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SUPERVISORY BOARD REPORT

Dear ladies and gentlemen,

In fiscal year 2016, revenue from traditional OOH business grew substantially, providing a stable platform for further business development. Besides this, fiscal year 2016 was shaped by the continuing digitization of Ströer SE & Co. KGaA's entire business. As a digital multi-channel company, today we are one of the leading German media companies thanks to our broad, cross-media portfolio. Having added transaction business to our digital segment, we are diversifying the revenue streams for the long term and further broadening the basis for the success of our business. In the fiscal year, digital revenue accounted for a substantial proportion of total revenue at around 45%.

Another important event in fiscal year 2016 was the conversion of Ströer SE's legal form into a partnership limited by shares (KGaA). Ströer SE & Co. KGaA's business is now managed by its general partner, Ströer Management SE, which in turn is represented by its board of management.

The supervisory board of Ströer SE & Co. KGaA carefully monitored and advised the general partner, Ströer Management SE, on a regular basis in the reporting period. The supervisory board of Ströer SE & Co. KGaA mainly reviewed the legality, expediency and propriety of management of Ströer Management SE's board of management.

In line with the requirements of the German Corporate Governance Code, the supervisory board regularly reviewed whether it has an appropriate number of independent members. This is particularly important given the existing shareholder structure and was found to be the case in the supervisory board's opinion. The majority of the members of the supervisory board are independent as defined by the German Corporate Governance Code and not subject to any potential conflicts of interest. Should conflicts of interest arise nevertheless, these are reported without delay; the supervisory board member concerned then does not take part in advising on or voting on resolutions on the relevant item on the agenda. In addition, all supervisory board members make their decisions in the interests of the Company and all of its shareholders and act independently and free from external constraints.

The supervisory board also routinely examines the propriety of relationships between the Company on the one hand and the members of the supervisory board of the Company or the management board of the general partner and their related parties on the other hand.

Furthermore, the board of management of Ströer Management SE informed the supervisory board of Ströer SE & Co. KGaA at supervisory board meetings as well as through written and oral reports on the business and all relevant aspects of business planning. It therefore more than fulfilled its duty to provide information. In addition to the financial, investment and personnel planning, the development of business, the economic situation of the Company and the Group (including the risk situation and risk management), the financial position and the Group's profitability were discussed.

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During fiscal year 2016, the supervisory board of Ströer SE & Co. KGaA convened four times. In additional meetings, the chairman of the supervisory board, the deputy chairman of the supervisory board and the chairman of the audit committee of the supervisory board discussed key business events with the board of management – in particular with the CEO and the CFO. The supervisory board plenum received regular written and oral reports on these deliberations. The supervisory board of Ströer SE & Co. KGaA has formed an audit committee which deals in particular with monitoring the financial reporting process, the effectiveness of the internal risk management systems, the internal audit function and the audit of the financial statements. The audit committee of Ströer SE & Co. KGaA convened four times in the fiscal year.

Focus of deliberations and review by the supervisory board plenum

At the constituent meeting of the supervisory board of the Company on 10 March 2016 following the conversion of its legal form into a partnership limited by shares (KGaA), the supervisory board in the presence of the auditors from Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft discussed the final draft versions of the separate and consolidated financial statements of Ströer SE for fiscal year 2015 and the proposal of the board of management to distribute a dividend to the shareholders. In addition, the supervisory board approved the report of the supervisory board for fiscal year 2015 and its new rules of procedure. From among its members, it elected Christoph Vilanek as chairman and Dirk Ströer as deputy chairman of the supervisory board. The supervisory board also resolved to set up an audit committee and rules of procedure for the committee. The supervisory board elected Ulrich Voigt, Christoph Vilanek and Dirk Ströer to the audit committee.

At the following extraordinary meeting on 17 March 2016, the supervisory board of Ströer SE & Co. KGaA approved the audited separate and consolidated financial statements of Ströer SE for fiscal year 2015. Furthermore, the supervisory board adopted its recommendations for the annual shareholder meeting in 2016 to, among other things, exonerate the board of management and supervisory board and to appoint Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, as the Company's auditor for fiscal year 2016. Furthermore, the supervisory board resolved to recommend to the shareholder meeting to distribute a dividend of EUR 0.70.

At the Company's shareholder meeting on 23 June 2016, the supervisory board and board of management discussed in particular the short-seller attack on the Company by Muddy Waters and discussed possible responses and scope for improvement in its compliance function.

At the meeting on 5 September 2016, following the elections held at the shareholder meeting on 23 June 2016, the supervisory board in turn elected Christoph Vilanek as chairman and Dirk Ströer as deputy chairman of the Company's supervisory board. The supervisory board also confirmed the appointment of Ulrich Voigt, Christoph Vilanek and Dirk Ströer to the audit committee. The chairman of the audit committee then reported to the supervisory board on the internal audit function and the Company's compliance program. The supervisory board then approved a contract for services between Ströer Management SE and Ströer SE & Co. KGaA for the provision of finance and accounting services as well as services relating to legal matters. Due to a potential conflict of interest due to his investment in Ströer Management SE, Dirk Ströer did not participate in the meeting on this contract and abstained in the related resolution of the supervisory board.

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The meeting on 16 December 2016 focused on coordinating the effectiveness review of the supervisory board, the reports on the tasks of the internal audit function, finalizing the annual declaration of compliance and the status of the compliance organization, particularly with a view to the allegations brought by Muddy Waters. The supervisory board could not find any basis for the allegations made by Muddy Waters despite a comprehensive review.

Dirk Ströer took part in all meetings of the supervisory board with the exception of the meeting on 5 September 2016. All other supervisory board members were present at all meetings of the supervisory board of Ströer SE & Co. KGaA during their respective terms of office.

Deliberations of the supervisory board's audit committee

On 9 March 2016, the audit committee reviewed the separate and consolidated financial statements of Ströer SE for fiscal year 2015. The auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, attended this meeting. At its further meetings on 4 May 2016, 3 August 2016 and 3 November 2016, the audit committee examined the respective interim financial statements of the Company. With the exception of Dirk Ströer, the members of the audit committee and the Chief Financial Officer of the general partner, Dr. Bernd Metzner, attended all meetings of the audit committee. Dirk Ströer took part in the two meetings of the audit committee on 3 August 2016 and 3 November 2016.

The members of the audit committee of the supervisory board are still Ulrich Voigt as chairman, Christoph Vilanek as his deputy and Dirk Ströer.

Audit of the separate and consolidated financial statements

The separate and consolidated financial statements prepared by the board of management for fiscal year 2016 of Ströer SE & Co. KGaA were audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, together with the underlying books and records and the combined management report of the Company and the Group. An unqualified audit opinion was issued in each case.

The documentation on the financial statements and the audit reports were made available to all members of Ströer SE & Co. KGaA's supervisory board in good time. The documents were the subject of intensive discussions in the audit committee of Ströer SE & Co. KGaA and in the meeting of the supervisory board of Ströer SE & Co. KGaA to discuss the financial statements on 23 March 2017. The responsible auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, participated in the plenum discussions. He reported on the key findings of the audit and was available to answer questions.

All documents presented by the board of management and the auditor were reviewed in detail. Based on the final results of our review, the supervisory board had no reservations and agreed with the conclusion of the audit of the financial statements by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne. The supervisory board of Ströer SE & Co. KGaA approved the separate and consolidated financial statements prepared by the board of management.

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Changes to the composition of the boards

Until the change in legal form of Ströer SE into Ströer SE & Co. KGaA on 1 March 2016, the supervisory board of Ströer SE comprised Christoph Vilanek as chairman, Vicente Vento Bosch and Ulrich Voigt. These supervisory board appointments ended with the transformation on 1 March 2016.

Since the transformation, the supervisory board of Ströer SE & Co. KGaA has consisted of six members in accordance with the partnership agreement. The first supervisory board members were Christoph Vilanek, Dirk Ströer, Ulrich Voigt, Martin Diederichs, Michael Remagen and Julia Flemmerer. Michael Remagen stepped down as member of the supervisory board of Ströer SE & Co. KGaA effective 9 March 2016, Martin Diederichs effective 10 March 2016. We would like to express our warmest thanks to Martin Diederichs and Michael Remagen for their outstanding work for the Company and the supervisory board.

At the request of the board of management, Cologne Local Court appointed Vicente Vento Bosch and Anette Bronder to the supervisory board of Ströer SE & Co. KGaA as of 5 April 2016. Vicente Vento Bosch is managing director and CEO of Deutsche Telekom Capital Partners GmbH. Anette Bronder is managing director of the digital division at T-Systems International GmbH. The term of office of the supervisory board members Vicente Vento Bosch and Anette Bronder ran out at the end of the shareholder meeting of the Company on 23 June 2016.

On 23 June 2016, the Company's shareholder meeting then reappointed Vicente Vento Bosch and Anette Bronder to the supervisory board of the Company.

The supervisory board of Ströer SE & Co. KGaA now comprises six members: Christoph Vilanek as chairman of the supervisory board, Dirk Ströer as his deputy, Ulrich Voigt, Anette Bronder, Julia Flemmerer and Vicente Vento Bosch. The audit committee of the supervisory board of Ströer SE & Co. KGaA comprises Ulrich Voigt as chairman, Christoph Vilanek as his deputy and Dirk Ströer.

Furthermore, the Company's shareholder meeting on 23 June 2016 adopted a resolution in preparation for the appointment of employee representatives to the supervisory board to expand the supervisory board to 12 members and reelected Christoph Vilanek, Dirk Ströer, Ulrich Voigt, Julia Flemmerer, Anette Bronder and Vicente Vento Bosch to the Company's newly expanded supervisory board as shareholder representatives. The status proceedings for appointing employee representatives to the supervisory board of Ströer SE & Co. KGaA are still ongoing.

There were no changes to the composition of the board of management of the general partner, Ströer Management SE.

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Thanks

The supervisory board of Ströer SE & Co. KGaA would like to thank the board of management of Ströer Management SE, the management of the group entities, the works council and all employees for their outstanding personal dedication, hard work and unwavering commitment.

On behalf of the supervisory board

Christoph Vilanek
Chairman of the supervisory board
of Ströer SE & Co. KGaA

Cologne, March 2017