
METRO AND REDOS ENTER INTO EXCLUSIVE NEGOTIATIONS FOR SALE OF REAL

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- Exclusivity until the end of July; negotiations expected to be completed in the summer
- Enterprise value of approximately €1 billion, equity value of approximately €0.5 billion, expected cash inflow of approximately €0.5 billion
- Status of negotiations will lead to €385 million impairment of the hypermarket business in METRO's half-year financial statements

Düsseldorf, 08 May 2019 – The sale process of Real is entering a decisive phase: METRO and a consortium led by redos have entered into exclusive contract negotiations based on a jointly agreed framework concept. Following a comprehensive due diligence review, the aim is to sign a definitive contract in the summer.

The framework concept the parties have agreed on stipulates the sale of Real as a whole to redos. METRO will initially retain a 24.9 % stake in Real's operating business but will have a put option that can be exercised after three years at the earliest. The current status of negotiations implies an enterprise value of around €1 billion and an equity value of around €0.5 billion. Real's liabilities will be assumed by the new owner, resulting in a preliminary cash inflow of around €0.5 billion for METRO. The current status of negotiations will also lead to a €385 million impairment in METRO's half-year financial statements.

Olaf Koch, CEO of METRO AG, said: "In September 2018, we started the sales process for Real, aiming to focus METRO entirely on wholesale and to sell the hypermarket business as a whole. The exclusivity agreement has brought us one step closer towards this goal. In the consortium led by redos, we have found a strong and experienced partner who, in our view, presented the most convincing concept for Real's realignment. As a minority shareholder, we are prepared to continue and accompany the company's further development responsibly for a defined period of time, as we continue to focus on wholesale."

The buyer's concept is based both on extensive investments and on an adjustment of the store network. The details of the realignment will be jointly developed with the management of Real during the exclusivity phase.

Oliver Hermann, managing director of redos, added: "We are pleased that we were able to convince METRO with our concept for Real. redos is an independent company with comprehensive restructuring and real estate expertise in large-scale retail. We have known Real for many years, including

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as a landlord of Real locations. Together with the Real management, we intend to use our expertise to successfully realign the store network. To the extent that this includes the sale of individual locations, we will place a special emphasis on taking over employees."

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The management of Real commented: "We welcome the fact that METRO and redos have signed an exclusivity agreement. We value redos as a long-standing and reliable business partner. Now it will be important to swiftly complete the sale process."

The signing of the definitive contracts would be subject to the approval of the anti-trust authorities. Likewise, the boards of METRO and the consortium led by redos would have to approve the conclusion of the contracts.

METRO is a leading international wholesale company with food and non-food assortments that specialises on serving the needs of hotels, restaurants and caterers (HoReCa) as well as independent traders. Around the world, METRO has some 24 million customers who can choose whether to shop in one of the large-format stores, order online and collect their purchases at the store or have them delivered. METRO in addition also supports the competitiveness of entrepreneurs and own businesses with digital solutions and thereby contributes to cultural diversity in retail and hospitality. Sustainability is a key pillar of METRO's business. METRO has been the sector leader in the Dow Jones Sustainability Index for the last four years. The company operates in 36 countries and employs more than 150,000 people worldwide. In financial year 2017/18, METRO generated sales of €36.5 billion. In September 2018 METRO AG initiated the divestment process for the food retail chain Real with its 34,000 employees to transform into a pure wholesale company.