Moreover, the outline includes the payout amounts for the members of the corporate bodies of METRO AG and of MWFS AG under the assumption of the spin-off taking effect on 31 March 2017 on the basis of the current expert valuation report (as an example calculation) and the transfer of other unvested portions of these tranches into a new LTI Programme of the respective company, i. e. METRO AG or MWFS AG, at the corresponding pro-rated target amount. In this context, those portions of the target values already granted by METRO AG, but not vested until the spin-off takes effect, are to be granted anew by METRO AG (CE Business Division) and MWFS AG (MWFS Business Division), respectively, by reference to other indicators (LTI Roll-Over). Under the assumption of the spin-off taking effect on

31 March 2017, the outline also sets out those target amounts for the members of the corporate bodies of METRO AG and MWFS AG (also in form of an example calculation) that are transferred to the new LTI Programmes. Depending on the actual date of the spin-off taking effect, the payout amounts and the target amounts to be transferred will change accordingly.

As a matter of precaution, § 31 para. 2 of the Demerger Agreement states the future corporate body memberships of the management board members of both entities and the change of the target remuneration of some of the management board members of both entities, and § 31 para. 3 of the Demerger Agreement states the future positions in the future corporate body memberships of the supervisory board members of both entities. § 23 para. 1 of the Demerger Agreement includes the corresponding information regarding the retirement of previous supervisory board members of METRO AG as at the Spin-Off Effective Date.

§ 31 para. 4 of the Demerger Agreement also states that, in connection with the stock exchange listing of the MWFS AG shares, the parties intend to take out customary insurance for the risks typically entailed in a stock exchange listing, and that the parties will consult with each other on the content of such insurance cover in terms of personal scope and substance, on the coverage amount, the insurance premium and the internal allocation thereof. Insurance protection will also usually extend, inter alia, to the members of the Management Board and of the Supervisory Board of the entities involved.

§ 31 para. 5 of the Demerger Agreement states that, other than the above, no special benefits within the meaning of § 126 para. 1 no. 8 UmwG will be granted to members of the Management Board or of the Supervisory Board of the companies involved in the hive-down and spin-off or to any auditor of financial statements or demerger auditor (so-called negative declaration). According to the information provided to us, the granting of further special benefits is not planned.

Based on the findings of our audit, the information provided in the Demerger Agreement in relation to special benefits meets the requirements set out in § 126 para. 1 no. 8 UmwG.

#### 9. Division of assets (§ 126 para. 1 no. 9 UmwG)

It has to be determined upon spin-off which portions of assets are to be transferred and which portions remain at the Transferring Entity. The entities involved may determine the allocation in their own discretion. However, due to the principle of legal certainty under property law, the Demerger Agreement has to define which assets and liabilities are to be transferred to the Receiving Entity upon the spin-off taking effect by way of partial universal succession.

##### a. Spin-Off Assets

The Spin-Off Assets are described in detail in § 17 of the Demerger Agreement. Pursuant to § 17

para. 1 of the Demerger Agreement, the items to be allocated to the Spin-Off Assets are determined on the basis of the spin-off balance sheet as at 1 October 2016, 0:00 a.m., ("Spin-Off Balance Sheet") derived from the Closing Balance Sheet (pursuant to § 16 para. 3 of the Demerger Agreement), which is enclosed to the Demerger Agreement as Annex 17.1 of the Demerger Agreement. In accordance with § 17 para. 2 of the Demerger Agreement, the items of the Spin-Off Assets will be transferred regardless of whether these are required or eligible to be recognised or whether these are actually recognised (in particular in the Spin-Off Balance Sheet).

Pursuant to §§ 16 para. 3, 3 para. 3 of the Demerger Agreement, the spin-off is based on the annual balance sheet of METRO AG as at 30 September 2016, 12:00 p.m. as the Closing Balance Sheet of METRO AG in accordance with §§ 125 sent. 1, 17 para. 2 UmwG, which was audited by the independent auditor KPMG AG Wirtschaftsprüfungsgesellschaft in the course of the annual financial statements and has received an unqualified audit opinion. Pursuant to § 16 para. 4 of the Demerger Agreement, MWFS AG is to use the carrying amounts of the Spin-Off Assets recorded in the Closing Balance Sheet for its accounting under commercial law.

In accordance with § 17 para. 3 of the Demerger Agreement, substantially the following interests are part of the Spin-Off Assets:

- any and all shares held in MGLEH,
- the entire limited partnership interest in METRO Wholesale & Food Services Vermögensverwaltung GmbH & Co. KG;
- any shares in METRO Wholesale & Food Services Vermögensverwaltung Management GmbH;

in each case including any associated rights and obligations, including, in particular, all profit participation rights. Thus, the interests pertaining to the Spin-Off Assets are set out by referring to company name, registered office as well as type and amount of interest and hence are precisely determined. Amongst others, MGLEH holds (directly and indirectly) deferred purchase claims of approx. EUR 6.6 billion (plus interest) against MWFS AG from the sale of substantially all shares in the companies of the sales lines METRO Cash & Carry and Real (please see Section IV.1.b) of the Demerger Report for details) and, thus, represents, in terms of value, the major part of the assets of the MWFS Business Division.

Pursuant to § 17 para. 4 of the Demerger Agreement, the Spin-Off Assets also include the existing control and profit-and-loss transfer agreement between METRO AG, as controlling company, and METRO Groß- und Lebensmitteleinzelhandel Holding GmbH, as dependent company, dated 30 September 1991, as amended and restated on 19 February 2013, including any resulting rights and obligations, including, in particular, the loss assumption obligation for the financial year 2015/16. Spin-Off Assets also include enterprise agreements that have been or will be entered into with the companies set out in § 17 para. 3 of the Demerger Agreement or their subsidiaries as well as loss

assumption declarations that have been or will be issued in relation to such companies (including, but not limited to METRO Erste).

Pursuant to § 17 para. 5 of the Demerger Agreement, the Spin-Off Assets also comprise all business records that are to be allocated exclusively to the items of the Spin-Off Assets.

§ 17 para. 6 of the Demerger Agreement includes a so-called addition and disposal clause referring to additions and disposals of assets and liabilities occurring in the period between the Relevant Spin-Off Date and the Spin-Off Effective Date (§ 25 para. 2 of the Demerger Agreement).

§ 17 para. 7 of the Demerger Agreement comprises a clarification of the assets specified in § 4 para. 12 c) of the Demerger Agreement. Accordingly, the items that belong to the assets of the CE Business Division, as specified in § 4 para. 12 c) of the Demerger Agreement, are not allocated to METRO AG to remain at METRO AG for the purposes of the CE Business Division, but as a contribution to MGLEH and the economic allocation to the MWFS Business Division associated therewith. The corresponding contributions were made by METRO AG to MGLEH.

Upon the demerger taking effect, all assets and liabilities as well as other rights and obligations of METRO AG pertaining to the Spin-Off Assets, as described in the Demerger Agreement, are generally transferred to MWFS, without requiring any additional transfer actions.

§ 26 of the Demerger Agreement includes an additional general catch-all provision (in the internal relationship between the parties) for the cases where (i) particular items are already transferred by virtue of law upon the entry of the spin-off in the commercial register of MWFS AG (§ 26 para. 1 and para. 2 of the Demerger Agreement), and (ii) an item was allocated by mistake to the Spin-Off Assets or was allocated to the assets remaining at METRO AG (§ 26 para. 4 of the Demerger Agreement). § 26 of the Demerger Agreement applies accordingly for the contributions pursuant to § 17 para. 7 of the Demerger Agreement (§ 26 para. 6 of the Demerger Agreement), i.e. for those items belonging to the assets of the CE Business Division which are allocated, in substance, to the MWFS Business Division (please see Section XII.1.r) of the Demerger Report for details).

Finally, § 27 of the Demerger Agreement includes a provision regarding the parties' mutual obligations to cooperate in particular areas.

Further rules regarding the internal relationship between the parties are set out in § 28 of the Demerger Agreement (Exclusion of claims) and in § 29 of the Demerger Agreement (Protection of creditors and internal compensation).

b. Group separation

Provisions regarding group separation, in view of the group separation to be conducted by consummation of the Demerger Agreement, are agreed in the Group Separation Agreement to be entered into and enclosed as Annex 34 of the Demerger Agreement in conjunction with § 34 of the Demerger Agreement. The Group Separation Agreement mainly includes rules concerning the legal relationship between the entities involved in the spin-off and their respective group companies after the consummation of the spin-off as regards the joint affiliation to METRO GROUP prior to the consummation of the spin-off. In particular, the economic allocation of taxes to the MWFS Business Division and the CE Business Division is set out in §§ 6 para. 5, 26, 37 para. 2, 34 of the Demerger Agreement in conjunction with the provisions of Section D. of the Group Separation Agreement.

Based on the findings of our audit, the information provided in the Demerger Agreement in relation to the division of assets meets the requirements set out in § 126 para. 1 no. 9 UmwG. In particular, there are no reservations as regards compliance with the principle of legal certainty in relation to the description of the Spin-Off Assets.

10. Division of shares (§ 126 para. 1 no. 10 UmwG)

In accordance with § 18 para. 1 of the Demerger Agreement, MWFS AG grants to the shareholders of METRO AG, in accordance with their respective interest (preserving the proportion of company interests held), one no-par value ordinary bearer share of MWFS AG for each no-par value ordinary bearer share of METRO AG, and one no-par value, non-voting bearer preference share of MWFS AG for each no-par value, non-voting bearer preference share of METRO AG; no additional cash payment will be granted.

Accordingly, the shareholders of METRO AG will participate in MWFS AG in accordance with their previous interest in METRO AG (demerger preserving the proportion of company interests held). Overall, the shareholders of METRO AG are granted 324,109,563 new no-par value, non-voting bearer ordinary shares and 2,677,966 new no-par value, non-voting bearer preference shares of MWFS AG, with each share having a notional interest in the share capital of EUR 1.00.

In addition to the total of 32,678,752 no-par value shares already held in MWFS AG by METRO AG and the total of 3,630,972 new no-par value shares of MWFS AG to be created through the Hive-Down Capital Increase, there are 324,109,563 no-par value ordinary bearer shares and 2,677,966 no-par value non-voting preference bearer shares of MWFS AG to be created through the Spin-Off Capital Increase, each with a notional interest in the share capital of EUR 1.00, i.e. a total of 326,787,529 new shares of MWFS AG each with a notional interest in the share capital of EUR 1.00.

Based on the findings of our audit, the information provided in the Demerger Agreement in relation

to the division of shares meets the requirements set out in § 126 para. 1 no. 10 UmwG.

11. Consequences of the spin-off for the employees and their representative bodies (§ 126 para. 1 no. 11 UmwG)

The consequences of the spin-off for the employees and their representative bodies as well as the measures planned in this respect are described in Section C.III. of the Demerger Agreement; to that extent, the provisions in this Section do not include agreements between the parties to the Demerger Agreement. Individually, § 20 of the Demerger Agreement governs the individual legal effects of the spin-off on the employees, § 21 of the Demerger Agreement governs the consequences of the spin-off for the employees' representative bodies under works constitution law, § 22 of the Demerger Agreement governs the consequences for existing collective and works agreements, § 23 of the Demerger Agreement governs the consequences of the spin-off for company co-determination and the Supervisory Board and § 24 of the Demerger Agreement governs other measures envisaged as regards employees and their representative bodies. To that extent, we refer to the provisions set out in the Demerger Agreement.

It has to be taken into account in this context that the information provided in Section C.III. of the Demerger Agreement does not include agreements between the parties of the Demerger Agreement, but rather a description of the consequences of the spin-off. There are no reservations against this information, it is reasonable and consistent. Any consequences beyond that have not come to our knowledge within the scope of the audit. Within the framework of our audit, we also did not identify any indications that are in conflict with the information provided in the Demerger Agreement. To that extent, the Demerger Agreement is therefore complete and accurate based on our findings.

II. Accuracy of optional data

Within the context of our audit, no indications have come to our knowledge which would argue against the accuracy of the optional data stated in the Demerger Agreement, including Annexes.

## E. Findings of the audit and concluding statement regarding the appropriateness of the Share Allocation Ratio

Based on our appointment by the Regional Court of Düsseldorf dated 22 August 2016, we have conducted the audit of the Demerger Agreement between METRO AG (as Transferring Entity) and MWFS AG (as Receiving Entity) regarding the spin-off, with such Demerger Agreement having been notarised on 13 December 2016.

The result of our audit is that the Demerger Agreement regarding the spin-off completely and accurately presents the minimum requirements prescribed by § 126 para. 1 UmwG and, hence, is in compliance with the legal provisions.

Within the framework of the demerger audit, we did not identify any indications which would argue against the accuracy of the optional data stated in the Demerger Agreement.

As presented in Sections B. and D.I.3. of our audit report, there is no requirement to carry out business valuations in relation to the transferred assets and the Receiving Entity for the purposes of determining the Share Allocation Ratio as well as no requirement to present disclosures on methods applied, their appropriateness and on particular difficulties in the valuation.

In summary, we conclude that there are no changes for the METRO AG shareholders in terms of assets. The interest of each of the shareholders of METRO AG in METRO AG and thus the CE Business Division remains unchanged. As a result of the spin-off, each of the shareholders of METRO AG receives shares in MWFS AG equivalent to the size of its interest in METRO AG (preserving the proportion of company interests held) (as described in Section D.I.3.). Via these shares, the shareholders of METRO AG will participate in MWFS AG and, hence, the MWFS Business Division with an interest of around 90%. Each of the shareholders of METRO AG will continue to participate in the remaining approximately 10% of MWFS AG and hence the MWFS Business Division as a result of its interest in METRO AG. Of this interest of approximately 10% in MWFS AG, approximately 9% are held indirectly via a subsidiary of METRO AG, METRO Consumer Electronics Zwischenholding GmbH & Co. KG.



Based on the findings of our audit, we issue the following concluding statement on the appropriateness of the Share Allocation Ratio (§ 126 para. 1 no. 3 UmwG) on the basis of the clarifications and evidence submitted to us as well as the disclosures, explanations and information provided to us pursuant to § 125 sent. 1 in conjunction with § 12 para. 2 UmwG:

„Based on our findings, the Share Allocation Ratio based on which the shareholders of METRO AG receive one no-par value ordinary bearer share of METRO Wholesale & Food Specialist AG for each no-par value ordinary bearer share of METRO AG, and one no-par value, non-voting bearer preference share of METRO Wholesale & Food Specialist AG for each no-par value, non-voting bearer preference share of METRO AG, with no cash payments being granted, is appropriate and that no reservations may be raised.“

Cologne, 14 December 2016

**Ebner Stolz GmbH & Co. KG**

Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Jörg Neis  
Wirtschaftsprüfer  
[German Public Auditor]

Dr. Nils Mengen  
Wirtschaftsprüfer  
[German Public Auditor]

# Annexes

**Certified Copy**

31 O 27/16 [AktE]

**Regional Court (*Landgericht*) Düsseldorf**

**Order**

In the proceedings in accordance with the  
German Transformation Act (*Umwandlungsgesetz* - "UmwG")

with the following parties:

1. METRO AG,
2. METRO Wholesale & Food Specialist GmbH,

Applicants,

Counsel of record: Rechtsanwältinnen Hengeler Mueller, Benrath  
Straße 18-20, 40213 Düsseldorf,

the 1st Chamber for Commercial Matters (*1. Kammer für Handelssachen*) at the Regional  
Court Düsseldorf

on 22 August 2016

by its Presiding Judge at the Regional Court, Judge Kintzen

**ordered as follows:**

With regard to the intended transfer of parts of the assets of Applicant 1  
to Applicant 2 pursuant to § 123 para. 2 no. 1 UmwG,

Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft, Cologne

Holzmarkt 1

50676 Cologne

**2**

is appointed as auditor for the purpose of auditing the Demerger Agreement (§§ 125 sent. 1 in conjunction with 9, 10 para. 1 sent. 2 UmwG).

The costs are to be borne by the Applicant.

The value in dispute is set at 50,000.00 €

Instruction about legal remedies:

A complaint (*Beschwerde*) may be filed against this decision. For this purpose, only a letter of complaint signed by an attorney at law (*Rechtsanwalt*) submitted to the court is acceptable. The complaint must be filed within a period of one month with the Regional Court Düsseldorf (Werdener Straße 1, 40227 Düsseldorf, or Postfach 103461, 40025 Düsseldorf). This period commences with the written disclosure of the order to the parties. If the order cannot be disclosed to any of the parties in writing, the period commences after the expiry of five months after the passing of the order, at the latest. The complaint must be filed with the court that passed the disputed order. In the complaint letter the disputed order must be identified; furthermore, it must contain the declaration that a complaint is filed against this order and should include the reasons for the complaint.

The Presiding Judge

Kintzen

Certified

Fuchs  
Senior Court Clerk

# General Engagement Terms

## for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

### 1. Scope

(1) These engagement terms are applicable to contracts between Wirtschaftsprüfer [German Public Auditors] or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer") and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.

(2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

### 2. Scope and performance of the engagement

(1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services - not a particular economic result. The engagement is performed in accordance with the Grundsätze ordnungsmäßiger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

(2) The application of foreign law requires - except for financial attestation engagements - an express written agreement.

(3) The engagement does not extend - to the extent it is not directed thereto - to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and records and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.

(4) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequences resulting therefrom.

### 3. The client's duty to inform

(1) The client must ensure that the Wirtschaftsprüfer - even without his special request - is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.

(2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

### 4. Ensuring independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

### 5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

### 6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts, sketches, schedules and calculations - especially quantity and cost computations - prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

### 7. Transmission of the Wirtschaftsprüfer's professional statement

(1) The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms.

The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

(2) The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

### 8. Correction of deficiencies

(1) Where there are deficiencies, the client is entitled to subsequent fulfillment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfill [the contract]; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfill [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.

(2) The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

(3) Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies associated with technicalities] contained in a Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected - and also be applicable versus third parties - by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw - also versus third parties - such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

### 9. Liability

(1) The liability limitation of § ["Article"] 323 (2) ["paragraph 2"] HGB ["Handelsgesetzbuch": German Commercial Code] applies to statutory audits required by law.

(2) *Liability for negligence; An individual case of damages*  
If neither No. 1 is applicable nor a regulation exists in an individual case, pursuant to § 54a (1) no. 2 WPO ["Wirtschaftsprüferordnung": Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind - except for damages resulting from injury to life, body or health - for an individual case of damages resulting from negligence is limited to € 4 million; this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

#### (3) Preclusive deadlines

A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim - at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.



## 10. Supplementary provisions for audit engagements

(1) A subsequent amendment or abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

(2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

(3) The client has a right to 5 copies of the long-form report. Additional copies will be charged for separately.

## 11. Supplementary provisions for assistance with tax matters

(1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client - especially numerical disclosures - are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

(2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records - especially tax assessments - material to meeting the deadlines, so that the Wirtschaftsprüfer has an appropriate time period available to work therewith.

(3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client
- b) examination of tax assessments in relation to the taxes mentioned in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)
- e) participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

In the afore-mentioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

(4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charged separately.

(5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation, and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

- a) the treatment of nonrecurring tax matters, e. g. in the field of estate tax, capital transactions tax, real estate acquisition tax
- b) participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and
- c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners or shareholders, sale of a business, liquidations and the like.

## Annex 2

(6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

## 12. Confidentiality towards third parties and data security

(1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.

(2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.

(3) The Wirtschaftsprüfer is entitled - within the purposes stipulated by the client - to process personal data entrusted to him or allow them to be processed by third parties.

## 13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the services offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

## 14. Remuneration

(1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays: sales tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.

(2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

## 15. Retention and return of supporting documentation and records

(1) The Wirtschaftsprüfer retains, for ten years, the supporting documents and records in connection with the completion of the engagement - that had been provided to him and that he has prepared himself - as well as the correspondence with respect to the engagement.

(2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

## 16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.