

**Report of the management board
pursuant to §§ 203 para. 2 p. 2 in conjunction with 186 para. 4 s. 2 AktG
for agenda item 7**

The management board has rendered a written report on the reasons for the authorisation suggested in agenda item 7 for the exclusion of subscription rights in the scope of the new authorised capital 2014 purs. to § 203 para. 2 sentence 2 AktG in conjunction with § 186 para. 4 sentence 2 AktG. The report is present at the business premises of the company from the day of convening of the general meeting onwards and in the general meeting for taking insight by the shareholders. Furthermore, the report is published on the website of the company under <http://www.stroeer.com/>, section "*Investor Relations*", "*general meeting*" and submitted to each shareholder free of charge and without delay on request.

The report has the following content:

The previous authorised capital I pursuant to § 5 of the articles of association of the company is present upon the corresponding utilisation in the past year at an amount of EUR 6,771,546.00 for a capital increase against contribution in kind under exclusion of the shareholders' subscription rights at a remaining amount of EUR 12,166,949.00. This authorisation ends, however, on 12 July 2015. In agenda item 7, it is therefore suggested to the general meeting to pass a resolution on creation of a new authorised capital 2014 at EUR 18,938,495.00 with a term until 17 June 2019, which is aligned with the tried and tested rules of the previous authorisation. The new authorised capital 2014 is to serve to continue to give the company a certain flexibility in corporate financing. The new authorisation enables the company to within an appropriate framework flexibly use market opportunities and to quickly and liquidity-preservingly cover any capital demand by issuing new shares. This way, the equity equipment of the company can also be strengthened in light of strategic further development of the group in the shareholders' interest and adjusted to business needs. Since the decisions on the coverage of a capital demand usually must be made on short notice, it is important that the company – independently of the specific utilisation plans – has the required instruments for capital procurement.

If the authorised capital 2014 is utilised, the shareholders of the company generally have a subscription right. It can be granted according to § 186 paragraph 5 AktG in the manner that the new shares are assumed by a new credit institution with the obligation to offer them to the shareholders for subscription indirectly.

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

The resolution suggested in agenda item 7 initially intends for the management board being authorised with the consent of the supervisory board to exclude the statutory subscription right of the shareholders for **peak amounts** arising due to the subscription relationship that cannot be evenly distributed among all shareholders. The possibility of excluding peak amounts from the subscription right serves to present a practical subscription situation and thus facilitation of the technical performance of the capital increase. The new shares excluded from the subscription right of the shareholders as free peaks are either utilised through sale via the stock exchange or otherwise in the best manner for the company. The management board and supervisory board therefore consider this authorisation for the exclusion of subscription rights to be appropriate.

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

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

The management board should also be authorised to exclude the subscription right of the shareholders at capital increase against cash contributions with the approval of the supervisory board if the issued amount of the new shares does not undercut the stock exchange rate of the already stock-listed shares of the same type and equipment at the time of the final specification of the issuing amount considerably in the sense of §§ 203 paras. 1 and 2, 186 para. 3 s. 4 AktG and the prorated amount of the equity arising for new shares issued pursuant to § 186 para. 3 s. 4 AktG does not exceed a total of **10 % of the company's equity**, neither at the time of entering into effect of this authorisation nor at the time of its execution. The suggested authorisation for exclusion of the subscription right permits the management board to place shares under flexible use of beneficial market situations on short notice. This option intended for by law in § 186 para. 3 sentence 4 AktG for excluding subscription rights permits placement close to the stock-exchange rate since the usual discharge at subscription rights emissions does not apply. This also permits a high inflow of funds than in case of subscription rights emission, since placement is possible at once after specification of the issuing amount so that no rate change risk for the duration of the subscription period needs to be considered. This authorisation is to enable the management board to perform the strengthening of equity equipment required for the future business development at best conditions. The amount intended for the authorisation is limited according to the statutory specification in § 186 para. 3 sentence 4 AktG to 10 % of the company's equity. Against this maximum amount, the prorated amount of the equity that arises for new or own shares that have been issued or sold since 18 June 2014 under simplified exclusion of subscription rights pursuant to or according to § 186 para. 3 s. 4 AktG is to be set off. Furthermore, the prorated amount of the equity arising for shares that refer to option and/or conversion rights or obligations from bonds or usufruct issued since 18 June 2014 in corresponding application of § 186 para. 3 s. 4 AktG must be set off as well. This setoff takes place in the interest of the shareholders in the lowest possible dilution of their participations. Since the subscription right according to this suggested authorisation can only be excluded if the issue amount of the new shares does not essentially undercut the stock price of shares of the company of the same category, the shareholders' need for a value dilution protection is taken into consideration.

Furthermore, the management board is to be authorised to exclude the subscription right with the consent of the supervisory board where required to grant the **holders of option certificates or creditors of convertible bonds or usufruct with convertible or option rights** that are used by the company or the companies dependent on it or majority-owned by it a subscription right for new shares at the scope as is due to them after execution of the option or conversion rights or after performance of the conversion obligation. Such bonds and usufruct are usually equipped with a dilution protection for facilitating placement on the capital market that intends for the owners or creditors to be granted a subscription right for new

shares at subsequent share emissions, as it is due to shareholders. They are thus put as if they were already shareholders. This has the benefit that the conversion price of the already-issued instruments does not have to be reduced at later capital increases. To equip such bonds and usufruct with such dilution protection, however, the subscription right of the shareholders for these shares must be excluded. Such exclusion of subscription rights serves easier placement of these financing instruments and thus strengthening of the finance structure of the company. As a result, this may optimise the competitiveness and profitability of the company in the interest of the shareholders.

When considering all of the circumstances named, the management board believes, in correspondence with the supervisory board, that the authorisations for exclusion of the subscription rights for the above reasons are properly justified and appropriate under consideration of the possible dilution effect to the detriment of the shareholders when utilising the respective authorisations. The management board shall carefully review in each individual case whether it will make use of the authorisation to the exclusion of subscription rights. Utilisation of these possibilities shall only take place if this is in the interest of the company and thus its shareholders according to the assessment of the management board and the supervisory board.

The management board shall report to the general meeting about any utilisation of the authorised capital 2014. At the time, there is no specific plan for utilising these authorisations.

Cologne, in May 2014

Ströer Media AG
Management Board

Udo Müller
(Chairman)

Christian Schmalzl