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Joint Report of the Management Board of

Ströer Media SE, Cologne

and

the Management of

Ströer Digital International GmbH, Cologne

in accordance with § 293 (a) of the German Public Companies Act

on the Profit and Loss Transfer Agreement

The Management Board of Ströer Media SE and the Management of Ströer Digital International GmbH, hereby submit the following report concerning the Profit and Loss Agreement concluded between both companies in accordance with Section 293(a) of the German Public Companies Act. The report will be for the information of the shareholders of Ströer Media SE in preparation for the Annual General Meeting on 30 June 2015.

1. Conclusion of the Profit and Loss Transfer Agreement, Outline Data

The profit and loss transfer agreement (hereinafter referred to as "the agreement") between Ströer Media SE (the controlling company) and its direct, 100%-owned subsidiary Ströer Digital International GmbH (the subsidiary company) was concluded on May 5, 2015. To be valid, the Agreement will require the consent of the Meeting of Shareholders of Ströer Digital International GmbH, the consent of the General Meeting of Ströer Media SE and the entry of Ströer Digital International GmbH in the Commercial Register.

2. Partners to the Profit and Loss Transfer Agreement

Ströer Digital International GmbH

Ströer Digital International GmbH was formed in October 2009 as Blue 162. Vermögensverwaltungs GmbH with its registered offices in Munich. The company was then renamed as Ballroom International CEE Holding GmbH and its registered offices were transferred to Glonn. The company was then renamed Ballroom International GmbH and then Ströer Digital International GmbH and its registered offices were transferred to Cologne. Ströer Digital International GmbH is registered in the Commercial Register at the Cologne Local Court under number HRB 84049.

In 2013 Ströer Media SE initially had a 62.3% share in Ströer Digital International GmbH; it then acquired the remaining shares in Ströer Digital International GmbH in 2014 and 2015. Ströer Digital International GmbH is thus a wholly-owned subsidiary of Ströer Media SE.

The equity capital of Ströer Digital International GmbH is EUR 2,000,000.00 and is held entirely by Ströer Media SE.

The purpose of Ströer Digital International GmbH is to invest in similar companies, marketing advertising space in online, print, TV and mobile media, software programming, providing software and hardware for marketing advertising in online, print, TV and mobile media and related services and management consulting as part of its activities in the media industry in Germany and abroad.

Ströer Digital International GmbH is essentially a holding company with investments in other companies which themselves are active in the aforementioned fields.

Ströer Media SE

Ströer Media SE, whose registered offices are located in Cologne, has authorised capital of EUR 48,869,784.00 which is divided into 48,869,784 non-par value bearer shares representing EUR 1.00 each of authorised capital. Ströer Media SE was converted from Ströer Media AG in a change of legal form to Societas Europaea (SE) which was decided at the Annual General Meeting of Ströer Media AG on 18 June 2014 and which took effect on its entry in the Commercial Register on 15 October 2014. Ströer Media SE was entered in the Commercial Register of the Cologne Local Court under the Commercial Register number HRB 82548.

The essential purpose of Ströer Media SE is to act as a managing holding company, in other words merging companies, providing advice to and performing other management tasks and services for companies active in the fields of media, advertising, marketing, communication and related services. In particular, these services include, but are not restricted to, companies active in the fields of outdoor advertising (managing advertising media of the respective company and third-party companies and marketing the advertising space of these advertising media) and online advertising (brokering online advertising space and providing and further developing technology). The company may also act in these areas itself and, in particular, may carry out in all related business transactions and measures.

Along with its subsidiaries, Ströer Media SE is one of the leading providers of marketing outdoor and online advertising space and offers clients in the advertising business customised and integrated communications solutions. In this context, Ströer Media SE functions as a holding company and coordinates the strategic direction of the Ströer Group and its financing and liquidity.

3. Legal and Commercial Reasons for Concluding the Profit and Loss Transfer Agreement, Effects

The conclusion of the profit and loss transfer agreement makes it possible to design a tax-optimised corporate structure as the agreement is, among other things, the prerequisite for forming a fiscal unit for corporate tax purposes in accordance with §§ 17 of the German Corporate Tax Act in conjunction with § 14 para. 1 No. 3 of the German Corporate Tax Act, without affecting the continued existence of Ströer Digital International GmbH as an independent legal entity. The formation of the fiscal unit will ultimately result in a fiscal consolidation of the trading results for tax purposes. This will be advantageous in the sense that Ströer Digital International GmbH will be able to simultaneously offset positive or negative trading results against positive or negative trading results on the part of Ströer Media SE and other companies in the same entity. This will prevent profits of one company having to be taxed while the other company may possibly suffer non-tax-deductible losses or may only suffer these later. As a result, this group-wide offsetting of profits and losses will reduce total tax liability and will be ultimately used for group financing. In addition, this will avoid taxation of the distribution of profits in accordance with § 8b para. 1 and para. 5 of the German Corporate Tax Act which would otherwise occur, since a positive operating result of Ströer Digital International GmbH would not be transferred to Ströer Media SE as the result of a declaration of dividend; instead, it would be transferred directly under the terms of the Profit and Loss Transfer Agreement. The formation of a fiscal unit may also ensure that the expenditure incurred in connection with participation in Ströer Media SE is deductible as a company expense for tax purposes. Risks exceeding the usual business risks are not apparent in this connection.

There is no reasonable commercial alternative to this agreement being concluded. The conclusion of a controlling agreement does not constitute a preferable alternative since no combined taxation of the parties to the agreement can be achieved in a controlling agreement. In addition, any instruction from Ströer Media SE to the Management of Ströer Digital International GmbH can also be given in the form of a resolution by the shareholders. Neither would a merger of Ströer Digital International GmbH with Ströer Media SE constitute a preferable alternative as Ströer Digital International GmbH would then lose its legal independence, which is precisely not what is wanted.

4. Explanation of the Profit and Loss Transfer Agreement

Essentially, the profit and loss transfer agreement regulates the following:

Paragraph 1 Subparagraph 1 of the Agreement governs the obligation characteristic for a Profit and Loss Agreement to transfer its entire profits to the other contractual partner. Under the terms of the Agreement, Ströer Digital International GmbH undertakes to transfer its entire profits to Ströer Media SE during the term of the Agreement and for the first time from the beginning of the current business year but specifically from the date the Agreement is entered in the Commercial Register.

The provisions of § 301 of the German Public Companies Act concerning the maximum amount of profits that may be transferred are included in the latest applicable version of the agreement, in other words by means of a dynamic reference. This is in line with the statutory guidelines. In addition, it is pointed out for the purposes of clarification that, subject to the formation or dissolution of reserves described in greater detail, the resulting annual profit, excluding the transferred profits, is reduced by any loss brought forward from the previous year.

In accordance with **§ 1 para. 2**, Ströer Digital International GmbH may, with the agreement of Ströer Media SE, transfer monies from the annual profits to other retained earnings (§ 272 para. 3 of the German Commercial Code) if this is permitted by German commercial law and is also justified from a commercially reasonable point of view. This provision fulfils the requirements of § 14 para. 1 No. 4 of the German Corporate Tax Act. There must therefore be a concrete reason for forming the reserves. The profits transferred from Ströer Digital International GmbH will therefore be reduced by that amount. In addition, Ströer Media SE may require certain reserves to be dissolved and used to offset an annual deficit or be transferred as profits.

However, in this context, according to **§ 1 para. 3**, monies from the dissolution of free reserves which were formed before the agreement began are excluded from transfer, which is conversely also provided for in accordance with the corresponding § 301 Sentence 2 of the German Public Companies Act.

§ 2 regulates the obligation on the part of Ströer Media SE to assume the losses of Ströer Digital International GmbH, which is a further essential provision of a profit and loss transfer agreement. According to this requirement, Ströer Media SE undertakes to compensate Ströer Digital International GmbH for annual deficits as provided by the latest applicable version of § 302 of the German Public Companies Act provided these are not compensated for by the transfer of so-called other retained earnings transferred to it during the term of the agreement. This obligation to offset losses is to be agreed compulsorily so that the agreement can lead to the formation of the desired fiscal entity. The reference to the statutory provisions of § 302 of the German Public Companies Act contained in § 2 of the agreement has been formulated dynamically. Reference is made to the respective version of the statutory provision alluded to. The background to this dynamic reference is the amendment to § 17 Sentence 2 No. 2 of the German Corporate Tax Act. According to this amendment, a profit and loss transfer agreement with a German limited liability company as a subsidiary company is only recognised for tax purposes if the agreement itself refers explicitly to the assumption of losses in a reference to the provisions of the latest applicable version of § 302 of the German Public Companies Act.

§ 3 regulates the modalities by which the annual accounts of Ströer Digital International GmbH are to be prepared; this § 3 is used in this manner to regulate the transfer of profits or the obligation to assume the losses. In accordance with **§ 3 para. 1**, Ströer Digital International GmbH is required to prepare its annual accounts in such a way that the profits to be transferred or the losses to be assumed are shown in the accounts as liabilities or a claim against Ströer Media SE.

In addition, in accordance with **§ 3 para. 2 and 3**, the annual accounts of Ströer Digital International GmbH are to be prepared and approved before those of Ströer Media SE and must be submitted to Ströer Media SE for the latter's information, inspection and consultation before being approved.

3 para. 4 subsequently provides that, if the business years of both companies end at the same time, the operating result of Ströer Digital International GmbH is nevertheless to be included in the annual accounts of Ströer Media SE for the same business year. This provision only reflects the usual fulfilment of the agreement as well.

The arrangements on when the agreement is to enter into force, the term of the agreement and the termination modalities are regulated in § 4 of the Profit and Loss Transfer Agreement.

§ 4 para. 1 specifies that the agreement requires the approval of the General Meeting of Ströer Media SE, the approval of the Shareholder Meeting of Ströer Digital International GmbH and entry in the Commercial Register of Ströer Digital International GmbH in order to be valid in German civil law. These requirements satisfy the provisions of §§ 293 and 294 of the German Public Companies Act.

When the Agreement takes effect, **Paragraph 4 Subparagraph 1** provides further that the Agreement will apply retrospectively, specifically for the period from the beginning of the business year of Ströer Digital International GmbH, and specifically from the date this Agreement is entered in the Commercial Register. Ströer Digital International GmbH's business year will correspond to the calendar year.

According to Paragraph 4, Subparagraph 2, the Agreement may be duly terminated with a notice period of six months to the end of the business year of Ströer Digital International GmbH but no earlier than the end of the business year following the end of which the company tax and business tax entity to be formed through this Agreement will have fulfilled its tax-related minimum term (according to current legislation five full years; Section 14, Subsection 1, No. 3, in conjunction with Section 17 of the German Company Tax Act and Section 2, Subsection 2, Sentence 2, of the German Business Tax Act). If the Agreement is not terminated, it will be automatically extended by a further business year with the same notice period. Paragraph 4, Subparagraph 2 reflects the fact that, to be recognised for tax purposes, a Profit and Loss Transfer Agreement must be concluded for a minimum period of at least five years currently and, during this period, must also be actually operated. In this minimum contractual period, the Agreement may not be duly terminated, which is ensured by this provision.

In accordance with **§ 4 para. 3** of the agreement, the right to terminate the agreement prematurely for a major reason remains unaffected. That means that the agreement may also be terminated without notice for a major reason during the aforementioned minimum term of five years. In particular, a major reason will be said to exist if Ströer Media SE sells at least so many shares in Ströer Digital International GmbH that the conditions for financial integration of Ströer Digital International GmbH into Ströer Media SE no longer exist under German tax law. Major reasons for terminating the agreement are also the conversion, merger or liquidation of Ströer Media SE or of Ströer Digital International GmbH.

§ 4 para. 4 of the agreement provides that if the agreement is terminated for an extraordinary reason, Ströer Media SE will be only be obliged to reimburse the pro rata losses of Ströer Digital International GmbH incurred by the time this agreement ends under German commercial law.

§ 4 para. 5 merely standardises the already-existing obligation on the part of Ströer Media SE in corresponding application of § 303 of the German Public Companies Act, to furnish the creditors of Ströer Digital International GmbH with security when the agreement ends.

§ 5 para. 1 to 3 contain general provisions (final provisions) of the agreement such as the requirement for the written form for amendments to the agreement, agreement on Cologne as the place of jurisdiction and a so-called saving clause which ensures the effectiveness and the workability of the agreement in case individual parts of the agreement were either invalid or unworkable when it was concluded or if they become invalid or unworkable later, for example as the result of a change in the law or a court decision.

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5. No Compensation, No Indemnity, No Review of the Agreement

The profit and loss transfer agreement made no provision for compensation or financial settlement for external partners of Ströer Digital International GmbH as there are no external partners of Ströer Digital International GmbH. Ströer Media SE has a direct 100% interest in its subsidiary company Ströer Digital International GmbH. An assessment of the participating companies for the purposes of determining an appropriate amount of compensation and appropriate indemnity could not therefore be carried out. For these reasons as well, the review of the agreements in accordance with § 293 b of the German Public Companies Act was not necessary.

We therefore recommend that the profit and loss transfer agreement between Ströer Media SE and Ströer Digital International GmbH be approved.

Cologne, 18 May 2015

Ströer Media SE

Udo Müller
(CEO)

Dr. Bernd Metzner
(CFO)

Christian Schmalzl
(COO)

Cologne, 18 May 2015

Ströer Digital International GmbH

Dr. Bernd Metzner
(Managing Director)

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(Managing Director)