

EP Global Commerce

Frequently Asked Questions

Voluntary Public Takeover Offer by EP Global Commerce VI GmbH to the Shareholders of METRO AG

1. What are the key points of the takeover bid?

- EP Global Commerce VI GmbH (EPGC) is making an offer to all Shareholders of METRO AG to purchase their shares within the framework of a voluntary public takeover offer.
- The cash Offer Price for the Ordinary Shares (ISIN DE000BFB0019) will be EUR 16.00 per share. The cash offer price for the Preference Shares (ISIN DE000BFB0027) will be EUR 13.80 per share.
- In accordance with the Offer Document published by the Bidder on 10 July 2019, the closing of the Offer is conditional upon the minimum acceptance threshold of at least 67.5% of all Ordinary Shares outstanding being reached at the expiration of the acceptance period. However, affiliates of EPGC already hold 17.52% of the Ordinary Shares in METRO and Haniel has entered into an irrevocable commitment to tender its remaining 15.2% of the Ordinary Shares. This means that EPGC group of companies has already secured 32.72% of the Ordinary Shares which count towards the minimum acceptance threshold. However, the Offer, among other things, will only be successful, if additional 34.78% of the Ordinary Shares will be tendered.
- In addition, the Offer is also subject to the customary approvals from the responsible anti-trust authorities, which the Bidder expects to receive.

2. Why should shareholders accept the offer?

- EPGC is convinced that the Offer Price constitutes a compelling value for the acquisition of the METRO Shares and a unique opportunity for METRO Shareholders. This exceptional value the Bidder offers contains a substantial control premium on the undisturbed stock exchange price for the METRO Shares prior to the occurrence of takeover speculations.
- The Offer Price of EUR 16.00 per Ordinary Share includes an attractive premium of 34.5% based on the stock exchange prices as of 24 August 2018 (i.e. last day before the disclosure of the acquisition of the Haniel stake), in the view of the Bidder the last trading day on which the stock exchange price for METRO Shares was undisturbed by takeover speculations.

- EPGC believes that METRO will benefit from a clear shareholder and governance structure enabling it to better address the challenges resulting from digitalization, consolidation and increasing customer demands. The Offer Price is based on the possibility to implement a domination agreement and it already reflects the significantly improved operational and financial performance to be achieved through a successful transformation of METRO.
- EPGC is confident that the Offer is a unique opportunity for all shareholders to realize attractive value immediately and without risks about the future development of the share price or market environment in which METRO operates.
- Attractiveness of the Offer is further evidenced by the fact that it is from the outset supported by Haniel –a major shareholder who has been invested in the business for decades and know it well and who has irrevocably committed to tender all of its remaining shares (currently 15.2% of METRO common shares) into the Offer. In addition, Haniel has granted to an affiliate of EPGC an option right to acquire all or part of its shares in METRO for an option price of EUR 14.50 per Ordinary Share (less dividends paid from 21 June 2019 to the closing of the option) in case the Offer is not successful, i.e. substantially below the offer price. Furthermore, Ceconomy, another major shareholder, sold on 27 June 2019 to an affiliate of EPGC approx. 5.39% of METRO's Ordinary Shares at a price of EUR 14.46 per Ordinary Share, which is also substantially lower than the Offer Price per Ordinary Share.
- Moreover, after EPGC published its decision to make the Offer on 21 June 2019, many analysts expressed a positive opinion of the Offer. This is partly due to the fact that the Offer Price of EUR 16.00 per Ordinary Share is well above analysts' target price expectations of an average of EUR 14.40 per Ordinary Share as of 21 June 2019.

3. What are the next steps and when does the Acceptance Period begin? When can the takeover expect to be completed?

- In accordance with the Offer Document, the acceptance period runs from 10 July 2019 until 7 August 2019, 24:00 hrs (Frankfurt am Main local time) / 18:00 hrs (New York local time). During this acceptance period, the minimum acceptance threshold has to be reached.
- If the minimum acceptance threshold has been reached upon expiry of the acceptance period, there will be an additional acceptance period of further two weeks, commencing on the date the results are published.
- The Additional Acceptance period will presumably begin on 13 August 2019 and end on 26 August 2019, 24:00 hrs (Frankfurt am Main local time) / 18:00 hrs (New York local time).
- Settlement, i.e. payment of the purchase price, will be at the 8th banking day after the later of:
 - the announcement of the tender results after the end of the Additional Acceptance Period; or
 - the date on which the Bidder publishes that all Offer Conditions have been fulfilled.

4. How do I accept the Offer? Can I sell my shares via stock exchange and not within the official Offer? Who do I have to contact?

- METRO Shareholders who wish to accept the Offer should contact their Custodian Bank or other custodian investment service provider with registered office or a branch in Germany with any questions they may have about acceptance of the Offer and the technical aspects of settlement. Custodian banks with registered office or branch in Germany have been separately informed about the modalities for acceptance and settlement of the Offer and are required to inform customers who hold METRO Shares in their securities deposit accounts about the Offer and the steps necessary to accept it.
- METRO Shareholders can accept the Offer only by:
 - submitting a declaration of acceptance for the Offer in text form or electronically vis à vis their Custodian Bank.
 - instructing their Custodian Bank to effect the rebooking of the Shares, which are held in their securities deposit account and for which they wish to accept the Offer.

5. How will I receive the money from EPGC?

- Payment of the Offer Price will be effected to the relevant Custodian Bank concurrently and contemporaneously against transfer of the tendered METRO Shares to the account of the Central Settlement Agent at Clearstream Banking AG. If the Offer Conditions are also fulfilled by the time of expiration of the Additional Acceptance Period, payment will be made on the 8th banking day after the final tender results have been published. Technically, the Central Settlement Agent will cause the Offer Price for the tendered METRO Shares to be transferred through Clearstream Banking AG to the relevant Custodian Banks.
- For more information about how the transfer of shares and payment of the Offer Price will be carried out, please see the Offer Document.
- Settlement could be delayed if not all of the Offer Conditions have been satisfied at the end of the Additional Acceptance Period. In such a case, settlement will be on the 8th banking date after the publication that all Offer Conditions are satisfied or have been waived.
- Should you have any further questions about accepting the Offer and its technical process including the payment of the Offer Price, you can also contact your Custodian Bank, who has been informed of the settlement agent in the Offer Document.

6. Which costs and expenses arise for shareholders tendering their shares?

- The acceptance of the Offer will in principle be free of costs and expenses of the Custodian Banks for the METRO Shareholders who hold their METRO Shares in a securities deposit account of a Custodian Bank located in Germany.
- However, any additional costs and expenses charged by Custodian Banks or foreign investment service providers and any expenses incurred outside of Germany must be borne by the respective METRO Shareholder. Any foreign exchange, sales tax or stamp duty arising from the acceptance of the Offer shall similarly be borne by the respective METRO Shareholder.

7. When will the Management Board and Supervisory Board of METRO AG publish their reasoned opinion? Do I have to wait for this recommendation before tendering my shares?

- Following the publication of the Offer Document, the Management Board and Supervisory Board of METRO will review the Offer and provide a reasoned opinion on the Offer pursuant to Section 27 of the German Securities Acquisition and Takeover Act, which it will make available to its Shareholders via the METRO website. In this reasoned opinion, they will give their opinion as to whether the Offer is considered fair and whether they recommend that METRO Shareholders accept the Offer. The boards have to publish their reasoned statement without undue delay (which is generally accepted as up to 2 weeks).
- METRO Shareholders can accept the Offer as soon as the Acceptance Period begins. They do not have to wait for the reasoned opinion to be published before tendering their shares.

8. Will the Offer Price remain at EUR 16.00 per Ordinary Share and EUR 13.80 per Preference Share? Should I tender my shares now or is it better to wait as the price could be revised upwards at the end of the bid phase?

- EPGC is convinced that the Offer Price constitutes a compelling value for the acquisition of the METRO Shares and a unique opportunity for METRO Shareholders. This exceptional value offered by the Bidder contains an attractive control premium of 34.5% on the undisturbed stock exchange price for the METRO Shares prior to the occurrence of takeover speculations.
- There is no reason to wait for a revised Offer Price. However, if the Offer Price is theoretically increased, all METRO Shareholders will benefit from the increase regardless of whether or when the shares were tendered.
- Please note that the Offer will only be successful and that you will only receive the Offer Price if the total amount of Ordinary Shares tendered to the Bidder until the end of the expiry of the Acceptance Period (including Ordinary Shares already held directly by the Bidder or its Affiliates) exceed 67.5% percent of all Ordinary Shares outstanding.

9. Can I revoke my agreement to tender my shares?

- METRO Shareholders can revoke their agreement to tender their shares if there are specific reasons for it in accordance with the provisions of the German Securities Acquisition and Takeover Act (WpÜG):
 - In the event of an amendment of the Offer
 - In the event of a competing offer, METRO Shareholders may, until expiration of the Acceptance Period (which extends to the acceptance period of the competing bid in such a scenario), withdraw their acceptance of the Offer if submitted prior to the publication of the offer document for the competing offer.
- For more information under which circumstances a tendering of shares can be revoked, please refer to the Offer Document.

10. What happens if I do not accept the Offer?

- METRO Shareholders who do not intend to accept the Offer should take into account, that it is uncertain whether, following settlement of the Offer, the stock market price of the METRO Shares will remain at its present level or rise above it or fall below it. Precedents of failed offers however show that share prices typically drop following lapsing of an offer.
- The settlement of the Offer will result in a reduction of the free float of the issued METRO Shares and it is expected that the supply of and the demand for METRO Shares will be reduced. It is possible that buy and sell orders with respect to METRO Shares cannot be executed or cannot be executed in a timely fashion. Moreover, the possible limitation of the liquidity of METRO Shares could result in substantially heavier price fluctuations of the Shares in the future.
- A possible consequence of a reduction of the free float of METRO Shares could also be that METRO would no longer be able to fulfill the requirements to remain in the MDAX index. An exclusion from the MDAX may have the consequence that institutional investors and index funds that reflect the MDAX index in their portfolio may dispose of METRO Shares and refrain from future acquisitions. An increased supply of METRO Shares together with a lower demand for METRO Shares may put pressure on the share price.
- Furthermore, after settlement of the Offer, the Bidder should have the necessary voting majority to implement structural and other measures, like the election and dismissal of shareholder representatives of the supervisory board, capital increases, the exclusion of subscription rights for shareholders in capital measures as well as enterprise agreements such as a domination and profit and loss transfer agreement, reorganizations, mergers and dissolution of METRO and, if higher voting majority is held by the Bidder, also squeeze out.
- After settlement of the Offer the Bidder could also cause METRO to apply for delisting of the METRO Shares from the regulated market. In the case of a delisting Shareholders would no longer profit from the increased reporting duties of the regulated market.
- If the Bidder holds 95% of the shares immediately after the Offer, METRO Shareholders who have not accepted the Offer are entitled to exercise their sell out right pursuant to the German Securities Acquisition and Takeover Act and accept the Offer within three months after the end of the Acceptance Period.
- If the Offer fails because the minimum acceptance threshold is not reached, the share price could significantly drop because since the initial investment of the Investors standing behind the Bidder, the share price has been substantially inflated by takeover speculations.

11. Will EPGC announce how many shareholders have already sold their shares?

- During the Acceptance Period, the number of shares already tendered will be regularly published by the Bidder on the Offer website in accordance with the provisions of the German Securities Acquisition and Takeover Act, particularly:
 - On a weekly basis after publication of the Offer Document
 - On a daily basis during the final week prior to the expiration of the Acceptance Period
 - Without undue delay after expiration of the Acceptance Period

12. Can I still trade with my shares after I have tendered them?

- The tendered shares can be traded on the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange.
- Trading with the tendered shares will be suspended (i) at the end of the last day of the Acceptance Period if all Offer Conditions have been met or effectively waived or (ii) at the end of the third stock exchange trading day directly preceding the settlement or rebooking of the Offer.

13. What happens if one of the Closing Conditions is not fulfilled in time?

- In this case the Offer will lapse and the agreements which come into existence as a result of accepting the Offer will cease to exist and will not be consummated (condition subsequent); Tendered METRO Shares will be returned.
- Please note that the Offer will only be successful and that you will only receive the Offer Price if the total amount of Ordinary Shares tendered to the Bidder up to the expiry of the Acceptance Period (including Ordinary Shares already held directly by the Bidder and its Affiliates) amounts to at least 67.5% percent of all Ordinary Shares issued at the expiry of the Acceptance Period. Your personal decision is therefore crucial for the success of the Offer.

14. Are there tax disadvantages for me if I accept or reject the Offer?

- We ask for your understanding that we cannot provide you with any information on tax effects of accepting or rejecting the Offer.
- The Bidder recommends that prior to accepting the Offer, METRO Shareholders obtain tax advice on the tax consequences of acceptance of the Offer, taking into account their personal circumstances.

Shareholders may also call the investor hotline 0800 1860230 for any further inquiries (in German language; available only from Germany).