NOTES

SEGMENT REPORTING[1]

OPERATING SEGMENTS

	METRO Wholesale		Real	
€ million	2015/16	**2016/17**	2015/16	**2016/17**
External sales (net)	29,000	**29,866**	7,478	**7,247**
Internal sales (net)	9	**13**	9	**9**
Sales (net)	29,009	**29,879**	7,486	**7,256**
EBITDA[2]	1,700	**1,528**	250	**159**
EBITDA before special items[2]	1,464	**1,553**	247	**219**
Depreciation/amortisation/impairment losses	430	**496**	141	**140**
Reversals of impairment losses	0	**3**	0	**0**
EBIT[2]	1,271	**1,035**	108	**19**
EBIT before special items[2]	1,048	**1,114**	105	**80**
Investments	614	**547**	260	**131**
Non-current segment assets	6,418	**6,398**	1,214	**1,202**

REGIONAL SEGMENTS

	Germany		Western Europe (excl. Germany)[3]		Eastern Europe[4]	
€ million	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**
External sales (net)	12,279	**11,962**	10,173	**10,543**	9,828	**10,266**
Internal sales (net)	75	**73**	175	**211**	0	**2**
Sales (net)	12,354	**12,036**	10,348	**10,754**	9,828	**10,268**
EBITDA[2]	151	**167**	380	**464**	738	**698**
EBITDA before special items[2]	320	**329**	487	**460**	780	**733**
Depreciation/amortisation/impairment losses	342	**332**	123	**176**	176	**171**
Reversals of impairment losses	10	**0**	0	**3**	0	**1**
EBIT[2]	–182	**–165**	258	**291**	561	**527**
EBIT before special items[2]	–12	**–1**	372	**324**	610	**566**
Investments	556	**307**	184	**309**	170	**140**
Non-current segment assets	2,923	**2,884**	1,971	**1,957**	2,696	**2,660**

[1] Segment reporting is explained in the notes to the consolidated financial statements in no. 42 – segment reporting.
[2] Includes 2016/17 income from operating companies recognised at equity in the amount of €14 million, which are equally attributable to METRO Wholesale and Others segments as well as the Germany and Western Europe (excluding Germany) segments (2015/16: €102 million, mainly related to the Others segment and the Germany segment).
[3] Includes 2016/17 external sales of €4,638 million for France (2015/16: €4,151 million).
[4] Includes long-term segment assets for Russia as of 30 September 2017 in the amount of €1,056 million (30/9/2016: €1,098 million).
[5] Also includes consolidation effects between the regions outside of Germany.

Others		Consolidation		METRO	
2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**
72	**27**	0	**0**	36,549	**37,140**
96	**96**	–114	**–118**	0	**0**
168	**123**	–114	**–118**	36,549	**37,140**
–23	**–73**	–9	**–3**	1,918	**1,611**
89	**41**	–9	**–3**	1,791	**1,810**
142	**128**	–4	**–2**	710	**762**
10	**0**	0	**0**	11	**3**
–156	**–201**	–5	**–1**	1,219	**852**
–43	**–86**	–5	**–1**	1,106	**1,106**
133	**149**	0	**0**	1,007	**827**
1,041	**939**	–21	**–27**	8,652	**8,512**

Asia		International		Consolidation[5]		METRO	
2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**
4,269	**4,368**	24,270	**25,177**	0	**0**	36,549	**37,140**
24	**19**	199	**232**	–274	**–305**	0	**0**
4,292	**4,388**	24,469	**25,410**	–274	**–305**	36,549	**37,140**
650	**273**	1,768	**1,435**	–1	**9**	1,918	**1,611**
205	**279**	1,472	**1,472**	–1	**9**	1,791	**1,810**
68	**83**	367	**430**	0	**0**	710	**762**
0	**0**	0	**3**	0	**0**	11	**3**
582	**190**	1,401	**1,008**	–1	**9**	1,219	**852**
137	**208**	1,118	**1,098**	–1	**9**	1,106	**1,106**
97	**71**	451	**520**	0	**0**	1,007	**827**
1,063	**1,012**	5,730	**5,629**	–2	**–1**	8,652	**8,512**

NOTES TO THE GROUP ACCOUNTING PRINCIPLES AND METHODS

Accounting principles

METRO AG, the parent company of METRO group (hereinafter referred to as METRO), is a German corporation with registered office at Metro-Straße 1 in 40235 Düsseldorf, Germany. The company is registered in the commercial registry at the District Court in Düsseldorf under HRB 79055. By way of a transformation of entity type, registered in the commercial registry on 11 November 2016, METRO Wholesale & Food Specialist GmbH was transformed into METRO Wholesale & Food Specialist AG, which subsequently changed its company name to METRO AG with effect on 18 August 2017.

These consolidated financial statements of METRO AG as of 30 September 2017 were prepared in accordance with the International Financial Reporting Standards (IFRS). They comply with all mandatory applicable accounting standards and interpretations adopted by the European Union as of this date. Compliance with these standards and interpretations ensures a true and fair view of the asset, financial and earnings position of the METRO group. The consolidated financial statements are published in the Federal Gazette ("Bundesanzeiger") for inspection.

The present consolidated financial statements comply with the provisions of § 315 a of the German Commercial Code (Handelsgesetzbuch, HGB). Together with Regulation (EU) No. 1606/2002 of the European Parliament and Council of 19 July 2002 concerning the application of international accounting standards, they form the legal basis for group accounting according to international standards in Germany.

Pursuant to Article 80 EGHGB, §§ 264, 285, 289 to 289f, 291, 292, 294, 314 to 315e, 317, 320, 325, 331, 334, 335, 336, 340a, 340i, 340n, 341a, 341j, 341n and 342 of the German Commercial Code in the version of the CSR Directive Implementation Act of 11 April 2017 (BGBl. I p. 802) must be applied to annual and consolidated financial statements as well as individual and combined management reports for the financial year commencing after 31 December 2016; the aforementioned regulations in their respective applicable versions prior to 18 April 2017 may be applied to individual and combined management reports for the last time in the financial year commencing prior to 1 January 2017.

The above regulations in their respective versions of the CSR Directive Implementation Act of 11 April 2017 have therefore not been applied to the consolidated financial statements and the combined management report of METRO AG and the group for financial year 2016/17. The combined management report for financial year 2016/17 of both METRO AG and the group were prepared in accordance with the above regulation in their respective versions applicable until 18 April 2017.

The date at which the Management Board of METRO AG signed the consolidated financial statements (30 November 2017) also represents the date at which the Management Board released the consolidated financial statements for publication and submitted them to the Supervisory Board.

These consolidated financial statements are essentially based on the historical costs method. Significant exceptions from this principle are financial instruments recognised at fair value as well as financial assets and liabilities, which are recognised at their fair values as hedged items within a fair value hedge. Furthermore, non-current assets held for sale and disposal groups as well as discontinued operations are recognised at their respective fair value less costs to sell, provided the latter is lower than the carrying amount. Liabilities from cash-settled share-based payments are also recognised at fair value. In addition, provisions are measured at the anticipated settlement amount. Financial liabilities from put options granted to non-controlling shareholders and financial liabilities from earn-out agreements (liabilities from contingent consideration in the context of company acquisitions) are recognised at fair value.

The income statement has been prepared using the cost of sales method.

Certain items in the income statement and the balance sheet have been combined to increase transparency and informative value. These items are listed separately and described in detail in the notes.

The consolidated financial statements have been prepared in euros. All amounts are stated in million euros (€ million) unless otherwise indicated. Amounts below €0.5 million are rounded and reported as €0 million. As of the previous reporting date, 30 September 2016, only the amounts in the income statement, the reconciliation from profit or loss for the period to total comprehensive income, the balance sheet, the statement of changes in equity and the cash flow statement were rounded to produce the respective totals. In all other tables, the individual amounts and the totals were rounded separately. Unless otherwise stated, all amounts were rounded off on the previous year's reporting date of 30 September 2016. For additional clarity, the representation of decimal places in the tables has been omitted. Rounding differences may occur.

The following accounting and measurement methods were used in the preparation of the consolidated financial statements.

Application of new accounting methods

Accounting standards applied for the first time in financial year 2016/17

The following accounting standards and interpretations revised, amended and newly adopted by the International Accounting Standards Board (IASB) that were binding for METRO AG in financial year 2016/17 were applied for the first time in these consolidated financial statements unless the company opted for voluntary early adoption:

IAS 1 (PRESENTATION OF FINANCIAL STATEMENTS)

In the context of the Disclosure Initiative, the following amendments to IAS 1 (Presentation of Financial Statements) were made with respect to the materiality principle, the presentation of the asset position, the income statement or other comprehensive income as well as disclosures in the notes to the financial statements.

In accordance with the materiality principle, information should not be obscured by aggregating information, materiality considerations apply to all parts of a financial statement and the materiality principle is still valid even when a standard requires a specific disclosure.

For one, the changes take into consideration that the list of line items to be presented in the financial statements can be disaggregated and aggregated as relevant and include additional guidance on subtotals in these statements. On the other hand, an entity's share of other comprehensive income as a group of equity-accounted associates and joint ventures is presented in aggregate using the equity method within the comprehensive income of the group based on whether or not it will subsequently be reclassified to profit or loss. The shares in other comprehensive income of associates or joint ventures are immaterial and are therefore not shown separately.

Moreover, comprehensibility and comparability should be considered when determining the order of the notes.

The above changes have only a minor influence on the disclosures in the consolidated financial statements of METRO AG.

ADDITIONAL IFRS AMENDMENTS

The annual improvements to IFRS 2012–2014 comprise, among others, a clarification in IAS 34 (Interim Financial Reporting) regarding the disclosure of information "elsewhere in the interim financial report".

In addition, as part of the improvements, 2 clarifications were made in IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations). If an entity reclassifies an asset (or disposal group) from "held for sale" to "held for distribution" and with this an entity moves from one method of disposal to the other without interruption, this reclassification is seen as a continuation of the original plan of sale. As a result, the entity can continue to apply the accounting requirements applicable to assets (or disposal groups) that are classified as held for sale. The same applies to reclassifications from the category "held for distribution" to the category "held for sale". The reclassification does not result in an extension of the period in which the sale or distribution must be completed.

Assets (or disposal groups) that no longer satisfy the criteria for recognition as held for distribution must be treated in the same way as an asset that is no longer recognised as held for sale and must no longer be recognised in accordance with IFRS 5.

Other accounting rules to be applied for the first time in financial year 2016/17 without material effects on METRO are:

- IFRS 10/IFRS 12/IAS 28 (Amendment: Investment Entities: Applying the Consolidation Exception)
- IFRS 11 (Amendment: Accounting for Acquisitions of Interests in Joint Operations)
- IAS 16/IAS 41 (Change: Amendment: Agriculture Bearer Plants)
- IAS 16/IAS 38 (Amendment: Clarification of Acceptable Methods of Depreciation and Amortisation)
- IAS 27 (Amendment: Equity Method in Separate Financial Statements)

Accounting standards that were published but not yet applied in financial year 2016/17

A number of other accounting standards and interpretations newly adopted or revised by the IASB were not yet applied by METRO AG in financial year 2016/17 because they were either not yet mandatory or have not yet been endorsed by the European Commission.

Standard/ Interpretation	Title	Effective date according to IFRS[1]	Application at METRO AG from[2]	Endorsed by EU[3]
Amendments to IFRS 1	Amendments as a result of the annual improvements cycle 2014–2016 (deletion of temporary exemptions)	1/1/2018	1/10/2018	No
Amendments to IFRS 2	Share-based Payment (Amendment: Classification and Measurement of Share-based Payment Transactions)	1/1/2018	1/10/2018	No
Amendments to IFRS 4	Insurance Contracts (Amendment: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts)	1/1/2018	1/10/2018	Yes
IFRS 9	Financial Instruments	1/1/2018	1/10/2018	Yes
Amendments to IFRS 10/IAS 28	Consolidated Financial Statements/Investments in Associates and Joint Ventures (Amendment: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	unknown[4]	Unknown[4]	No
Amendments to IFRS 12	Amendments as a result of the annual improvements cycle 2014–2016 (clarification of the application area)	1/1/2017	1/10/2017	No
IFRS 15	Revenue from Contracts with Customers	1/1/2018	1/10/2018	Yes
Amendments to IFRS 15	Clarifications to IFRS 15 “Revenue from Contracts with Customers”	1/1/2018	1/10/2018	Yes
IFRS 16	Leases	1/1/2019	1/10/2019	Yes
IFRS 17	Insurance contracts	1/1/2021	1/10/2021	No
Amendments to IAS 7	Statement of Cash Flows (Amendment: Disclosure Initiative)	1/1/2017	1/10/2017	Yes
Amendments to IAS 12	Income Taxes (Amendment: Recognition of Deferred Tax Assets for Unrealised Losses)	1/1/2017	1/10/2017	Yes
Amendments to IAS 28	Amendments as a result of the annual improvements cycle 2014–2016 (clarification on the right to vote in specific cases at fair value)	1/1/2018	1/10/2018	No
Amendments to IAS 40	Investment properties (Amendment: Transfer of Investment Property)	1/1/2018	1/10/2018	No
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1/1/2018	1/10/2018	No
IFRIC 23	Uncertainty over Income Tax Treatments	1/1/2019	1/10/2019	No

[1] Without earlier application.
[2] Application as of 1 October due to deviation of financial year from calendar year; precondition: EU endorsement has been effected.
[3] As of: 30 November 2017 (the date at which the Management Board of METRO AG signed the consolidated financial statements).
[4] Indefinite deferral of effective date by IASB.

IFRS 2 (SHARE-BASED PAYMENT)

The amendment Classification and Measurement of Share-based Payment Transactions relates to 3 aspects of IFRS 2.

Until now, IFRS 2 contained no guidance on how vesting conditions affect the fair value of liabilities for cash-settled share-based payments. IASB has now added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. As a result, market performance conditions and non-service conditions must be considered in fair value, while service conditions and other performance conditions must be considered in the quantity of instruments.

In addition, an exception has been introduced so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payments would have been classified as equity-settled had it not included the net settlement feature.

Moreover, it has been clarified that where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions, the original liability recognised in respect of the cash-settled share-based payment is derecognised and the equity-settled share-based payment is recognised at the modification date’s fair value to the extent services have been rendered up to the modification date. Any difference between the carrying amount of the liability and the amount recognised in equity is to be recognised in profit or loss immediately.

These amendments to IFRS 2 apply to financial years beginning on or after 1 January 2018. Subject to the respective EU endorsement, METRO AG will apply these regulations for the first time on 1 October 2018. These changes will be applied prospectively to any relevant transactions of METRO AG.

IFRS 9 (FINANCIAL INSTRUMENTS)

The new IFRS 9 (Financial Instruments) will replace IAS 39 (Financial Instruments: Recognition and Measurement), covering the classification and measurement of financial instruments.

Financial instruments are recognised when the company preparing the financial statements becomes a contractual partner and thus has acquired the rights of the financial instrument or assumed comparable obligations. As a rule, the initial measurement of financial assets and liabilities is at fair value adjusted for transaction costs, if applicable. Only trade receivables without a significant financing component are recognised at the transaction price.

At the time of recognition, regulations for classification are to be taken into account. According to IAS 39, the subsequent measurement of a financial asset and a financial liability is linked to their classification. Financial assets are classified on the basis of the characteristics of contractual cash flow of the financial asset and the business model which the entity uses to manage the financial asset. The original 4 measurement categories for financial assets were reduced to 2 categories: financial assets recognised at amortised cost (category 1) and financial assets measured at fair value (category 2), wherein the latter category has 2 subcategories.

If the financial asset (debt instruments) is held within a business model whose objective is collecting payments such as principal and interest, and if the contract terms stipulate certain payments are exclusively for principal and interest, this financial instrument shall in principle be recognised at amortised cost (category 1). If the objective of the business model is collecting payments and selling financial assets (debt instruments), and if the payment dates are fixed, the changes in its fair value are recognised in other comprehensive income outside of profit or loss (subcategory 2 a). If these criteria are not cumulatively met, the financial asset is measured at fair value through profit or loss (subcategory 2 b). Amortised cost is determined using the effective interest method, while IFRS 13 (Fair Value Measurement) is applied to determine fair value measurement.

As a rule, equity instruments are classified as subcategory 2 b based on the classification criteria stated above. However, an irrevocable election can be made for equity instruments upon initial recognition to classify them as subcategory 2 a. Furthermore, all debt instruments not recognised at fair value through profit or loss may be classified as subcategory 2 b when doing so eliminates or significantly reduces a measurement or recognition inconsistency (fair value option).

In general, financial liabilities are measured at amortised cost (category 1). In some cases, however, such as with financial liabilities held for trading, fair value measurement through profit or loss is required (subcategory 2 b). Here, too, an entity may elect to apply the fair value option, that is, the measurement at fair value through profit or loss. In contrast to financial assets, financial liabilities can include embedded derivatives that are required to be separated. If separation is required, the host contract is usually measured according to the rules of category 1 and the derivative according to the rules of subcategory 2 b.

Unlike IAS 39 (which uses the incurred loss model), IFRS 9 focuses on expected losses. This expected loss model uses a 3-stage approach for recognising impairment. At the first stage, impairment losses are recognised in the amount of the losses resulting from default on the financial instrument expected in the next 12 months. At stage 2, the expected credit losses that result from all possible default events over the expected life of the financial instrument must be recognised. Calculation at this stage is based on a portfolio of similar instruments. Financial instruments are reclassified from the first to the second stage when the default risk since initial recognition has increased significantly and exceeds a minimum default risk. At the third and final stage, impairment losses are recognised for additional objective indications with respect to the individual financial instrument.

A simplified approach based on the expected loss throughout the lifetime (similar to stage 2) can be applied to trade receivables, certain leasing receivables and contract assets as well as in certain other cases.

In order to reduce the complexity and make hedge accounting more comprehensible on the balance sheet, the following key changes were made. The scope of possible hedged items was expanded. For example, several risk positions can now be more easily combined into a single hedged item and hedged. The net position can be designated as the hedged item if the risks partially offset each other in the combined risk position. In addition, non-derivative financial instruments classified as subcategory 2 b can be designated as hedging instruments. Furthermore, thresholds are no longer stipulated for measuring effectiveness. Effectiveness is assessed in reference to the economic relationship between the hedged item and hedging transaction, taking into account the hedging ratio and default risk.

IFRS 9 applies to financial years beginning on or after 1 January 2018. METRO AG will thus apply these guidelines for the first time on 1 October 2018. As part of a project dealing with the introduction of IFRS 9 at METRO AG, the following qualitative effects of the new standard were analysed over the course of financial year 2016/17. METRO AG has not yet completed the detailed analysis of IFRS 9, which means that the effects on the financial statements may not be clearly foreseeable for its first application.

Shares in money market funds will for the most part be accounted for at fair value through profit or loss. For the classification and measurement of debt instruments, METRO AG currently does not expect significant effects in terms of amount.

The extent to which effects from the fair value measurements of equity instruments will be material can not yet be estimated. Beyond that, the exercise of the option to recognise changes in fair value for equity instruments has not yet been decided.

The classification and measurement of financial liabilities is unlikely to change significantly.

The effect at the transition point from the first application of the expected credit loss model can not yet be reliably estimated at the moment. However, due to the short maturities and the high credit quality of the financial assets, this first-time application effect is considered to be relatively low. In the following years, the introduction of the impairment models could lead to a higher fluctuation in the income statement, since the level of risk provisions, in particular for trade receivables, also depends on economic conditions. METRO AG is currently assuming that the previous hedge accounting can continue.

During transitioning to the new classification and measurement methods and the new impairment model, METRO AG will not change the previous year's figures to IFRS 9 and therefore adjust the reserves retained from earnings as of October 1 2018 in order to capture the effects of the first-time application of the standard.

In order to ensure the presentation of the new notes, in particular with regard to credit risks and expected losses, system and reporting adjustments are expected to be required.

IFRS 10 (CONSOLIDATED FINANCIAL STATEMENTS) AND IAS 28 (INVESTMENTS IN ASSOCIATES AND JOINT VENTURES)

A conflict exists between the current requirements of IFRS 10 (Consolidated Financial Statements) and IAS 28 (Investments in Associates and Joint Ventures) regarding the sale or contribution of assets between an investor and its associate or joint venture. IAS 28 requires a partial gain or loss recognition, limited to the unrelated investors' interests in the investee, for all transactions between an investor and its associate or joint venture. IFRS 10, in contrast, requires that the gain or loss that arises on the loss of control of a subsidiary is recognised in full.

The amendment clarifies how to account for the gain or loss from transactions with associates or joint ventures, with the partial or full recognition requirement depending on whether or not the assets being sold or contributed are a business as defined in IFRS 3 (Business Combinations). IFRS 3 defines a business as an integrated set of activities that is required to have inputs and processes which together are used to create outputs.

If the sold or contributed asset classifies as a business, the gain or loss from the transaction must be recognised in full. In contrast, the gain or loss from the sale of assets that do not classify as a business to associates or joint ventures or their contribution to associates or joint ventures must be recognised only to the extent of the unrelated investors' interests in the associate or joint venture.

If a group of assets is to be sold or contributed in separate transactions, the investor must assess whether this group of assets constitutes a single business and should be accounted for as a single transaction.

IASB has indefinitely deferred the original effective date of this amendment for financial years starting on or after 1 January 2016. As a result, the date of first-time application of this amendment at METRO AG is unknown. As METRO AG currently follows the rules of IFRS 10, future transactions will be impacted accordingly.

IFRS 15 (REVENUE FROM CONTRACTS WITH CUSTOMERS)

The new IFRS 15 will replace IAS 18 (Revenue) and IAS 11 (Construction Contracts) and related interpretations and stipulates a uniform and comprehensive model for recognising revenue from customers.

The new standard uses a 5-step model to determine the amount of revenue and the date of realisation. In the first step, contracts with the customers are identified. According to IFRS 15, a contract is entered into by the contractual partners if the company can identify the rights of the customer to goods and services and the payment terms and if the agreement has economic substance. In addition, it must be probable that the company will collect the consideration. If a company has more than 1 contract with a single customer at (virtually) the same time, and if certain criteria are met, the contracts can be combined and treated as a single contract.

As a rule, a contract as defined in IFRS 15 can include several performance obligations. Therefore, possible separate performance obligations are identified within a single contract in the second step. A separate performance obligation is identified when a good or service is distinct. This is the case when the customer can use a good or service on its own or together with other readily available resources and it is separately identifiable from other commitments in the contract.

In the third step, the transaction price corresponding to the expected consideration is determined. The consideration may include fixed and variable components. For variable compensation, the expected amount is to be estimated carefully based on either the expected value or the most probable amount, depending on which amount best reflects the amount of consideration. In addition, the consideration includes the interest rate effect if the contract includes a financing component significant to the contract, the fair value of non-cash considerations and the effects of payments made to the customer such as rebates and coupons.

The allocation of the transaction price to separate performance obligations is carried out in the fourth step. In principle, the transaction price is to be allocated to the separately identified performance obligations in relation to the relative stand-alone selling price. Observable data must be used to determine the stand-alone selling price. If this is not possible, estimates are to be made. For this purpose, IFRS 15 suggests various methods for estimating according to which the estimates are based on market prices for similar services or expected costs plus a surcharge. In exceptional cases, the estimate can also be based on the residual value method.

In the fifth and final step, revenue is recognised at the point in time when the performance obligation is satisfied. The performance obligation is satisfied when the control of the good or service is transferred to the customer. The performance obligation can be satisfied at a point in time or over a period of time. If the performance obligation is satisfied over time, the revenue is recognised over the period in which the performance obligation is satisfied in a manner that best reflects the continuous transfer of control over time.

In addition to the 5-step model, IFRS 15 addresses various special topics such as the treatment of costs for obtaining and fulfilling a contract, presentation of contract assets and liabilities, rights of return, commission business, customer retention and customer loyalty programmes. In addition, the disclosures in the notes are significantly expanded. Accordingly, this includes qualitative and quantitative disclosures to be made in the future on contracts with customers, on significant estimates and judgements as well as changes over time.

IFRS 15 is to be applied for the first time to financial years beginning on or after 1 January 2018. The group does not make use of the option of early adoption of IFRS 15, but will apply the standard for the first time for financial year 2018/2019 beginning on 1 October 2018 (IFRS 15 transition year). METRO AG will apply the option of simplified first-time adoption, i.e. recognising the cumulative effects of the application of IFRS 15 on all contracts that were not yet fulfilled at the beginning of the reporting period as an adjustment to the opening balance of equity at the date of initial application without affecting net income. As a result, comparative figures from the prior-year periods are not adjusted but a reconciliation for financial year 2018/2019 between old regulations and IFRS 15 is presented to explain the changes in balance sheet and income statement items for the current period resulting from first-time adoption of IFRS 15.

The focus of the group-wide project for the introduction of IFRS 15 in financial year 2016/2017, which has been in progress since 2016, focused in particular on the identification of the qualitative IFRS 15 impacts of the largest Group companies. For the identified impacts, a materiality analysis will be carried out in the coming financial year in order to identify and quantify the key impacts to be implemented. Based on the results, the next step is to analyse the possible adjustment of processes and systems to ensure IFRS 15 compliant accounting for financial year 2018/2019. Based on the impact analysis that has been carried out so far, the group does not expect any significant change in the timing of revenue recognition or in the allocation of the transaction price between the individual performance obligations.

Based on the results of the analyses carried out in financial year 2016/2017, the following IFRS 15 impacts were basically determined:

As part of discount campaigns or customer loyalty programmes (for instance: gold and silvercards at METRO Cash & Carry Germany), the customer is regularly granted the option of acquiring additional goods or services at a discounted price in the future. Part of the transaction price can be allocated to the resulting essential right. In the future, sales will be accrued under contract liability. Revenue recognition for the essential right occurs at the time the right is redeemed or expired, potentially leading to a later recognition of revenue.

For certain business models, situations were identified where third parties are involved in performing obligations in contracts with customers (e.g. sushi counter, Tchibo, third-party vouchers, extended warranties). The acknowledgement of whether METRO AG acts as principal or agent in those matters must be reassessed based on the indicator changes in IFRS 15. The outcome of this assessment is decisive for the gross or net presentation of revenues. In this context, the accounting of commissions received should be particularly appreciated.

Sales in some METRO Cash & Carry business models regularly result in redemption or conversion rights. These may be legally binding or arise from active business practice. Refunds represent a form of variable consideration in the determination of the transaction price. The disclosure of the return obligations will in the future be made in the liabilities section under the item return liability. In addition, an asset is recognised for the company's right to recover products upon settlement of the return obligation (return asset).

Some METRO business models include multicomponent contracts, which allow customers to purchase subsidised products when the contract is signed. An example is the business model of the professional equipment supply of METRO Cash & Carry France. Customers receive a complete solution, from design through to delivery, installation and maintenance of restaurant facilities. In such cases, the total consideration of the contract shall be divided into the identifiable performance obligations in accordance with the relative individual selling prices and, in comparison to the previous accounting, a potentially larger part of the total compensation is attributable to previously subsidised component, so that in the future revenues for those products must be reported earlier. As a result, the balance sheet total asset at the time of initial application may increase due to in contract assets being activated. Legally, these represent receivables not yet incurred from the customer contract.

In some business models, METRO AG customers are granted volume discounts if predefined turnover thresholds are exceeded, which usually leads to subsequent price reductions (for example: reduction of the purchase price of kitchens in the “project business kitchens” for achieving certain minimum purchase quantities of METRO Cash & Carry products following the kitchen purchase). Those purchase price reductions are to be considered on the basis of an estimate when determining the transaction price as a variable consideration.

In the future, additional costs of obtaining a contract are to be capitalised under certain conditions and written off over the term of the contract or the average commitment period.

In the case of METRO AG, these costs can relate to, for example, incentivising sales employees in the form of commissions for the acquisition of new customers.

A clarification was released following the adoption of the new IFRS 15. It supplements the IFRS 15 regulations with respect to identifying performance obligations, principal versus agent considerations and the separation of licences. It also includes provisions for a simplified transition to IFRS 15.

The clarification to IFRS 15, which was adopted into EU law on 9 November 2017, will be effective for reporting periods beginning on or after 1 January 2018. The project dealing with the introduction of IFRS 15 at METRO AG will also consider the impact of the clarifications.

IFRS 16 (LEASES)

The new standard IFRS 16 will replace the currently applicable standard IAS 17 (Leases) and IFRIC 4 (Determining Whether an Arrangement Contains a Lease). IFRS 16 generally applies to contracts that convey the right to use an asset, rental contracts and leases, subleases and sale-and-leaseback transactions. A lessee can elect to apply IFRS 16 to leases of certain intangible assets, whereas agreements on service concessions or leasing of natural resources are outside the scope of IFRS 16.

In contrast to IAS 17, the definition of a lease in IFRS 16 focuses on the concept of control. A lease exists when a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The key change of IFRS 16 compared to IAS 17 concerns the lessee accounting model. Lessees no longer have to classify leases as operating or finance. Instead, the lessee recognises a right-of-use asset and a lease liability upon commencement of the lease when the lessor makes an underlying asset available for use by the lessee.

The lessee measures the lease liability at the present value of the lease payments payable over the lease term. The lease payments include all fixed payments less any lease incentives for the conclusion of the contract. This includes all index-based variable lease payments. In addition, the lease payments must include any variable lease payments that classify as in-substance fixed payments as well as amounts expected to be payable by the lessee under residual value guarantees. The exercise price of a purchase or lease extension option must be included if the lessee is reasonably certain to exercise that option. In addition, the lease payments must include payments of penalties for terminating the lease if the lease term reflects the lessee exercising an option to terminate the lease.

Measurement must be based on the interest rate implicit in the lease. If the lessee is unable to determine this interest rate, the lessee’s incremental borrowing rate may be applied. Over the term of the lease, the lease liability is accounted for under the effective interest method in consideration of lease payments made. Changes in the calculation parameters, such as changes in the lease term, a reassessment of the likelihood that a purchase option will be exercised or expected lease payments, require a remeasurement of the liability.

The simultaneously recognised right-of-use asset is capitalised at the amount of the liability adjusted for lease payments made and directly attributable costs. Any payments received from the lessor that are related to the lease are deducted. Measurement also considers any reinstatement obligations from leases.

After initial recognition, the right-of-use asset can be measured at amortised cost or using the revaluation method, respectively, under IAS 16 (Property, Plant and Equipment) or IAS 40 (Investment Property). When applying the amortised cost model, the right-of-use asset is depreciated over the shorter period lease term or its useful life. If it is reasonably certain upon commencement of the lease that ownership of the asset will pass to the lessee at the end of the lease, the right-of-use asset is depreciated over the economic life of the underlying asset. IAS 36 (Impairment of Assets) must be considered.

Correspondingly, a remeasurement of the lease liability to reflect changes in lease payments leads to an adjustment of the right-of-use asset outside of profit or loss. Any negative adjustments exceeding the carrying amount must be recognised through profit or loss.

Lessees can elect to make use of several policy options. For accounting and measurement, they have the option to build a portfolio of leases with similar characteristics. In addition, they may elect not to apply the right-of-use approach to short-term leases (with a maximum term of 12 months) and so-called low-value assets. Low-value assets are a component of leases that, individually, are not material to the business. If a lessee elects to make use of this policy option, the lease is recognised in accordance with the previously applicable IAS 17 regulations on operating leases.

In the future, comprehensive qualitative and quantitative information must be provided in the notes to the financial statements.

The revised definition of leases also applies to the lessor and can lead to assessments deviating from IAS 17. However, the lessor continues to classify a lease as either an operating lease or a finance lease. Except for sale-and-leaseback transactions, IFRS 16 does not result in any material changes for lessors.

In the case of sale-and-leaseback transactions, the sold entity must first apply the requirements of IFRS 15 to determine whether a sale has actually occurred. If the transfer is classified as a sale in accordance with IFRS 15, the seller/lessee measures a right-of-use asset arising from the leaseback as the proportion of the previous carrying amount of the asset that relates to the right of use retained. The gain (or loss) that the seller/lessee recognises is limited to the proportion of the total gain (or loss) that relates to the rights transferred to the buyer/lessor. If the transfer is not a sale, the transaction is treated like a financing transaction without a disposal of the asset.

IFRS 16 is applicable for reporting periods beginning on or after 1 January 2019.

METRO AG will apply these regulations for the first time on 1 October 2019, and thus refrains from early application of the standard together with IFRS 15 on 1 October 2018. As part of a group-wide changeover project for the introduction of IFRS 16, METRO AG has already analysed the effects of IFRS 16 during the past financial year 2016/17 (“impact analysis”).

The new leasing standard IFRS 16 has a significant impact on the true and fair view of the asset, financial and earnings position of METRO AG.

While future payment obligations for operating leases had previously only been disclosed in the notes, the resulting rights and payment obligations are to be accounted for in future as rights of use and lease liabilities. This mainly affects the leasing of real estate.

METRO AG expects a significant increase in total assets at the time of initial application in the amount of €3 to €4 billion due to the increase in fixed assets based on the addition of the right of use to be capitalised depending on the selected conversion method. The modified retroactive approach with the option of applying the right of use in the amount of the lease liability will not apply according to the current state of affairs.

Additional impairment losses and interest expenses will be recognised in the income statement in the future instead of leasing expenses. This leads to an improvement in EBIT at the expense of the financial result of a low 3-digit million euros amount.

In the impact analysis, the modified standard method is used to calculate the effects on the financial ratios. The right of use of the leased asset is measured at its carrying amount as if the standard had been applied since the beginning of the lease, but discounted using the marginal interest expense on borrowings at the time of first-time adoption. Meanwhile, the lease liability is measured at the present value of the remaining lease payments using the marginal interest expense on borrowings at the time of first-time adoption. The cumulative effect of this is recognised in reserves retained from earnings. A decision as to which transitional method is applied, entirely retroactively or retroactively modified, has not yet been reached by METRO AG.

METRO AG will exercise the option of not applying the right-of-use approach to low-value assets (mainly business and office equipment) and short-term leases (maximum terms of 12 months). Rental expenses for these assets must therefore be recognised directly in the income statement.

Exercising the option to separate lease and non-lease components (service) in a contract has not yet been decided.

IAS 7 (STATEMENT OF CASH FLOWS)
The amendments to IAS 7 in the context of the Disclosure Initiative will require entities to provide disclosures on the following changes in liabilities arising from financing activities: changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates, changes in fair values and other changes. Financial liabilities are defined as liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities.

In addition, the amendments state that changes in financial liabilities must be disclosed separately from changes in other assets and liabilities.

These amendments to IAS 7 apply to financial years beginning on or after 1 January 2017. METRO AG will apply these regulations for the first time on 1 October 2017 and extend its disclosures accordingly.

ADDITIONAL IFRS AMENDMENTS
At this point, the first-time application of the other standards and interpretations listed in the table as well as of other standards revised as part of the annual improvements is not expected to have a material impact on the group's asset, financial and earnings position.

Segment reporting

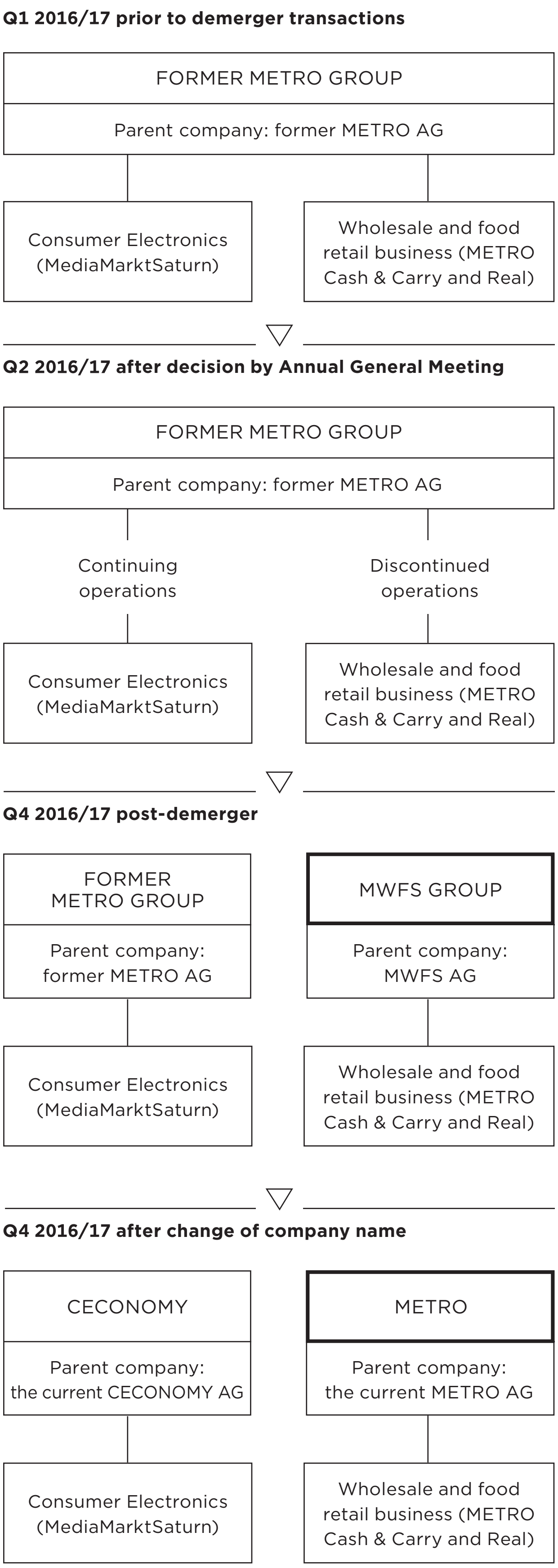
As of 12 July 2017, the wholesale and food retail business, and hence the reporting segments METRO Cash & Carry and Real (including other related real estate and holding activities), was separated from the current CECONOMY AG. As a result, changes were made to segment reporting. Please refer to the comments on the demerger and segment reporting.

Demerger of the former METRO GROUP

The demerger of the former METRO GROUP into 2 legally independent listed companies was announced in March 2016 and finalised during the course of financial year 2016/17. Initially, the wholesale and food retail business including real estate as well as the associated management and service activities were transferred from the former METRO AG to METRO Wholesale & Food Specialist AG (hereinafter: MWFS AG). The consumer electronics business unit remained in the former METRO AG. Following the demerger, the former METRO AG changed its name to CECONOMY AG. In turn, MWFS AG changed its name to METRO AG.

In order to clarify the relationships before and after the demerger, the following diagram shows the individual steps in the demerger in a simplified form:

DEFINITION OF TERMS FOR METRO



Following the resolution and approval by the Annual General Meeting of the former METRO AG on the demerger agreement on February 6 2017, the MWFS business unit was reported separately in the consolidated balance sheet of the former METRO AG pursuant to IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations) as a discontinued operation until the spin off took effect. As of this date, the individual assets and liabilities of the MWFS division in the consolidated balance sheet of the former METRO AG were not further amortised and measured at the lower carrying amount and fair value less costs to sell.

In the present financial statements of the new METRO AG, the previous year's figures as of 30 September 2016 correspond to those reported in the combined financial statements of the MWFS GROUP. The previous year's income statement and cash flow statement figures also correspond to those of the combined financial statements.

MWFS AG changed its name to METRO AG on 18 August 2017.

Consolidation group

Besides METRO AG, all companies indirectly or directly controlled by METRO AG are included in the consolidated financial statements if these companies individually or as a group are not immaterial to the consolidated financial statements. Control exists if there is a possibility to control a company's financial and business policy through a majority of voting rights or according to the Articles of Association, company contract or contractual agreement in order to benefit from this company's business activities.

METRO's operational business is divided into the following 2 Segments:

- METRO Wholesale
- Real

Besides METRO AG, 203 German (30/9/2016: 186) and 215 international (30/9/2016: 215) companies were included in the consolidated financial statements.

The group of consolidated companies changed as follows in financial year 2016/17:

As of 1/10/2016	401
Changes in financial year 2016/17	
Companies merged with other consolidated subsidiaries	3
Disposal of shares	3
Other disposals	18
Newly founded companies	29
Acquisitions	13
As of 30/9/2017	**419**

Deconsolidated companies are included as group companies up to the date of their disposal.

Mergers with other consolidated subsidiaries as well as the sales, each comprise 2 companies in the METRO Wholesale segment and 1 company in the Others segment.

The other disposals result in particular from 9 liquidations.

Additions due to newly founded companies concern the Others segment (22 companies), METRO Wholesale (4 companies) and Real (3 companies).

The acquisitions mainly relate to the acquisition of Pro à Pro (11 companies).

Effects from changes in the consolidation group that are of special significance are explained separately in the respective items.

For materiality reasons, 4 affiliated subsidiaries are not fully consolidated.

Structured entities

Structured entities within METRO concern leasing companies. The key purpose of the leasing companies is to acquire, lease out and manage assets. As of the closing date, 9 (30/9/2016: 11) structured entities were fully consolidated. There are no relationships with unconsolidated structured entities.

Investments accounted for using the equity method

22 associates (30/9/2016: 21) and 7 joint ventures (30/9/2016: 5) are recognised in the consolidated financial statements according to the equity method.

Another 2 companies (30/9/2016: 4) in which METRO AG indirectly or directly holds between 20 and 50% of the voting rights were valued at cost because they did not qualify as associates or because materiality considerations made the use of the equity method unnecessary.

OVERVIEW OF MAJOR SUBSIDIARIES WITH NON-CONTROLLING INTERESTS

in € million

30/9/2016

Name	Registered office	Non-controlling interests in %	Non-controlling interests as of 30/9/2016	Dividends paid[1]	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Sales	Profit share[1]
METRO Wholesale										
METRO Jinjiang Cash & Carry Co., Ltd.	Shanghai, China	10.00	9	0	276	738	3	856	2,635	4

30/9/2017

Name	**Registered office**	**Non-controlling interests in %**	**Non-controlling interests as of 30/9/2017**	**Dividends paid[1]**	**Non-current assets**	**Current assets**	**Non-current liabilities**	**Current liabilities**	**Sales**	**Profit share[1]**
METRO Wholesale										
METRO Jinjiang Cash & Carry Co., Ltd.	Shanghai, China	10.00	24	0	326	768	3	841	2,672	11

[1] Attributable to non-controlling shareholders.

— **A complete list of all major companies is shown in no. 54 – overview of the major fully consolidated group companies. In addition, a complete list of all group companies and associates is shown in no. 56 – affiliated companies of METRO AG as of 30 September 2017 pursuant to § 313 of the German Commercial Code.**

Consolidation principles

The financial statements of German and foreign subsidiaries included in the consolidated accounts are prepared using uniform accounting and valuation methods as required by IFRS 10 (Consolidated Financial Statements).

Consolidated companies that, unlike METRO AG, do not close their financial year on 30 September prepared interim financial statements for IFRS consolidation purposes. In principle, subsidiaries are fully consolidated insofar as their consolidation is of material importance to the presentation of a true and fair view of the assets, financial and earnings position.

In accordance with IFRS 3 (Business Combinations), capital consolidation is effected using the purchase method. In the case of business combinations, the carrying amounts of the investments are offset against the revalued pro rata equity of the subsidiaries as of their acquisition dates. Any positive differences remaining after the allocation of hidden reserves and hidden burdens are capitalised as goodwill. Goodwill is tested for impairment regularly once a year – or more frequently if changes in circumstances indicate a possible impairment. If the carrying amount of a unit that was assigned goodwill exceeds the recoverable amount, an impairment loss of the goodwill is recognised to the amount of the difference between both values.

In addition, in the case of company acquisitions, hidden reserves and burdens attributable to non-controlling interests must be disclosed and reported in equity as “non-controlling interests”. METRO does not use the option to recognise the goodwill attributable to non-controlling interests. In accordance with IFRS 3, any negative differences remaining after the allocation of hidden reserves and hidden burdens as well as after another review during the period in which the business combination took place are recognised through profit or loss.

Purchases of additional shareholdings in companies where a controlling interest has already been acquired are recognised as equity transactions. As a result, the assets and liabilities are not remeasured at fair value, nor are any gains or losses recognised. Any differences between the cost of the additional shareholding and the carrying amount of the net assets on the date of acquisition are directly offset against the capital attributable to the buyer.
Any impairment losses and reversals of impairment losses to shares in consolidated subsidiaries carried in the individual financial statements are reversed.

Investments in associates and joint ventures are accounted for using the equity method and treated in accordance with the principles applying to full consolidation, with existing goodwill being included in the amount capitalised for investments. The recognition of income from investments in associates, joint ventures and joint operations in the income statement depends on whether the investee carries out operating or non-operating activities. Operating activities include the retail and wholesale businesses as well as related support activities (for example, renting/leasing of retail properties, procurement, logistics). Income from operating associates, joint ventures and joint operations is recognised in EBIT; income from non-operating entities is recognised in the net financial result. Any deviating accounting and measurement methods used in the financial statements of entities valued at equity are retained as long as they do not substantially contradict METRO's uniform accounting and valuation methods.

According to IFRS 11, the individual partners in joint arrangements recognise their portion of jointly held assets and jointly incurred liabilities in their own balance sheet.

Intra-group profits and losses are eliminated; sales, expenses and income as well as receivables and liabilities and/or provisions are consolidated. Interim results in fixed assets or inventories resulting from intra-group transactions are eliminated unless they are of minor significance. In accordance with IAS 12 (Income Taxes), deferred taxes are recognised for consolidation procedures.

Unrealised gains from transactions with companies accounted for using the equity method are derecognised against the investment in the amount of the group's share in the investee.

In joint arrangements, each of the partner companies recognises its own portion of sales, income and expenses resulting from the joint arrangement in its income statement.

A reduction in the holding in a subsidiary must be recognised in reserves retained from earnings as an equity transaction outside of profit or loss as long as the parent company can continue to exercise control. If a reduction in the holding or its complete disposal entails a loss of control, full consolidation of the subsidiary is ended when the parent company has lost its control opportunity over the subsidiary. All assets, liabilities and equity items that were previously fully consolidated will then be derecognised at amortised group carrying amounts. Deconsolidation of the derecognised holdings is carried out in line with the general rules on deconsolidation. Any remaining residual shares are recognised at fair value as a financial instrument according to IAS 39 or as a holding valued using the equity method pursuant to IAS 28.

Currency translation

Foreign currency transactions

In the subsidiaries' separate financial statements, transactions in foreign currency are valued at the rate prevailing on the transaction date. Monetary assets and liabilities in foreign currency are valued at the closing date exchange rate. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated at the rate prevailing at the time the fair value was determined. Non-monetary items measured at historical acquisition or production costs in foreign currency are translated at the rate valid at the transaction date.

In principle, gains and losses from exchange rate fluctuations incurred until the closing date are recognised in profit or loss. Currency translation differences from receivables and liabilities in foreign currency, which must be regarded as a net investment in a foreign operation, equity instruments held for sale and qualified cash flow hedges are reported as reserves retained from earnings outside of profit or loss.

Foreign operations
The annual financial statements of foreign subsidiaries are translated into euros according to the functional currency concept of IAS 21 (The Effects of Changes in Foreign Exchange Rates). The functional currency is defined as the currency of the primary economic environment of the subsidiary. Since all consolidated companies operate as financially, economically and organisationally autonomous entities, their respective local currency is the functional currency. Assets and liabilities are therefore translated at the current exchange rate prevailing on the closing date. As a rule, income statement items are translated at the average exchange rate during the financial year. Differences from the translation of the financial statements of foreign subsidiaries do not affect income and are shown as separate items under reserves retained from earnings. To the extent that foreign subsidiaries are not under the full control of the parent company, the relevant share of currency differences is allocated to the non-controlling interests.

Currency differences are recognised through profit or loss in the net financial result in the year in which the operations of a foreign subsidiary are deconsolidated or terminated. In a partial disposal in which a controlling interest in the foreign subsidiary is retained, the relevant share of cumulated currency differences is allocated to the non-controlling interests. Should foreign associates or jointly controlled entities be partially sold without the loss of significant influence or joint control, the relevant share of the cumulated currency differences is recognised in the income statement.

In financial year 2016/17, no functional currency of a consolidated company was classified as hyperinflationary as defined by IAS 29 (Financial Reporting in Hyperinflationary Economies).

The following exchange rates were applied in the translation of key currencies outside the European Economic and Monetary Union that are of major significance for METRO:

		Average exchange rate per €		Exchange rate at closing date per €	
		2015/16	**2016/17**	30/9/2016	**30/9/2017**
Egyptian pound	EGP	9.25176	**18.79223**	9.85335	**20.78390**
Bosnian mark	BAM	1.95583	**1.95583**	1.95583	**1.95583**
Pound sterling	GBP	0.78209	**0.87177**	0.86103	**0.88178**
Bulgarian lev	BGN	1.95583	**1.95583**	1.95583	**1.95583**
Chinese renminbi	CNY	7.25857	**7.52183**	7.44630	**7.85340**
Danish krone	DKK	7.45069	**7.43772**	7.45130	**7.44230**
Hong Kong dollar	HKD	8.62172	**8.59544**	8.65470	**9.22140**
Indian rupee	INR	74.22463	**72.61794**	74.36550	**77.06900**
Indonesian rupiah	IDR	14,923.41000	**14,704.02000**	14,566.22000	**15,888.51000**
Japanese yen	JPY	124.09443	**122.90301**	113.00000	**132.82000**
Kazakhstani tenge	KZT	370.06902	**360.51395**	375.52000	**402.64000**
Croatian kuna	HRK	7.55920	**7.46142**	7.52200	**7.49500**
Moroccan dirham	MAD	10.86310	**10.85997**	10.91235	**11.11785**
Moldovan leu	MDL	22.09941	**21.12759**	22.16110	**20.74650**
Norwegian krone	NOK	9.36916	**9.18636**	8.98650	**9.41250**
Pakistani rupee	PKR	116.46653	**116.00002**	116.96670	**124.35150**
Polish zloty	PLN	4.33360	**4.29356**	4.31920	**4.30420**
Romanian leu	RON	4.47856	**4.54062**	4.45370	**4.59930**
Russian rouble	RUB	75.28270	**65.71585**	70.51400	**68.25190**
Swiss franc	CHF	1.09130	**1.09089**	1.08760	**1.14570**
Serbian dinar	RSD	122.49388	**122.45092**	123.29290	**119.36590**
Singapore dollar	SGD	1.53280	**1.53981**	1.52350	**1.60310**
Czech koruna	CZK	27.04140	**26.67131**	27.02100	**25.98100**
Turkish lira	TRY	3.25276	**3.88674**	3.35760	**4.20130**
Ukrainian hryvnia	UAH	27.55541	**29.07864**	28.94817	**31.37857**
Hungarian forint	HUF	312.27877	**308.69863**	309.79000	**310.67000**
US dollar	USD	1.11098	**1.10467**	1.11610	**1.18060**
Vietnamese dong	VND	24,274.08000	**24,607.59000**	24,585.96000	**26,487.30000**

Income statement

Recognition of income and expenses
In accordance with IAS 18 (Revenue), **sales** and **other operating income** are reported immediately upon rendering of the service or delivery of the goods. In the latter case, the timing is determined by the transfer of risk to the customer. Where customers are granted the right to return goods and cancel services, sales are recognised only if the probability of return can be reliably estimated. To this end, return rates are calculated on the basis of historical data and projected to future take-back obligations. No sales are recognised for the portion allocated to the expected returns; instead, a provision is recognised. Sales are shown after deduction of value added tax, rebates and discounts. Gross amounts are shown – that is, at the level of the customer payment (less sales tax and revenue reduction) – where the company assumes the essential opportunities and risks associated with the sale of the goods or services. Net sales are shown for commission transactions, as defined by the company. Sales revenues from contracts with several contractual components (for example, sale of goods plus additional services) are realised when the respective contractual components have been fulfilled. Sales are realised based on the estimated fair value of the individual contractual components.

Performance-based government grants attributable to future periods are recognised on an accrual basis according to the corresponding expenses. Performance-based grants for subsequent periods which have already been received are shown as deferred income and the corresponding income is recognised in subsequent periods.

Operating expenses are recognised as expenses upon use of the service or on the date of their causation.

The **net financial result** at METRO primarily comprises dividends and interest. As a rule, dividends are recognised as income when the legal claim to payment arises. Interest is recognised as income or expenses and, where applicable, on an accrual basis using the effective interest method. Debt capital interests that are directly attributable to the acquisition or production of a so-called qualified asset represent an exception as they must be included in the acquisition or production costs of the asset capitalised pursuant to IAS 23 (Borrowing Costs).

Income taxes

Income taxes concern direct taxes on income and deferred taxes. As a rule, they are recognised through profit or loss unless they are related to business combinations or an item that is directly recognised in equity or other comprehensive income.

Balance sheet

Goodwill

In accordance with IFRS 3 (Business Combinations), **goodwill** is capitalised. Goodwill resulting from business combinations is attributed to the group of so-called cash-generating units (CGUs) that benefits from the synergies of this business combination. In accordance with IAS 36 (Impairment of Assets), a CGU is defined as the smallest identifiable group of assets that generates cash inflows largely independently from the cash inflows of other assets or groups of assets. As a rule, single locations represent cash-generating units at METRO. Until the demerger, goodwill at METRO Cash & Carry is monitored at the level of the 3 customer clusters HoReCa (focusing on hotels, restaurants and catering firms), Trader (focusing on independent resellers such as kiosk operators, bakers and butchers) as well as Multispecialist (focusing on the remaining customer groups as well as service companies and offices). After the demerger, goodwill is monitored at the level of sales format per country. At Real, goodwill is generally monitored at the level of the organisational unit sales line per country. Goodwill impairment tests are therefore conducted at the level of this respective group of cash-generating units.

Goodwill is regularly tested for impairment once a year – or more frequently if changes in circumstances indicate a possible impairment. If an impairment exists, an impairment loss is recognised through profit or loss. To determine a possible impairment, the recoverable amount of a CGU is compared to the respective carrying amount of the CGU. The recoverable amount is the higher of value in use and fair value less costs to sell. An impairment of the goodwill allocated to a CGU applies only if the recoverable amount is lower than the total of carrying amounts. No reversal of an impairment loss is performed if the reasons for the impairment in previous years have ceased to exist.

Other intangible assets

Purchased other intangible assets are recognised at cost of purchase. In accordance with IAS 38 (Intangible Assets), **internally generated intangible assets** are capitalised at their production cost. Research costs, in contrast, are not capitalised, but immediately recognised as expenses. The cost of manufacture includes all expenditure directly attributable to the development process. This may include the following costs:

Direct costs	Direct material costs
	Direct production costs
	Special direct production costs
Overhead	Material overhead
(directly attributable)	Production overhead
	Depreciation/amortisation/ impairment losses
	Development-related administrative costs

Borrowing costs are factored into the determination of production costs only in the case of so-called qualified assets pursuant to IAS 23 (Borrowing Costs). Qualified assets are defined as non-financial assets that take a substantial period of time to prepare for their intended use or sale.

The subsequent measurement of other intangible assets with a finite useful life is effected based on the cost model. No use is made of the revaluation option. All other intangible assets of METRO with a finite useful life are subject to straight-line amortisation. Capitalised internally created and purchased software as well as comparable intangible assets are amortised over a period of up to 10 years, while licences are amortised over their useful life. These intangible assets are examined for indications of impairment at each closing date. If the recoverable amount is below the amortised cost, an impairment loss is recognised. The impairment loss is reversed if the reasons for the impairment in previous years have ceased to exist.

Other intangible assets with an infinite useful life are not subject to straight-line amortisation, but are subjected to an impairment test at least once a year. Impairments and value gains are recognised through profit or loss based on the historical cost principle.

Property, plant and equipment

Property, plant and equipment are recognised at amortised cost pursuant to IAS 16 (Property, Plant and Equipment). The manufacturing cost of internally generated assets includes both direct costs and directly attributable overhead. Borrowing costs are only capitalised in relation to qualified assets as a component of acquisition or production costs. In line with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance), **investment grants** received are offset against the acquisition or production costs of the corresponding asset without recognition of an item of deferral for the grants on the liabilities side. **Reinstatement obligations** are included in the cost of purchase or production at the discounted settlement value. Subsequent purchase or production costs of property, plant and equipment are only capitalised if they result in a higher future economic benefit for METRO.

Property, plant and equipment are solely depreciated on a straight-line basis using the cost model pursuant to IAS 16. The optional revaluation model is not applied. Throughout the group, depreciation is based on the following useful lives:

Buildings	10 to 33 years
Leasehold improvements	8 to 15 years or shorter rental contract duration
Business and office equipment	3 to 13 years
Machinery	3 to 8 years

Capitalised reinstatement costs are depreciated on a pro rata basis over the useful life of the asset.

Pursuant to IAS 36, an impairment test will be carried out if there are any indications of impairment of property, plant and equipment. Impairment losses on property, plant and equipment will be recognised if the recoverable amount is below the amortised cost. Impairment losses are reversed up to the amount of amortised acquisition or production costs if the reasons for the impairment have ceased to exist.

In accordance with IAS 17 (Leases), economic ownership of leased assets is attributable to the lessee if all the material risks and rewards incidental to ownership of the asset are transferred to the lessee **(finance lease).** If economic ownership is attributable to a METRO company acting as lessee, the leased asset is capitalised at fair value or at the lower present value of the minimum lease payments when the lease is signed. Analogous to the comparable purchased property, plant and equipment, leased assets are subject to depreciation over their useful lives or the lease term if the latter is shorter. However, if it is sufficiently certain that ownership of the leased asset will be transferred to the lessee at the end of the lease term, the asset is depreciated over its useful life. Payment obligations resulting from future lease payments are carried as liabilities. Conversely, they are recognised as receivables by the lessor.

An **operating lease applies** when economic ownership of the leased object is not transferred to the lessee. The lessee does not recognise assets or liabilities for operating leases, but merely recognises rental expenses in its income statement over the term of the lease using the straight-line method, while the lessor recognises an asset as well as a receivable.

In the case of leasing agreements relating to buildings and related land, these 2 elements are generally treated separately and classified as finance or operating leases.

Investment properties

In accordance with IAS 40 (Investment Property), investment properties comprise real estate assets that are held to earn rentals and/or for an increase in value. Analogous to property, plant and equipment, they are recognised at cost less depreciation and potentially required impairment losses based on the cost model. Measurement at fair value through profit or loss based on the fair value model does not apply. Depreciation of investment properties is effected over a useful life of 15 to 33 years. Furthermore, the fair value of these properties is stated in the notes. It is determined on the basis of recognised measurement methods, including an assessment and the consideration of project development opportunities.

Financial assets

Financial assets (financial investments) that do not represent **associates** under IAS 28 (Investments in Associates and Joint Ventures) or **joint ventures** under IAS 11 (Construction Contracts) are recognised in accordance with IAS 39 (Financial Instruments: Recognition and Measurement) and assigned to one of the following categories:

- “Loans and receivables”
- “Held to maturity”
- “At fair value through profit or loss”
- “Available for sale”

The first-time recognition of financial assets is effected at fair value. In the process, incurred transaction costs are considered for all categories with the exception of the category “at fair value through profit or loss”. Measurement is effected at the trade date.

Depending on the classification to the categories listed above, financial assets are capitalised either at amortised cost or at fair value:

- **"Loans and receivables"** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised at amortised cost using the effective interest method.
- The measurement category **"held to maturity"** includes non-derivative financial assets with fixed or determinable payments and fixed maturity, with the company having both the positive intention and the ability to hold them to maturity. They are also recognised at amortised cost using the effective interest method.
- The category **"at fair value through profit or loss"** comprises all financial assets "held for trading" as the fair value option of IAS 39 is not applied within METRO. For clarification purposes, the entire category is referred to as "held for trading" in the notes to the consolidated financial statements. Financial instruments "held for trading" are financial assets that are either acquired or incurred principally for the purpose of selling or repurchasing in the near term or that are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. Furthermore, this category includes derivative financial instruments that are not part of an effective hedge. Financial instruments "held for trading" are measured at fair value through profit or loss.
- The category **"available for sale"** represents a residual category for primary financial assets that cannot be assigned to any of the other 3 categories. METRO does not make use of the optional designation of financial assets to the category "available for sale". "Available for sale" financial assets are recognised at fair value in equity. Fluctuations in the fair value of "available for sale" financial assets are recognised in other comprehensive income. The amounts recognised are not reclassified to profit or loss for the respective period until the financial asset is derecognised or an impairment of the assets has occurred.

Investments are assets to be classified as "available for sale". **Securities** are classified as "held to maturity", "available for sale" or "held for trading". Loans are classified as "loans and receivables".

Financial assets designated as **hedged items** as part of a fair value hedge are recognised at fair value through profit or loss.

Equity instruments for which no quoted price on an active market exists and whose fair value cannot be reliably measured, as well as derivatives on such equity instruments, are recognised at cost. This applies to several investments of METRO.

At each closing date, financial assets that are not measured at fair value through profit or loss are examined for objective, substantial indications of impairment. Such indications include delayed interest or redemption payments, defaults and changes in the borrower's creditworthiness. If there are any such indications, the respective financial asset is tested for impairment by comparing the carrying amount to the present value. The present value of financial assets measured at amortised cost corresponds to the present value of expected future cash flows, discounted at the original effective interest rate. However, the present value of equity instruments measured at cost in the category "available for sale" corresponds to expected future cash flows discounted at the current market interest rate. If the present value is lower than the carrying amount, an impairment loss is recognised for the difference. Where decreases in the fair value of financial assets in the category "held for sale" were previously recognised in other comprehensive income outside of profit or loss, these are now recognised in profit or loss to the amount of determined impairment.

If, at a later date, the present value increases again, the impairment loss is reversed accordingly. In the case of financial assets recognised at amortised cost, the impairment loss reversal is limited to the amount of amortised cost which would have occurred without the impairment. In the category "available for sale", the reversal of previously recognised impairment losses for equity instruments is shown outside of profit or loss in other comprehensive income, while for debt instruments it is shown in profit or loss up to the amount of the impairment previously recognised through profit or loss. Increases in value for debt instruments beyond this are recognised outside of profit or loss in other comprehensive income.

Financial assets are derecognised when the contractual rights to cash flows from the item in question are extinguished or have expired or the financial asset is transferred.

Other financial and non-financial assets

The financial assets included in **other financial and non-financial assets** that are classified as “loans and receivables” under IAS 39 are measured at amortised cost.

Other assets include, among others, derivative financial instruments to be classified as “held for trading” in accordance with IAS 39. All other receivables and assets are recognised at amortised cost.

Prepaid expenses and deferred charges comprise **transitory accruals.**

Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are determined using the asset-liability method in accordance with IAS 12 (Income Taxes). Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts of assets or liabilities in the consolidated financial statements and their tax base. Deferred tax assets are also considered for unused tax loss and interest carry-forwards.

Deferred tax assets are recognised only to the extent that it is probable that sufficient taxable profit will be available in the future to allow the corresponding benefit of that deferred tax asset to be realised.

Deferred tax assets and deferred tax liabilities are netted if these income tax assets and liabilities concern the same tax authority and refer to the same tax subject or a group of different tax subjects that are jointly assessed for income tax purposes. Deferred tax assets are remeasured at each closing date and adjusted if necessary.

Deferred taxes are determined on the basis of the tax rates expected in each country upon realisation. In principle, these are based on the valid laws or legislation that has been passed at the time of the closing date.

The assessment of deferred taxes reflects the tax consequence arising from how METRO expects to recover the carrying amounts of its assets and settle its obligations as of the closing date.

Inventories

In accordance with IAS 2 (Inventories), merchandise carried as **inventories** is reported at cost of purchase. The cost of purchase is determined either on the basis of a separate measurement of additions from the perspective of the procurement market or by means of the weighted average cost method. Supplier compensation to be classified as a reduction in the cost of purchase lowers the carrying amount of inventories.

Merchandise is valued as of the closing date at the lower of cost or net realisable value. Merchandise is written down on a case-by-case basis if the net realisable value declines below the carrying amount of the inventories. Such net realisable value corresponds to the anticipated estimated selling price less the estimated direct costs necessary to make the sale.

When the reasons for a write-down of the merchandise have ceased to exist, the previously recognised impairment loss is reversed.

METRO’s inventories never meet the definition of so-called qualified assets. As a result, interest expenses on borrowings relating to inventories are not capitalised pursuant to IAS 23 (Borrowing Costs).
The merchandise comprises food and non-food items. Food items include all substances intended to be eaten or drunk in their unprocessed, prepared or processed state (other than medicines); tobacco products are food-like products.

Under the global term “food”, METRO outlines the following categories of goods: fresh foods, durable foods, nutrients, frozen foods and drinks of all kinds, as well as luxury foods, dietary supplements, pet feed, but also detergents, cleansers and cleaning agents, which are sometimes also labelled as near-food. All other goods are non-food items.

Trade receivables

In accordance with IAS 39, **trade receivables** are classified as “loans and receivables” and recognised at amortised cost. Where their recoverability appears doubtful, the trade receivables are recognised at the lower present value of the estimated future cash flows. Aside from the required specific bad debt allowances, a generalised specific allowance is carried out to account for the general credit risk.

Income tax assets and liabilities

The disclosed **income tax assets and liabilities concern** domestic and foreign income taxes for the reporting period as well as prior periods. They are determined in compliance with the tax laws of the respective country.

In addition, the effects of tax risks are considered in the determination of income tax liabilities. The premises and assessments underlying these risks are regularly reviewed and considered in the determination of income tax.

Cash and cash equivalents

Cash and cash equivalents comprise cheques, cash on hand, bank deposits and other short-term liquid financial assets, such as accessible deposits on lawyer trust accounts or cash in transit, with an original term of up to 3 months and are valued at their respective nominal values.

Non-current assets held for sale, liabilities related to assets held for sale and discontinued operations

In accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), an asset is classified as a **non-current asset held for sale** if the respective carrying amount will be recovered principally through a sale transaction rather than through continuing use. A sale must be planned and realisable within the subsequent 12 months. The valuation of the asset's carrying amount pursuant to the relevant IFRS must directly precede a first-time classification as held for sale. In case of reclassification, the asset is measured at the lower of carrying amount and fair value less costs to sell and presented separately in the balance sheet. Analogously, liabilities related to assets held for sale are presented separately in the balance sheet.

In accordance with IFRS 5, a **discontinued operation** is recognised as such if it is held for sale or has already been disposed of. An operation is a component of an entity representing a separate material business operation or geographical business operation which forms part of an individual, approved plan for divestment of a separate material business operation or geographical business operation or represents a subsidiary that was acquired solely for resale. The valuation of the component of an entity's carrying amount pursuant to the relevant IFRS must directly precede the first-time classification as held for sale. In case of reclassification, the discontinued operation is measured at the lower value of carrying amount and fair value less costs to sell. Discontinued operations are presented separately in the income statement, the balance sheet, the cash flow statement and the segment reporting, and explained in the notes. With the exception of the balance sheet, the previous year's amounts are restated accordingly.

Employee benefits

Employee benefits include:

- Short-term employee benefits
- Post-employment benefits
- Obligations similar to pensions
- Termination benefits
- Share-based compensation

Short-term employee benefits include wages and salaries, social security contributions, vacation pay and sickness benefits and are recognised as liabilities at the repayment amount as soon as the associated job performance has been rendered.

Post-employment benefits are provided in the context of defined benefit or defined contribution plans. In the case of **defined contribution plans**, periodic contribution obligations to the external pension provider are recognised as expenses for post-employment benefits at the same time as the beneficiary's job performance. Missed payments or prepayments to the pension provider are accrued as liabilities or receivables. Liabilities with a term of over 12 months are discounted.

The actuarial measurement of provisions for post-employment benefits plans as part of a **defined benefit plan** is effected in accordance with the projected unit credit method stipulated by IAS 19 (Employee Benefits) on the basis of actuarial opinions. Based on biometric data, this method takes into account known pensions and pension entitlements at the closing date as well as expected increases in future wages and pensions. Where the employee benefit obligations determined or the fair value of the plan assets increase or decrease between the beginning and end of a financial year as a result of experience adjustments (for example, a higher fluctuation rate) or changes in underlying actuarial assumptions (for example, the discount rate), this will result in so-called actuarial gains or losses. These are recognised in other comprehensive income with no effect on profit or loss. Effects of plan changes and curtailments are recognised fully under service costs through profit or loss. The interest element of the addition to the provision contained in the pension expense is shown as interest paid under the financial result. Insofar as plan assets exist, the amount of the provision is generally the result of the difference between the present value of defined benefit obligations and the fair value of the plan assets.

Provisions for obligations similar to pensions (such as anniversary allowances and death benefits) are comprised of the present value of future payment obligations to the employee or his or her surviving dependants less any associated assets measured at fair value. The amount of provisions is determined on the basis of actuarial opinions in line with IAS 19. Actuarial gains and losses are recognised in profit or loss in the period in which they are incurred.

Termination benefits comprise severance payments to employees. These are recognised as liabilities through profit or loss when contractual or factual payment obligations towards the employee are to be made in relation to the termination of the employment relationship. Such an obligation is given when a formal plan for the early termination of the employment relationship exists to which the company is bound. Benefits with terms of more than 12 months after the closing date must be recognised at their present value.

The share bonuses granted under the share-based payment system are classified as **"cash-settled share-based payments"** pursuant to IFRS 2 (Share-based Payment). Proportionate provisions measured at the fair value of the obligations entered into are formed for these payments. The proportionate formation of the provisions is prorated over the underlying vesting period and recognised in profit or loss as personnel expenses. The fair value is remeasured at each closing date during the vesting period until exercised based on an option pricing model. Provisions are adjusted accordingly in profit or loss.

Where granted share-based payments are hedged through corresponding hedging transactions, the hedging transactions are measured at fair value and shown under other financial and non-financial assets. The portion of the hedges' value fluctuation that corresponds to the value of fluctuation of the share-based payments is recognised in personnel expenses. The surplus amount of value fluctuations is recognised in other comprehensive income outside of profit or loss.

(Other) provisions

In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), **(other) provisions** are formed if legal or constructive obligations to third parties exist that are based on past business transactions or events and will probably result in an outflow of financial resources that can be reliably determined. The provisions are stated at the anticipated settlement amount with regard to all identifiable risks attached. With individual obligations, the settlement amount with the highest possible probability of occurrence is used. If the determination of the provision for an individual situation results in a range of equally probable settlement amounts, the provision will be set at the average of these settlement amounts. For a multitude of uniform situations, the provision is set at the expected value resulting from the weighting of all possible results with the related probabilities.

Long-term provisions with a term of more than one year are discounted to the closing date using an interest rate for matching maturities which reflects current market expectations regarding interest rate effects. Provisions with a term of less than one year are discounted accordingly if the interest rate effect is material. Claims for recourse are not netted with provisions, but recognised separately as an asset if their realisation is considered virtually certain.

Provisions for onerous contracts are formed if the unavoidable costs of meeting the obligations under a contract exceed the expected economic benefits resulting from the contract. Provisions for deficient rental cover related to leased objects are based on a consideration of individual leased properties. Provisions in the amount of the present value of the funding gap are formed for all closed properties or properties with deficient rental cover. In addition, a provision is created for store-related risks related to leased, operational or not yet closed stores insofar as a deficient cover of operational costs or a deficient rental cover despite consideration of a possible subleasing for the respective location arises from current corporate planning over the basic rental term.

Provisions for restructuring measures are recognised if a constructive obligation to restructure was formalised by means of the adoption of a detailed restructuring plan and its communication vis-à-vis those affected as of the closing date. Restructuring provisions only comprise obligatory restructuring expenses that are not related to the company's current activities.

Warranty provisions are formed based on past warranty claims and the sales of the current financial year.

Financial liabilities

According to IAS 39, **financial liabilities** that do not represent liabilities from finance leases are assigned to one of the following categories:

- "At fair value through profit or loss" ("held for trading")
- "Other financial liabilities"

The first-time recognition of financial liabilities and subsequent measurement of financial liabilities **"held for trading"** is effected based on the same stipulations as for financial assets.

The category **"other financial liabilities"** comprises all financial liabilities that are not "held for trading". They are carried at amortised cost using the effective interest method as the fair value option is not applied within METRO.

Financial liabilities designated as the hedged item in a fair value hedge are carried at their fair value. The fair values indicated for the financial liabilities have been determined on the basis of the interest rates prevailing on the closing date for the remaining terms and redemption structures.

In principle, financial liabilities from finance leases are carried at the present value of future minimum lease payments.

A financial liability is derecognised only when it has expired, that is, when the contractual obligations have been redeemed or annulled or have expired.

Other financial and non-financial liabilities

Other financial and non-financial liabilities are carried at their settlement amounts unless they represent derivative financial instruments, put options given out to interests or earn-out liabilities, which are recognised at fair value under IAS 39.

Prepaid expenses and deferred charges comprise transitory accruals.

Trade liabilities

Trade liabilities are recognised at amortised cost.

Other

Contingent liabilities

Contingent liabilities are, on the one hand, possible obligations arising from past events whose existence is confirmed only by the occurrence or non-occurrence of uncertain future events that are not entirely under the company's control. On the other hand, contingent liabilities represent current obligations arising from past events for which, however, an outflow of economic resources is not considered probable or whose amount cannot be determined with sufficient reliability. According to IAS 37, such liabilities are not recognised in the balance sheet but disclosed in the notes. Contingent liabilities are determined on the basis of the principles applying to the measurement of provisions.

Accounting for derivative financial instruments and hedge accounting

Derivative financial instruments are exclusively utilised to reduce risks. They are used in accordance with the respective group guideline.

In accordance with IAS 39, all derivative financial instruments are recognised at fair value and shown under other financial and non-financial assets or other financial and non-financial liabilities.

Derivative financial instruments are measured on the basis of interbank terms and conditions, possibly including the credit margin or stock exchange price applicable to METRO; for this, the average rate on the closing date is used. Where no stock exchange prices can be used, the fair value is determined by means of recognised financial models.

In the case of an effective hedge accounting transaction **(hedge accounting)** pursuant to IAS 39, fair value changes of derivatives designated as fair value hedges and the fair value changes of the underlying transactions are reported in profit or loss. In cash flow hedges, the effective portion of the fair value change of the derivative is recognised in other comprehensive income outside of profit or loss. A transfer to the income statement is effected only when the underlying transaction is realised. The ineffective portion of the change in the value of the hedging instrument is immediately reported in profit or loss.

Supplier compensation

Depending on the underlying circumstances, supplier compensation is recognised as a reduction in the cost of purchase, reimbursement or payment for services rendered. Supplier compensation is accrued at the closing date insofar as it has been contractually agreed upon and is likely to be realised. Accruals relating to supplier compensation tied to certain calendar year targets are based on projections.

SUMMARY OF SELECTED MEASUREMENT METHODS

Item	Measurement method
Assets	
Goodwill	Cost of purchase (subsequent measurement: impairment test)
Other intangible assets	
Purchased other intangible assets	(Amortised) cost
Internally generated intangible assets	Development costs (direct costs and directly attributable overhead)
Property, plant and equipment	(Amortised) cost
Investment properties	(Amortised) cost
Financial assets	
"Loans and receivables"	(Amortised) cost
"Held to maturity"	(Amortised) cost
"At fair value through profit or loss" ("held for trading")	At fair value through profit or loss
"Available for sale"	At fair value recognised in equity
Inventories	Lower of cost and net realisable value
Trade receivables	(Amortised) cost
Cash and cash equivalents	At nominal value
Assets held for sale	Lower of carrying amount and fair value less costs to sell
Equity and liabilities	
Provisions	
Provisions for post-employment benefits plans	Projected unit credit method (benefit/years of service method)
Other provisions	Discounted settlement amount (with highest probability of occurrence)
Financial liabilities	
"At fair value through profit or loss" ("held for trading")	At fair value through profit or loss
"Other financial liabilities"	(Amortised) cost
Other financial and non-financial liabilities	At settlement amount or fair value
Trade liabilities	(Amortised) cost

Judgements, estimates and assumptions

The preparation of the consolidated financial statements was based on a number **of judgements, estimates and assumptions** that had an effect on the value and presentation of the reported assets, liabilities, income and expenses as well as contingent liabilities.

Judgements
Information on the key discretionary decisions that materially affected the amounts reported in these consolidated financial statements can be found in the following notes:

- Determination of the consolidation group by assessing control opportunities (chapter "consolidation group"). Aside from structured entities (special purpose entities), this particularly concerns investments where the control opportunity is not necessarily tied in with a simple majority of voting rights due to special regulations in the Articles of Association.
- Classification of leases as finance leases or operating leases – including sale-and-leaseback transactions (no. 2 – other operating income and no. 20 – property, plant and equipment)
- Determination whether METRO is the principal or agent in sales transactions (no. 1 – sales)

Estimates and assumptions
Information on estimates and underlying assumptions with significant effects on these consolidated financial statements is included in the following notes:

- Uniform group-wide determination of useful lives for assets with a definite useful life (no. 14 – depreciation/amortisation/impairment losses, no. 19 – other intangible assets and no. 20 – property, plant and equipment)
- Impairment testing of assets with a definite useful life if warranted by events (no. 14 – depreciation/amortisation/impairment losses, no. 19 – other intangible assets and no. 20 – property, plant and equipment)
- Annual goodwill impairment tests (no. 18 – goodwill – including sensitivity analyses)
- Recoverability of receivables – particularly receivables from suppliers (no. 23 – other financial and non-financial assets)
- Recognition of supplier compensation on an accrual basis (no. 23 – other financial and non-financial assets)
- Ability to realise future tax receivables – particularly from tax loss carry-forwards (no. 24 – deferred tax assets/deferred tax liabilities)
- Measurement of inventories (no. 25 – inventories)
- Determination of provisions for post-employment benefits plans (no. 32 – provisions for post-employment benefits plans and similar obligations)
- Determination of other provisions – for example, for deficient rental cover and onerous contracts, restructuring, warranties, taxes and risks emerging from legal proceedings and litigation (no. 33 – other provisions [non-current]/provisions [current])
- Estimation of the expected date of conclusion of a transaction with respect to the classification as non-current assets held for sale, liabilities related to assets held for sale and discontinued operations (no. 30 – assets held for sale / liabilities related to assets held for sale)
- Estimation of the probability of utilisation from supplier liabilities (no. 35 – trade liabilities)

Although great care has been taken in making these estimates and assumptions, actual values may deviate from them in individual cases. The estimates and assumptions used in the consolidated financial statements are regularly reviewed. Changes are taken in to account at the time new information becomes available. In the reporting year a positive EBIT effect of €20 million resulted from an adjusted estimate of the possibility of utilising short-term liabilities.

CAPITAL MANAGEMENT

The aim of the capital management strategy of METRO is to secure the company's continued business operations, to enhance its enterprise value, to create solid capital resources to finance future growth and to provide for attractive dividend payments and capital service.

The capital management strategy of METRO has remained unchanged compared with the previous year.

Equity, liabilities and net debt in the consolidated financial statements

Equity amounts to €3,207 million (30/9/2016: €2,924 million), while debt amounts to €12,572 million (30/9/2016: €13,068 million). Net debt amounts to €3,142 million compared with €3,051 million as of 30/9/2016.

€ million	30/9/2016	**30/9/2017**
Equity	**2,924**	**3,207**
Liabilities	**13,068**	**12,572**
Net debt	**3,051**	**3,142**
Financial liabilities (incl. finance leases)	4,740	**4,706**
Cash and cash equivalents according to the balance sheet	1,599	**1,559**
Short-term financial investments[1]	90	**5**

[1] Shown in the balance sheet under other financial and non-financial assets (current).

Local capital requirements

The capital market strategy of METRO consistently aims to ensure that the group companies' capital resources comply with local requirements. During financial year 2016/17, all external capital requirements were fulfilled. This includes, for example, adherence to a defined level of indebtedness or a fixed equity ratio.

EXPLANATIONS FOR BUSINESS COMBINATIONS

Initial consolidation of Pro à Pro

In accordance with the purchase agreement dated 7 July 2016, METRO Cash & Carry International Holding B.V. acquired 100% of Pro à Pro shares from ETS FR Colruyt SA, Belgium, as of 1 February 2017. The group consists of 11 individual companies grouped under COLRUYT France SAS, France. The purchase price amounted to a low to medium 3-digit million euros amount and was paid in cash. Pro à Pro is an important food delivery service in France. The group specialises in the supply of large-scale food service companies, such as canteens. The acquisition of Pro à Pro will assist METRO in further advancing its food service distribution business. The initial consolidation was carried out in the second quarter of 2016/17. Pro à Pro is part of the METRO Wholesale segment.

The fair values of the acquired assets and liabilities of the consolidated group at the acquisition date consist of the following:

€ million	
Assets	
Other intangible assets	**41**
Property, plant and equipment	**61**
Deferred tax assets	**9**
Inventories	**53**
Trade receivables	**105**
Other financial and non-financial assets (current)	**22**
Cash and cash equivalents	**70**
	361
Liabilities	
Provisions for post-employment benefits plans and similar obligations	**5**
Other provisions	**4**
Financial liabilities (non-current)	**1**
Deferred tax liabilities	**17**
Trade liabilities	**99**
Financial liabilities (current)	**1**
Other financial and non-financial liabilities (current)	**16**
	143

The trade receivables included in the above assets are equal to the contractually agreed amounts and are considered fully collectable.

The initial consolidation of Pro à Pro is provisional with respect to the determination of the final purchase price and the valuation of the assets and liabilities in the opening balance sheet.

The acquisition of Pro à Pro results in goodwill of €34 million, mainly due to future earnings potential resulting from anticipated synergy effects between Pro à Pro and METRO's French wholesale organisation.

From the point of initial consolidation on 1 February 2017, Pro à Pro contributed €489 million (€473 million thereof with non-group third parties) and €6 million to profit or loss for the period (net profit or loss). Pro à Pro currently employs 1,826 people.

Assuming that the acquisition had taken place on 1 October 2016, Pro à Pro would have contributed €712 million to METRO's revenue and €9 million to profit or loss for the period.

NOTES TO THE INCOME STATEMENT

1. Sales revenues

Net sales primarily result from the sale of goods and can be broken down as follows:

€ million	2015/16	2016/17
METRO Wholesale	29,000	**29,866**
Real	7,478	**7,247**
Others	72	**27**
	36,549	**37,140**

Sales shown in the Others segment primarily concern the 4 Real stores in Romania that were sold in financial year 2016/17 at €18 million (2015/16: €57 million) as well as commission income of METRO Sourcing International Limited from third-party business at €9 million (2015/16: €15 million).

Of total sales, €25 billion (2015/16: €24 billion) are attributable to international group companies.

— **Sales developments by business and geographical segments are presented in segment reporting.**

2. Other operating income

€ million	2015/16	2016/17
Rents incl. reimbursements of subsidiary rental costs	343	**326**
Gains from the disposal of fixed assets and gains from the reversal of impairment losses	100	**176**
Services/cost refunds	190	**159**
Services rendered to suppliers	157	**142**
Income from logistics services	61	**58**
Income from deconsolidation	452	**36**
Miscellaneous	160	**161**
	1,462	**1,057**

Gains from the disposal of fixed assets and gains from the reversal of impairment losses include income in the amount of €158 million from the disposal of real estate that will be used fully or for the most part by third parties in the future (2015/16: €53 million). This includes income of €6 million from the sale of real estate assets that METRO plans to continue to use under tenancy agreements (2015/16: €5 million). In addition, this item includes gains from the reversal of impairment losses in the amount of €3 million (2015/16: €11 million).

Services rendered to suppliers amount to €132 million (2015/16: €145 million) regarding METRO Wholesale and to €6 million (2015/16: €7 million) regarding Real. The decline in the METRO Wholesale segment is mainly attributable to METRO Cash & Carry Romania at € 13 million (2016/17: €6 million; 2015/16: €19 million).

The income from logistics services provided by METRO LOGISTICS to non-group companies is offset by expenses from logistics services, which are reported under other operating expenses.

Income from deconsolidation essentially includes income from the disposal of Chengdu Qingyue Property Services Co., Ltd., China, (2015/16: income from the disposal of the wholesale activities in Vietnam totalling €451 million).

Miscellaneous other operating income particularly includes income from compensation in the amount of €24 million (2015/16: €10 million). Among others, this item also includes public-sector subsidies in the amount of €7 million (2015/16: €7 million) and income from construction services in the amount of €5 million (2015/16: €6 million).

3. Selling expenses

€ million	2015/16	2016/17
Personnel expenses	3,231	**3,090**
Cost of material	2,940	**2,994**
	6,171	**6,084**

In selling expenses, the previous year's restructuring measures implemented at METRO Wholesale in particular resulted in markedly lower personnel expenses. At Real, lower wages and salaries and lower special payments have led to a reduction in staff costs.

Opposite effects in the cost of material result in particular from increased advertising measures at Real and lower advertising subsidies at METRO Wholesale. In addition, increased costs for recruitment and impairments in the financial year led to an increase in material costs at METRO Wholesale.

4. General administrative expenses

€ million	2015/16	**2016/17**
Personnel expenses	592	**506**
Cost of material	466	**507**
	1,058	**1,014**

The decline in general administrative expenses is mainly due to lower restructuring expenses in the personnel area compared to the previous year.

Opposite effects within the cost of materials arise in particular in relation to demerger-related expenses.

5. Other operating expenses

€ million	2015/16	**2016/17**
Expenses from logistics services	59	**58**
Losses from the disposal of fixed assets	18	**32**
Impairment losses on goodwill	0	**19**
Miscellaneous	28	**27**
	105	**137**

The expenses from logistics services provided by METRO LOGISTICS to non-group companies are offset by income from logistics services, which are reported under other operating income.

Losses from the disposal of fixed assets essentially include expenses related to the disposal of business and office equipment in the amount of €18 million (2015/16: €14 million) and property disposal losses in the amount of €11 million (2015/16: €3 million).

Impairment losses on goodwill relate to €8 million for METRO Cash & Carry Netherlands, €8 million for METRO Cash & Carry Japan and €3 million for METRO Cash & Carry Belgium.

The remaining other operating expenses essentialy include €9 million in depreciation from the valuation of the MIDBAN ESOLUTIONS S.L. disposal group and €5 million in construction work (2015/16: €7 million).

6. Earnings share of operating / non-operating companies recognised at equity

From financial year 2015/16, the earnings of operating companies recognised at equity are shown in the income statement in the EBIT item earnings share of operating companies recognised at equity. It amounts to €14 million (2015/16: €102 million). The income of the previous year was significantly affected by the gain on the sale of shares in EZW Kauf- und Freizeitpark GmbH & Co. Kommanditgesellschaft in the amount of €89 million. The earnings share of non-operating companies recognised at equity is shown in the net financial result and amounts to €0 million (2015/16: €3 million).

7. Other investment result

The other investment result amounts to €–11 million (2015/16: €–3 million). The change mainly results from the amortisation of the shares in real,- Digital Payment & Technology Services GmbH.

8. Net interest income/interest expenses

The interest result can be broken down as follows:

€ million	2015/16	2016/17
Interest income	**65**	**44**
thereof finance leases	(0)	**(0)**
thereof from post-employment benefits plans	(7)	**(5)**
thereof from financial instruments of the measurement categories according to IAS 39:		
loans and receivables incl. cash and cash equivalents	(20)	**(29)**
held to maturity	(0)	**(0)**
held for trading incl. derivatives in a hedging relationship according to IAS 39	(2)	**(0)**
available for sale	(0)	**(0)**
Interest expenses	**–276**	**–200**
thereof finance leases	(–86)	**(–80)**
thereof from post-employment benefits plans	(–19)	**(–13)**
thereof from financial instruments of the measurement categories according to IAS 39:		
held for trading incl. derivatives in a hedging relationship according to IAS 39	(–3)	**(0)**
other financial liabilities	(–147)	**(–97)**
	–210	**–156**

Interest income and interest expenses from financial instruments are assigned to the measurement categories according to IAS 39 on the basis of the underlying transactions.

The reduction in interest income is essentially due to non-period interest income from tax refunds in the previous year.

Interest expenses in the measurement category “other financial liabilities” primarily include interest expenses for issued bonds (including the commercial paper programme) of €66 million (2015/16: €98 million) and for liabilities to banks of €14 million (2015/16: €18 million).

The decline in interest expenses was primarily the result of more favourable refinancing terms.

9. Other financial result

The other financial income and expenses from financial instruments are assigned to measurement categories according to IAS 39 on the basis of the underlying transactions. Besides income and expenses from the measurement of financial instruments according to IAS 39, this also includes the measurement of foreign currency positions according to IAS 21.

€ million	2015/16	2016/17
Other financial income	107	**162**
thereof currency effects	(80)[1]	**(127)**
thereof hedging transactions	(23)	**(8)**
Other financial expenses	–222	**–198**
thereof currency effects	(–114)[1]	**(–161)**
thereof hedging transactions	(–37)	**(–13)**
Other financial result	**–114**	**–37**
thereof from financial instruments of the measurement categories according to IAS 39:		
loans and receivables incl. cash and cash equivalents	(–7)	**(–36)**
held to maturity	(0)	**(0)**
held for trading	(–26)	**(–6)**
available for sale	(0)	**(0)**
other financial liabilities	(–49)	**(–9)**
thereof fair value hedges:		
underlying transactions	(0)	**(0)**
hedging transactions	(0)	**(0)**
thereof cash flow hedges:		
ineffectiveness	(–1)	**(–2)**

[1] Disclosure changes due to offsetting.

The overall result from currency effects and measurement results from hedging transactions and hedging relationships totalled €–39 million (2015/16: €–48 million). As in the previous year, this figure largely results from foreign currency financings in Eastern Europe. In addition, the other financial result reflects €24 million (2015/16: €–24 million) in currency effects resulting from the translation of the financial statements of foreign subsidiaries that are recognised through profit or loss in the year the subsidiary is deconsolidated or in the year business activities are discontinued.

— **For more information about possible effects from currency risks, see no. 43 – management of financial risks.**

10. Net results according to measurement categories

The key effects of income from financial instruments are as follows:

2015/16 € million	Inves-tments	Interest	Fair value measure-ments	Currency translation	Disposals	Impair-ments	Other	Net result
Loans and receivables incl. cash and cash equivalents	0	20	0	–4	0	–26	0	–10
Held to maturity	0	0	0	0	0	0	0	0
Held for trading incl. derivatives in a hedging relationship according to IAS 39	0	–1	–14	0	0	0	–13	–28
Available for sale	–3	0	0	0	0	0	0	–3
Other financial liabilities	0	–147	0	–30	3	0	–18	–192
	–3	**–128**	**–14**	**–34**	**4**	**–26**	**–32**	**–234**

2016/17 **€ million**	**Invest-ments**	**Interest**	**Fair value measure-ments**	**Currency translation**	**Disposals**	**Impair-ments**	**Other**	**Net result**
Loans and receivables incl. cash and cash equivalents	**0**	**29**	**0**	**–35**	**0**	**–27**	**–1**	**–33**
Held to maturity	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Held for trading incl. derivatives in a hedging relationship according to IAS 39	**0**	**0**	**–5**	**0**	**0**	**0**	**–3**	**–8**
Available for sale	**–11**	**0**	**0**	**0**	**0**	**0**	**0**	**–11**
Other financial liabilities	**0**	**–97**	**0**	**0**	**5**	**0**	**–10**	**–101**
	–11	**–67**	**–5**	**–34**	**5**	**–27**	**–14**	**–153**

Income and expenses from financial instruments are assigned to measurement categories according to IAS 39 on the basis of the underlying transactions.

Investment income and income effects from the disposal of investments are included in other investment income. Interest income and expenses are part of the interest result. Fair value measurements and effects from other financial expenses and currency translation are included in the other financial result. Income effects from the disposal of other financial liabilities are included in earnings before interest and taxes (EBIT). Income effects from the disposal of assets classified as available for sale are included in the other financial result to the extent that these do not concern investments. Expenses from impairments are essentially included in earnings before interest and taxes.

— **For more information about impairments, see no. 27 – impairments of capitalised financial instruments.**

Remaining financial income and expenses included in the other financial result primarily concern bank commissions and similar expenses that are incurred within the context of financial assets and liabilities.

11. Income taxes

Income taxes include the expected taxes on income paid or owed in the individual countries as well as deferred taxes.

€ million	2015/16	2016/17
Actual taxes	271	**222**
thereof Germany	(32)	**(27)**
thereof international	(239)	**(195)**
thereof tax expenses/income of current period	(316)	**(217)**
thereof tax expenses/income of previous periods	(–45)	**(5)**
Deferred taxes	104	**82**
thereof Germany	(77)	**(1)**
thereof international	(27)	**(81)**
	375	**304**

The income tax rate of the German companies of METRO consists of a corporate income tax of 15.00% plus a 5.50% solidarity surcharge on corporate income tax as well as the trade tax of 14.70% given an average assessment rate of 420.00%. All in all, this results in an aggregate tax rate of 30.53%. The tax rates are unchanged from the previous year. The income tax rates applied to foreign companies are based on the respective laws and regulations of the individual countries and vary within a range of 0.00% (2015/2016: 0.00%) and 34.43% (2015/2016: 38.00%).

In financial year 2016/17 there was no impact on the actual tax expenses due to previous value-adjusted tax loss carry-forwards for the purposes of deferred taxes (2015/16: tax impact of €5 million).

Deferred tax liabilities for financial year 2016/17 comprise expenses of €18 million from changes in tax rates (2015/16: €4 million).

€ million	2015/16	2016/17
Deferred taxes in the income statement	104	**82**
thereof from temporary differences	(51)	**(91)**
thereof from loss and interest carry-forwards	(53)	**(–9)**

At €304 million (2015/16: €375 million), income tax expenses, which are shown fully in earnings from ordinary activities, are €106 million (2015/16: €102 million) higher than expected income tax expenses of €198 million (2015/16: €273 million) that would have resulted if the German corporate income tax rate had been applied to the group's taxable income for the year.

Reconciliation of estimated to actual income tax expenses is as follows:

€ million	2015/16	2016/17
EBT (earnings before taxes)	**894**	**649**
Expected income tax expenses (30.53%)	273	**198**
Effects of differing national tax rates	–64	**–35**
Tax expenses and income relating to other periods	–45	**5**
Non-deductible business expenses for tax purposes	67	**49**
Effects of not recognised or impaired deferred taxes	176	**137**
Additions and reductions for local taxes	1	**16**
Tax holidays	–36	**–19**
Other deviations	3	**–48**
Income tax expenses according to the income statement	**375**	**304**
Group tax rate	**42.0%**	**46.9%**

The other deviations in the financial year mainly include a deferred tax income from the reversal of a deferred tax liability in connection with the reallocation of goodwill.

Tax expenses and income relating to other periods from the previous year include refunds from a legal dispute that was settled during financial year 2015/16.

12. Profit or loss for the period attributable to non controlling interests

Of profit or loss for the period attributable to non-controlling interests, profit shares accounted for €20 million (2015/16: €13 million) and loss shares for €0 million (2015/16: €0 million).

13. Earnings per share

Earnings per share are determined by dividing profit or loss for the period attributable to METRO AG shareholders by the weighted number of issued shares. In the calculation of earnings per share, an additional dividend is generally deducted from profit or loss for the period attributable to METRO AG shareholders. There was no dilution in the reporting period or the previous year from so-called potential shares.

	2015/16[1]	**2016/17**
Weighted number of no-par-value shares outstanding	363,097,253	**363,097,253**
Profit or loss for the period attributable to the shareholders of METRO AG (€ million)	506	**325**
Earnings per share in € (basic = diluted)	**1.39**	**0.89**

[1] Pro forma disclosure of combined financial statements.

Earnings per preference share correspond to earnings per share.

14. Depreciation/amortisation/impairment losses

Depreciation/amortisation/impairment losses of €780 million (2015/16: €710 million) include impairment losses totalling €85 million (2015/16: €25 million). They relate mainly to property, plant and equipment with €46 million (2015/16: €21 million) and goodwill with €19 million (2015/16: €0 million). In addition, write-downs related to the disposal of MIDBAN ESOLUTIONS S.L. amounting to €9 million contribute to the impairments. In addition, net financial result included impairment losses in the amount of €9 million (2015/16: €0 million), which mainly relate to equity investments.

Impairment losses on property, plant and equipment are attributable to land and buildings at €37 million (2015/16: €13 million) and to business and office equipment at €9 million (2015/16: €7 million). The recognised impairment losses on goodwill relate mainly to METRO Cash & Carry Netherlands with €8 million and to METRO Cash & Carry Japan with €8 million.

The attribution of depreciation/amortisation/impairment losses in the income statement and the affected asset categories is as follows:

2015/16

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Investment properties	Financial assets[1]	Assets held for sale	Total
Cost of sales	0	0	13	0	0	0	13
thereof depreciation/ amortisation	(0)	(0)	(13)	(0)	(0)	(0)	(13)
thereof impairment	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Selling expenses	0	30	575	15	0	0	621
thereof depreciation/ amortisation	(0)	(28)	(555)	(14)	(0)	(0)	(597)
thereof impairment	(0)	(2)	(20)	(1)	(0)	(0)	(24)
General administrative expenses	0	58	17	0	0	0	75
thereof depreciation/ amortisation	(0)	(57)	(17)	(0)	(0)	(0)	(74)
thereof impairment	(0)	(1)	(0)	(0)	(0)	(0)	(1)
Other operating expenses	0	0	0	0	0	0	0
thereof impairment	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Scheduled impairment losses and impairment before impairment of financial investments	**0**	**88**	**605**	**16**	**0**	**0**	**710**
Financial result	0	0	0	0	0	0	0
thereof impairment	(0)	(0)	(0)	(0)	(0)	(0)	(0)
	0	**88**	**605**	**16**	**0**	**0**	**710**
thereof depreciation/ amortisation	(0)	(85)	(585)	(15)	(0)	(0)	(685)
thereof impairment	(0)	(3)	(21)	(1)	(0)	(0)	(25)

[1] Also comprise investments accounted for using the equity method.

2016/17

€ million	Goodwill	Other intangible assets	Property, plant and equipment	Investment properties	Financial assets[1]	Assets held for sale	Total
Cost of sales	0	2	19	0	0	0	20
thereof depreciation/ amortisation	(0)	(2)	(19)	(0)	(0)	(0)	(20)
thereof impairment	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Selling expenses	0	31	598	10	0	0	639
thereof depreciation/ amortisation	(0)	(31)	(559)	(9)	(0)	(0)	(599)
thereof impairment	(0)	(0)	(38)	(2)	(0)	(0)	(40)
General administrative expenses	0	56	27	0	0	0	83
thereof depreciation/ amortisation	(0)	(56)	(19)	(0)	(0)	(0)	(76)
thereof impairment	(0)	(0)	(8)	(0)	(0)	(0)	(8)
Other operating expenses	19	0	0	0	0	9	28
thereof impairment	(19)	(0)	(0)	(0)	(0)	(9)	(28)
Scheduled impairment losses and impairment before impairment of financial investments	19	89	643	11	0	9	771
Financial result	0	0	0	0	9	0	9
thereof impairment	(0)	(0)	(0)	(0)	(9)	(0)	(9)
	19	89	643	11	9	9	780
thereof depreciation/ amortisation	(0)	(89)	(597)	(9)	(0)	(0)	(695)
thereof impairment	(19)	(0)	(46)	(2)	(9)	(9)	(85)

[1] Also comprise investments accounted for using the equity method.

Of the impairments amounting to €85 million (2015/16: €25 million), METRO Wholesale accounted for €72 million (2015/16: €20 million), Real for €0 million (2015/16: €1 million) and Others for €13 million (2015/16: €4 million).

15. Cost of materials

The cost of sales includes the following cost of materials:

€ million	2015/16	2016/17
Cost of raw materials, supplies and goods purchased	28,956	29,420
Cost of services purchased	44	54
	29,000	29,473

16. Personnel expenses

Personnel expenses can be broken down as follows:

€ million	2015/16	2016/17
Wages and salaries	3,439	3,247
Social security expenses, expenses for post-employment benefits and related employee benefits	794	768
thereof for post-employment benefits	(65)	(35)
	4,233	4,016

Wages and salaries shown in personnel expenses include expenses relating to restructuring and severance payments of €92 million (2015/16: €224 million). Variable remuneration based on the EBITaC metric declined from €75 million in financial year 2015/16 to €67 million in financial year 2016/17. Wages and salaries also include expenses for share-based payments totalling €31 million (2015/16: €26 million).

Annual average number of group employees:

Number of employees by headcount	2015/16	**2016/17**
Blue collar/white collar	153,442	**151,777**
Apprentices/trainees	3,410	**3,305**
	156,852	**155,082**

This includes an absolute number of 39,872 (2015/16: 41,521) part-time employees. The number of employees working abroad amounted to 98,557 (2015/16: 98,651). This includes 97,316 (2015/16: 97,429) employees. An additional 1,241 (2015/16: 1,222) apprentices were employed outside of Germany.

17. Other taxes

The other taxes (e.g. property tax, motor vehicle tax, excise tax and transaction tax) have the following effects on the income statement:

€ million	2015/16	**2016/17**
Other taxes	**107**	**98**
thereof from cost of sales	(4)	**(1)**
thereof from selling expenses	(80)	**(73)**
thereof from general administrative expenses	(23)	**(24)**

NOTES TO THE BALANCE SHEET

18. Goodwill

The goodwill amounts to €875 million (30/9/2016: €852 million).

In the METRO Wholesale segment, the acquisition of Pro à Pro resulted in goodwill of €34 million. In addition, the goodwill from previous year's acquisition of Rungis Express was increased by €8 million due to an adjustment of the purchase price allocation.

At the closing date, the breakdown of goodwill among the major cash-generating units was as shown below:

	30/9/2016		**30/9/2017**	
		WACC		**WACC**
	€ million	%	**€ million**	**%**
METRO Cash & Carry France			**293**	**5.8**
METRO Cash & Carry Germany			**94**	**5.4**
METRO Cash & Carry Spain/Portugal			**54**	**7.5**
METRO Cash & Carry Italy			**38**	**7.0**
METRO Cash & Carry Turkey			**33**	**8.6**
Pro à Pro			**34**	**5.8**
Classic Fine Foods			**23**	**6.5**
Others			**3**	
Total HoReCa	**538**	**6.3**	**572**	
METRO Cash & Carry Russia			**43**	**7.0**
METRO Cash & Carry Czech Republic			**24**	**6.0**
METRO Cash & Carry China			**19**	**6.5**
METRO Cash & Carry Austria			**12**	**5.7**
Others			**22**	
Total Multispecialist	**132**	**7.4**	**120**	
METRO Cash & Carry Poland			**58**	**6.6**
METRO Cash & Carry Romania			**40**	**7.1**
METRO Cash & Carry Ukraine			**17**	**11.0**
METRO Cash & Carry Moldova			**5**	**11.2**
Total Trader	**119**	**9.5**	**120**	
Real Germany	60	5.1	**60**	**5.4**
Others	3	0.0	**3**	
	852		**875**	

In accordance with IFRS 3 in conjunction with IAS 36, goodwill is tested for impairment once a year. This is carried out at the level of a group of cash-generating units. In the case of goodwill, this group is the operating segment at METRO Cash & Carry until the demerger and the organisational unit sales line per country at Real. As part of the rollout of the New Operating Model from 1 October 2015, the individual METRO Cash & Carry countries were classified into 3 clusters: HoReCa, Multispecialist and Trader. The HoReCa cluster essentially includes France, Germany, Italy, Japan, Portugal, Spain, Turkey and Classic Fine Foods. Multispecialist include Austria, Belgium, Bulgaria, China, Croatia, India, Kazakhstan, the Netherlands, Pakistan, Russia, Serbia, Slovakia, the Czech Republic and Hungary. The Trader cluster includes Moldova, Poland, Romania and Ukraine. This has resulted in the monitoring of goodwill at the level of the 3 clusters. As part of the reorganisation of the METRO Wholesale segment resulting from the demerger, the monitoring of goodwill was changed to the sales line per country. The goodwill allocated to the customer group clusters until that point was tested for impairment and subsequently allocated within the METRO Wholesale segment per country according to their relative fair values.

In the impairment test, the cumulative carrying amount of the group of cash-generating units is compared with the recoverable amount. The recoverable amount is defined as the fair value less costs to sell, which is calculated from discounted future cash flows and the level 3 input parameters of the fair value hierarchy.

— **The description of the fair value hierarchies is included in no. 40 – carrying amounts and fair values according to measurement categories.**

Expected future cash flows are based on a qualified planning process under consideration of intra-group experience as well as macroeconomic data collected by third-party sources. In principle, the detailed planning period comprises 3 years. In exceptional cases, it may amount to 5 years in the case of longer-term detailed planning. As in the previous year, the growth rates considered at the end of the detailed planning period are generally 1.0%, with the exception of the group of the cash-generating unit Real Germany, for which a growth rate of 0.5% is assumed, as in the previous year. The capitalisation rate as the weighted average cost of capital (WACC) is determined using the capital asset pricing model. In the process, an individual peer group is assumed for all groups of cash-generating units operating in the same business segment. In addition, the capitalisation rates are determined on the basis of an assumed basic interest rate of 1.25% (30/9/2016: 0.9%) and a market risk premium of 6.50% (30/9/2016: 6.75%) in Germany as well as a beta factor of 1.06 (30/9/2016: 1.03). Country-specific risk premiums based on the respective country rating are applied to the equity cost of capital and to the debt cost of capital. The capitalisation rates after taxes determined individually for each group of cash-generating units range from 5.4 to 11.2% (30/9/2016: 5.1 to 9.5%).

The mandatory annual impairment test as of 30 June 2017 of goodwill deemed material resulted in the following assumptions regarding the development of sales, EBIT and the EBIT margin targeted for valuation purposes during the detailed planning period, with the EBIT margin reflecting the ratio of EBIT to net sales.

	Sales	EBIT	EBIT margin	Detailed planning period (years)
METRO Cash & Carry France	Slight growth	Slight growth	Unchanged	3
METRO Cash & Carry Germany	Slight growth	Strong growth	Strong growth	5
Real Germany	Slight growth	Slight growth	Unchanged	4
METRO Cash & Carry Poland	Slight decline	Unchanged	Unchanged	3
METRO Cash & Carry Spain/Portugal	Solid growth	Strong growth	Substantial growth	3
METRO Cash & Carry Russia	Slight decline	Significant decline	Significant decline	3
METRO Cash & Carry Romania	Substantial growth	Unchanged	Substantial decline	3

As of 30 June 2017, the mandatory annual audit confirmed the impairment of all capitalised goodwill, with the exception of goodwill in the amount of €8 million allocated to METRO Cash & Carry Japan after the demerger, as well as €8 million to METRO Cash & Carry Netherlands and €3 million to METRO Cash & Carry Belgium, which were completely depreciated due to the respective business development.

In addition to the impairment test, 3 sensitivity analyses were conducted for each group of cash-generating units. The first sensitivity analysis was based on the assumption of a 1 percentage point lower growth rate. In the second sensitivity analysis, the interest rate for each group of cash-generating units was raised by 10.0%. In the third sensitivity analysis, a lump sum discount of 10.0% was applied to assumed perpetual EBIT. These changes to the underlying assumptions would not result in impairment at any of the groups of cash-generating units.

€ million	Goodwill
Acquisition or production costs	
As of 1/10/2015	832
Currency translation	0
Additions to consolidation group	0
Additions	48
Disposals	0
Reclassifications under IFRS 5	0
Transfers	0
As of 30/9 – 1/10/2016	880
Currency translation	–1
Additions to consolidation group	0
Additions	42
Disposals	0
Reclassifications under IFRS 5	0
Transfers	0
As of 30/9/2017	922
Depreciation/amortisation/ impairment losses	
As of 1/10/2015	28
Currency translation	0
Additions, scheduled	0
Additions, impairment	0
Disposals	0
Reclassifications under IFRS 5	0
Reversals of impairment losses	0
Transfers	0
As of 30/9 – 1/10/2016	28
Currency translation	–1
Additions, scheduled	0
Additions, impairment	19
Disposals	0
Reclassifications under IFRS 5	0
Reversals of impairment losses	0
Transfers	0
As of 30/9/2017	47
Carrying amount at 1/10/2015	804
Carrying amount at 30/9/2016	852
Carrying amount 30/9/2017	**875**

19. Other intangible assets

€ million	Intangible assets without goodwill	(thereof internally generated intangible assets)
Acquisition or production costs		
As of 1/10/2015	1,597	(881)
Currency translation	1	(0)
Additions to consolidation group	39	(0)
Additions	110	(60)
Disposals	–81	(–44)
Reclassifications under IFRS 5	0	(0)
Transfers	–7	(–3)
As of 30/9 – 1/10/2016	1,659	(894)
Currency translation	–8	(–1)
Additions to consolidation group	32	(0)
Additions	118	(60)
Disposals	–19	(0)
Reclassifications under IFRS 5	–1	(0)
Transfers	0	(–1)
As of 30/9/2017	1,782	(952)
Depreciation/amortisation/impairment losses		
As of 1/10/2015	1,226	(745)
Currency translation	1	(0)
Additions, scheduled	85	(54)
Additions, impairment	3	(1)
Disposals	–69	(–36)
Reclassifications under IFRS 5	0	(0)
Reversals of impairment losses	0	(0)
Transfers	–7	(–21)
As of 30/9 – 1/10/2016	1,239	(744)
Currency translation	–2	(–1)
Additions, scheduled	89	(49)
Additions, impairment	0	(0)
Disposals	–17	(–1)
Reclassifications under IFRS 5	0	(0)
Reversals of impairment losses	0	(0)
Transfers	0	(0)
As of 30/9/2017	1,309	(792)
Carrying amount at 1/10/2015	371	(136)
Carrying amount at 30/9/2016	420	(150)
Carrying amount at 30/9/2017	**473**	**(160)**

The other intangible assets have both limited useful lives and unlimited expected useful lives. Intangible assets with a limited useful life are subject to depreciation/amortisation. Intangible assets with an unlimited useful life are subjected to annual impairment tests. Assets with an indefinite useful life regard acquired brand rights. The carrying amount of acquired brand rights without time limits amounts to €95 million.

The additions to the consolidation group include €41 million in lease and usage rights, brands, customer relationships and licences, rights and licences acquired as part of the acquisition of Pro à Pro. The additions to the consolidation group of the previous year's acquisition of Rungis Express were reduced by €9 million. Additions in the amount of €118 million (2015/16: €110 million) concern internally generated software at €60 million (2015/16: €60 million), software purchased from third parties and still in development at €43 million (2015/16: €33 million), and concessions, rights and licences at €15 million (2015/16: €16 million).

The additions to depreciation/amortisation on other intangible assets in the amount of €89 million (2015/16: €85 million) are recognised in general administrative expenses at €56 million (2015/16: €57 million), in selling expenses at €31 million (2015/16: €28 million) and in the cost of sales at €2 million (2015/16: €0 million).

Impairments were not considered in financial year 2016/17. Impairment losses of €3 million in the previous year concern acquired concessions, rights and licences at €1 million, internally generated software at €1 million and lease and usage rights at €1 million.

Research and development expenses recognised in expenses essentially concern internally generated software and amount to €23 million (2015/16: €21 million).

As in the previous year, there are no material limits to the title or right to dispose of intangible assets. Purchasing obligations for intangible assets amounting to €0 million (30/9/2016: €1 million) were recorded.

20. Property, plant and equipment

As of 30 September 2017, property, plant and equipment totalling €6,822 million (30/9/2016: €6,979 million) was recorded. The development of property, plant and equipment is shown in the following table.

€ million	Land and buildings	Other plant, business and office equipment	Assets under construction	Total
Acquisition or production costs				
As of 1/10/2015	9,029	4,785	193	14,007
Currency translation	–21	–5	0	–27
Additions to consolidation group	1	3	0	4
Additions	289[1]	217	301	806
Disposals	–183	–356	–11	–550
Reclassifications under IFRS 5	–8	0	0	–8
Transfers	142	175	–305	11
As of 30/09 – 1/10/2016	9,248	4,818	177	14,243
Currency translation	–38	–52	–1	–90
Additions to consolidation group	34	25	2	61
Additions	125	189	256	571
Disposals	–229	–183	–13	–425
Reclassifications under IFRS 5	–3	–2	0	–5
Transfers	84	131	–226	–11
As of 30/9/2017	9,223	4,927	195	14,344
Depreciation/amortisation/impairment losses				
As of 1/10/2015	3,993	3,172	9	7,174
Currency translation	–18	–3	0	–21
Additions, scheduled	302	276	7	585
Additions, impairment	13	7	1	21
Disposals	–160	–338	0	–498
Reclassifications under IFRS 5	–5	0	0	–5
Reversals of impairment losses	0	0	0	0
Transfers	0	9	0	9
As of 30/9 – 1/10/2016	4,124	3,122	17	7,264
Currency translation	–24	–28	0	–51
Additions, scheduled	306	291	0	597
Additions, impairment	37	9	0	46
Disposals	–153	–168	–7	–327
Reclassifications under IFRS 5	0	–1	0	–1
Reversals of impairment losses	–2	–1	0	–3
Transfers	2	–3	0	–2
As of 30/9/2017	4,290	3,221	11	7,522
Carrying amount at 1/10/2015	5,036	1,613	184	6,833
Carrying amount at 30/9/2016	5,124	1,695	160	6,979
Carrying amount at 30/9/2017	**4,932**	**1,705**	**184**	**6,822**

[1] Including reclassifications from assets held for sale to property, plant and equipment.

The decline in property, plant and equipment by €158 million mainly results from disposals of properties in the amount of €77 million, which mainly relates to buildings. In addition, currency effects in the amount of €39 million (2015/16: €–6 million) and impairments in the amount of €46 million (2015/16: €21 million) resulted in a reduction in property, plant and equipment.

Restrictions on titles in the form of liens and encumbrances for items of property, plant and equipment amounted to €22 million (30/9/2016: €30 million).

Contractual commitments for the acquisition of property, plant and equipment in the amount of €128 million (30/9/2016: €124 million) were recorded.

Leases

Assets available to METRO under the terms of finance leases were recognised at €825 million (30/9/2016: €886 million); they essentially relate to leased buildings.

Finance leases generally have terms of 15 to 25 years with options under expiration to extend them at least once for 5 years. The interest rates in the leases vary by market and date of signing between 1.61 and 7.20%.

In addition to finance leases, METRO also signed other types of leases classified as operating leases based on their economic value. Operating leases also essentially concern leased buildings and generally have an initial term of up to 15 years. The interest rates in the leases are based partly on variable and partly on fixed rents.

Payments due under finance and operating leases in subsequent periods are shown as follows:

€ million	Up to 1 year	1 to 5 years	Over 5 years
Finance leases 30/9/2016			
Future lease payments due (nominal)	171	649	1,060
Discount	–13	–135	–498
Present value	158	514	562
Operating leases 30/9/2016			
Future lease payments due (nominal)	617	2,026	2,474

€ million	**Up to 1 year**	**1 to 5 years**	**Over 5 years**
Finance leases 30/9/2017			
Future lease payments due (nominal)	**167**	**620**	**903**
Discount	**–10**	**–124**	**–424**
Present value	**157**	**495**	**480**
Operating leases 30/9/2017			
Future lease payments due (nominal)	**633**	**2,039**	**2,701**

Future payments due on finance leases contain purchase payments amounting to €19 million (30/9/2016: €19 million) required for the exercise of more favourable purchase options.

The nominal value of future lease payments due to METRO from the subleasing of assets held under finance leases amounts to €245 million (30/9/2016: €262 million).

The nominal value of future lease payments due to METRO from the subleasing of assets held under operating leases amounts to €437 million (30/9/2016: €539 million).

Profit or loss for the period includes expenses from leases totalling €696 million (2015/16: €688 million) and income from tenancy agreements totalling €257 million (2015/16: €271 million).

Contingent lease payments from finance leases recognised as expenses during the period amount to €4 million (2015/16: €4 million). Contingent lease payments from operating leases recognised as expenses during the period amount to €12 million (2015/16: €15 million).

Lease payments due in subsequent periods from entities outside METRO for the rental of properties that are legally owned by METRO (METRO as lessor) are shown below:

€ million	Up to 1 year	1 to 5 years	Over 5 years
Operating leases 30/9/2016			
Future lease payments due (nominal)	49	123	122

€ million	**Up to 1 year**	**1 to 5 years**	**Over 5 years**
Operating leases 30/9/2017			
Future lease payments due (nominal)	**66**	**131**	**68**

21. Investment properties

Investment properties are recognised at depreciated cost. As of 30 September 2017, investment properties totalling €126 million (30/9/2016: €163 million) were recognised. The development of these properties is shown in the following table.

€ million	Investment properties
Acquisition or production costs	
As of 1/10/2015	608
Currency translation	1
Additions to consolidation group	0
Additions	1
Disposals	–92
Reclassifications under IFRS 5	–27
Transfers associated with property, plant and equipment	–3
As of 30/9 – 1/10/2016	488
Currency translation	1
Additions to consolidation group	0
Additions	2
Disposals	–75
Reclassifications under IFRS 5	0
Transfers associated with property, plant and equipment	11
As of 30/9/2017	426
Depreciation	
As of 1/10/2015	390
Currency translation	0
Additions, scheduled	15
Additions, impairment	1
Disposals	–53
Reclassifications under IFRS 5	–17
Reversals of impairment losses	–10
Transfers associated with property, plant and equipment	–2
As of 30/9 – 1/10/2016	324
Currency translation	0
Additions, scheduled	9
Additions, impairment	2
Disposals	–36
Reclassifications under IFRS 5	0
Reversals of impairment losses	0
Transfers associated with property, plant and equipment	1
As of 30/9/2017	300
Carrying amount at 1/10/2015	218
Carrying amount at 30/9/2016	163
Carrying amount at 30/9/2017	**126**

The reduction by €37 million mainly results from the sale of various stores in Germany.

The fair values of these investment properties total €248 million (30/9/2016: €287 million). They cannot be determined on the basis of observable market prices. As a result, they are determined on the basis of internationally recognised measurement methods, particularly the comparable valuation method and the discounted cash flow method (level 3 of the 3-level valuation hierarchy of IFRS 13 [Fair Value Measurement]). This measurement is based on a detailed planning period of 10 years. Aside from market rents, market-based discount rates were used as key valuation parameters. The discount rates are determined on the basis of analyses of relevant real estate markets as well as evaluations of comparable transactions and market publications issued by international consulting firms. The resulting discount rates reflect the respective country and location risk as well as the property-specific real estate risk. In addition, project developments are considered to determine the best use.

Rental income from these properties amounts to €23 million, with finance leases accounting for €8 million of this total (2015/16: €37 million, thereof €11 million from finance leases). The related expenses amount to €15 million, with finance leases accounting for €6 million (2015/16: €21 million, thereof €9 million from finance leases). Expenses of €0 million (2015/16: €0 million) resulted from properties without rental income and, as in the previous year, did not relate to finance leases.

Restrictions on titles in the form of liens and encumbrances amounted to €0 million (30/9/2016: €5 million). As in the previous year, no contractual commitments for the acquisition of investment properties were made.

22. Financial investments and investments accounted for using the equity method

€ million	Loans	Investments	Securities	Total financial assets
Acquisition or production costs				
As of 1/10/2015	33	9	2	44
Currency translation	0	0	0	0
Additions to consolidation group	0	0	0	0
Additions	14	16	0	30
Disposals	–3	0	0	–3
Reclassifications under IFRS 5	0	0	0	0
Transfers	0	0	24	24
As of 30/9 – 1/10/2016	45	25	26	96
Currency translation	–1	0	0	–1
Additions to consolidation group	0	0	0	0
Additions	8	27	0	36
Disposals	–4	–2	–14	–19
Reclassifications under IFRS 5	0	0	0	0
Transfers	–2	0	–3	–5
As of 30/9/2017	47	51	9	107
Depreciation/amortisation/impairment losses				
As of 1/10/2015	0	1	0	1
Currency translation	0	0	0	0
Additions, scheduled	0	0	0	0
Additions, impairment	3	3	0	6
Disposals	0	0	0	0
Reclassifications under IFRS 5	0	0	0	0
Reversals of impairment losses	0	0	0	0
Transfers	0	0	0	0
As of 30/9 – 1/10/2016	4	4	0	7
Currency translation	0	0	0	0
Additions, scheduled	0	0	0	0
Additions, impairment	1	8	0	9
Disposals	0	0	0	0
Reclassifications under IFRS 5	0	0	0	0
Reversals of impairment losses	0	0	0	0
Transfers	–1	0	0	–1
As of 30/9/2017	4	12	0	15
Carrying amount at 1/10/2015	33	8	2	43
Carrying amount at 30/9/2016	41	22	26	89
Carrying amount at 30/9/2017	**43**	**39**	**9**	**92**

€ million	Investments accounted for using the equity method
Acquisition or production costs	
As of 1/10/2015	192
Currency translation	0
Additions to consolidation group	0
Additions	8
Disposals	–15
Reclassifications under IFRS 5	0
Transfers	0
As of 30/9 – 1/10/2016	185
Currency translation	0
Additions to consolidation group	0
Additions	9
Disposals	–12
Reclassifications under IFRS 5	0
Transfers	2
As of 30/9/2017	184
Depreciation/amortisation/ impairment losses	
As of 1/10/2015	7
Currency translation	0
Additions, scheduled	0
Additions, impairment	0
Disposals	0
Reclassifications under IFRS 5	0
Reversals of impairment losses	–5
Transfers	0
As of 30/9 – 1/10/2016	2
Currency translation	0
Additions, scheduled	0
Additions, impairment	0
Disposals	–1
Reclassifications under IFRS 5	0
Reversals of impairment losses	0
Transfers	0
As of 30/9/2017	1
Carrying amount at 1/10/2015	184
Carrying amount at 30/9/2016	183
Carrying amount at 30/9/2017	**183**

Disclosures about the major investments accounted for using the equity method can be found in the following table.

Apart from Habib METRO Pakistan (closing date 30 June), all other companies mentioned above have 31 December as the closing date. The companies are included in the consolidated financial statements of METRO AG with their most recently available financial statements.

	Habib METRO Pakistan		OPCI FWP		OPCI FWS		Mayfair group[1]		Miscellaneous		Total	
€ million	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**
Amount of the share (in %)	**40**	**40**	**5**	**5**	**25**	**25**	**40**	**40**	**–**	**–**	**–**	**–**
Market value	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Carrying amount	**47**	**48**	**9**	**9**	**41**	**41**	**80**	**78**	**6**	**7**	**183**	**183**
Disclosures about the income statement												
Sales revenues	12	**14**	24	**24**	23	**23**	16	**8**	29	**60**	104	**129**
Earnings after tax from continuing operations	6	**7**	14	**16**	15	**13**	9	**4**	5	**7**	49	**47**
Earnings after tax from discontinued operations	0	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**0**
Other comprehensive income	0	**0**	0	**0**	0	**0**	0	**0**	0	**0**	0	**0**
Total comprehensive income	6	**7**	14	**16**	15	**13**	9	**4**	5	**7**	49	**47**
Dividend payments to the group	0	**1**	0	**1**	0	**4**	0	**0**	0	**2**	0	**8**
Notes to the balance sheet												
Non-current assets	61	**55**	271	**275**	261	**264**	201	**195**	84	**77**	878	**866**
Current assets	15	**23**	1	**4**	4	**2**	5	**6**	17	**39**	42	**74**
Non-current liabilities	3	**3**	100	**103**	100	**100**	0	**0**	84	**80**	287	**286**
Current liabilities	1	**3**	0	**0**	0	**0**	5	**5**	14	**39**	20	**47**

[1] The Mayfair group comprises 10 real estate companies.

METRO's representation on the supervisory board of OPCI FRENCH WHOLESALE PROPERTIES – FWP ensures that significant influence is maintained and that the holding will be accounted for using the equity method although the share only amounts to 5%.

The investments accounted for using the equity method within the group are mainly leasing companies.
The key purpose of the leasing companies is to acquire, lease out and manage assets.

23. Other financial and non-financial assets

	30/9/2016			**30/9/2017**		
		Remaining term			**Remaining term**	
€ million	Total	up to 1 year	over 1 year	**Total**	**up to 1 year**	**over 1 year**
Receivables due from suppliers	562	562	0	**504**	**504**	**0**
Miscellaneous financial assets	392	344	48	**371**	**328**	**43**
Other financial assets	**954**	**905**	**49**	**875**	**832**	**43**
Other tax receivables	281	281	0	**287**	**287**	**0**
Prepaid expenses and deferred charges	256	71	186	**243**	**73**	**170**
Miscellaneous non-financial assets	28	24	4	**26**	**22**	**4**
Other non-financial assets	**565**	**375**	**190**	**556**	**382**	**174**
Other financial and non-financial assets	**1,519**	**1,280**	**239**	**1,430**	**1,214**	**217**

Receivables due from suppliers comprise both invoiced and deferred income for subsequent supplier compensation (for example, bonuses, advertising subsidies) and creditors with debit balances.

Miscellaneous financial assets primarily include credit card receivables in the amount of €88 million (30/9/2016: €75 million), receivables and other assets in the real estate area amounting to €37 million (30/9/2016: €20 million), receivables from finance leases in the amount of €31 million (30/9/2016: €32 million) and receivables from other financial transactions amounting to €12 million (30/9/2016: €102 million). The main reason for the decline in receivables from other financial transactions is the reclassification of a short-term financial investment in cash and cash equivalents.

Other tax receivables comprise entitlements to value added tax refunds in the amount of €141 million (30/9/2016: €136 million), not yet clearable input tax amounting to €129 million (30/9/2016: €133 million) and other entitlements to tax refunds totalling €16 million (30/9/2016: €11 million).

Prepaid expenses and deferred charges include deferred rental, leasing and interest prepayments as well as miscellaneous deferments.

Miscellaneous non-financial assets particularly include prepayments made on inventories.

24. Deferred tax assets / deferred tax liabilities

Deferred tax assets on tax loss carry-forwards and temporary differences amount to €992 million before netting (30/9/2016: €1,129 million), a decline of €137 million compared with 30 September 2016. The carrying amounts of deferred tax liabilities decreased by €55 million to €653 million compared with the previous year (30/9/2016: €709 million).

Deferred taxes relate to the following balance sheet items:

€ million	30/9/2016 Assets	30/9/2016 Liabilities	**30/9/2017 Assets**	**30/9/2017 Liabilities**
Goodwill	85	86	**44**	**46**
Other intangible assets	63	79	**55**	**91**
Property, plant and equipment and investment properties	117	424	**110**	**410**
Financial investments and investments accounted for using the equity method	4	12	**16**	**12**
Inventories	39	6	**33**	**4**
Other financial and non-financial assets	43	33	**35**	**30**
Assets held for sale	0	0	**0**	**0**
Provisions for post-employment benefits plans and similar obligations	137	41	**116**	**39**
Other provisions	70	2	**56**	**1**
Financial liabilities	364	2	**336**	**2**
Other financial and non-financial liabilities	93	22	**95**	**18**
Liabilities related to assets held for sale	0	0	**0**	**0**
Outside basis differences	0	0	**0**	**0**
Write-downs of temporary differences	–32	0	**–65**	**0**
Loss carry-forwards	146	0	**160**	**0**
	1,129	709	**992**	**653**
Offset	–620	–620	**–554**	**–554**
Carrying amount of deferred taxes	**509**	**88**	**439**	**100**

Of the deferred tax assets shown, €239 million (30/9/2016: €260 million) are attributable to the group of incorporated companies of METRO AG. The additional deferred tax assets of €100 million (30/9/2016: €161 million) are attributable to various entities abroad. Based on business planning, realisation of these tax assets is to be considered sufficiently likely.

In accordance with IAS 12 (Income Taxes), deferred tax liabilities relating to differences between the carrying amount of a subsidiary's pro rata equity in the balance sheet and the carrying amount of the investment for this subsidiary in the parent company's tax statement must be recognised (so-called outside basis differences) if the tax benefit is likely to be realised in the future. The differences can primarily be attributed to retained earnings of subsidiaries in Germany and abroad. No deferred taxes were recognised for these retained earnings as they will be reinvested over an indefinite period of time or are not subject to relevant taxation. Any dividends paid by subsidiaries would be subject to a dividend tax. In addition, foreign dividends may trigger a withholding tax. As of 30 September 2017, no deferred tax liabilities from outside basis differences were recognised for planned dividend payments (30/9/2016: €0 million). The sum of the amount of temporary differences in connection with investments in subsidiaries for which no deferred tax liabilities were recognised was not determined as this would have been disproportionately expensive due to the of the METRO group's level of detail.

No deferred tax assets were capitalised for the following tax loss carry-forwards and interest carry-forwards or temporary differences because realisation of the assets in the short to medium term is not expected:

€ million	30/9/2016	**30/9/2017**
Corporation tax losses	1,240	**4,794**
Trade tax losses	0	**3,626**
Interest carry-forwards	29	**43**
Temporary differences	90	**251**

The losses in the reporting period primarily concern Germany. They can be carried forward without limitation. The disclosures for the previous year relate exclusively to foreign countries and were determined on the premise of the Group Allocation Approach.

TAX EFFECTS ON COMPONENTS OF OTHER COMPREHENSIVE INCOME

	2015/16			**2016/17**		
€ million	Before taxes	Taxes	After taxes	**Before taxes**	**Taxes**	**After taxes**
Currency translation differences from translating the financial statements of foreign operations	45	0	45	**–36**	**0**	**–36**
thereof currency translation differences from net investments in foreign operations	(–9)	(0)	(–9)	**(–60)**	**(0)**	**(–60)**
Effective portion of gains/losses from cash flow hedges	0	0	0	**–3**	**0**	**–3**
Gains/losses on remeasuring financial instruments in the category “available for sale”	0	0	0	**0**	**0**	**0**
Deferred taxes from the remeasurement of defined benefit pension plans	–95	27	–68	**76**	**–21**	**55**
Other changes	0	0	0	**0**	**0**	**0**
Remaining income tax on other comprehensive income	0	4	4	**0**	**2**	**2**
	–50	**31**	**–19**	**38**	**–20**	**18**

As a result of non-taxable events as well as the non-recognition and impairment of deferred taxes, the recognised tax does not correspond to the estimated tax for each item.

25. Inventories

€ million	30/9/2016	**30/9/2017**
Food merchandise	1,973	**1,975**
Non-food merchandise	1,090	**1,071**
	3,063	**3,046**

Inventories can be broken down by segments as follows:

€ million	30/9/2016	**30/9/2017**
METRO Wholesale	2,262	**2,277**
Real	789	**764**
Others	12	**5**
	3,063	**3,046**

Inventories include impairments at €102 million (30/9/2016: €105 million). Inventories are subject to customary or statutory to the industry retention of title clauses.

26. Trade receivables

Trade receivables increased by €82 million from €493 million to €575 million. These are receivables with a remaining term of up to 1 year.

At €106 million, this increase was largely due to the acquisition of Pro à Pro in the METRO Wholesale segment. Substantial contrasting trends arose in the amount of €–37 million as a result of the declining business of METRO Sourcing International Limited, Hong Kong, with third parties.

27. Impairments of capitalised financial instruments

Impairments of capitalised financial instruments that are measured at amortised cost are as follows:

€ million	Category “loans and receivables”	thereof loans and advance credit granted	thereof other current receivables
As of 1/10/2015	100	(2)	(98)
Currency translation	−1	(0)	(−1)
Additions	50	(3)	(47)
Reversal	−23	(0)	(−23)
Utilisation	−18	(−2)	(−16)
Transfers	0	(0)	(0)
As of 30/9 – 1/10/2016	109	(4)	(105)
Currency translation	−2	(0)	(−2)
Additions	45	(1)	(44)
Reversal	−17	(0)	(−17)
Utilisation	−17	(0)	(−17)
Transfers	−1	(0)	(−1)
As of 30/9/2017	**117**	**(4)**	**(113)**

In the category “loans and receivables”, which particularly includes loans, trade receivables, receivables from suppliers as well as receivables and other assets in the real estate area, negative earnings effects from impairment losses amount to €27 million (2015/16: €26 million). This also includes earnings from the receipt of cash from receivables that had already been derecognised in anticipation of irrevocability at €1 million (2015/16: €1 million). The current financial year includes reclassifications of impairment losses on assets held for sale in the amount of €1 million (2015/16: €0 million).

As in the previous year, no earnings effects existed in the category “held to maturity” and from receivables from finance leases (carrying value according to IAS 17).

In principle, impairment losses on capitalised financial instruments are recognised using an adjustment account. They reduce the carrying amount of financial assets.

28. Maturities and impairment losses of capitalised financial instruments

Capitalised financial instruments had the following maturities and impairment losses as of the closing date:

€ million	Total carrying amount 30/9/2016	thereof not past-due, not impaired	thereof past-due, no specific allowances for impairment losses: Due within the last 90 days	Due for 91 to 180 days	Due for 181 to 360 days	Due for 271 to 360 days	Due for more than 360 days
Assets							
in the category “loans and receivables”	1,473	1,145	60	6	1	0	1
thereof loans and advance credit granted	(44)	(44)	(0)	(0)	(0)	(0)	(0)
thereof other current receivables	(1,428)	(1,101)	(60)	(6)	(1)	(0)	(1)
in the category “held to maturity”	0	0	0	0	0	0	0
in the category “held for trading”	7	0	0	0	0	0	0
in the category “available for sale”	23	1	0	0	0	0	0
	1,503	**1,146**	**60**	**6**	**1**	**0**	**1**

€ million	Total carrying amount 30/9/2017	thereof not past-due, not impaired	thereof past-due, no specific allowances for impairment losses: Due within the last 90 days	Due for 91 to 180 days	Due for 181 to 360 days	Due for 271 to 360 days	Due for more than 360 days
Assets							
in the category “loans and receivables”	**1,466**	**1,166**	**89**	**10**	**4**	**1**	**4**
thereof loans and advance credit granted	**(46)**	**(45)**	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**
thereof other current receivables	**(1,421)**	**(1,121)**	**(89)**	**(10)**	**(4)**	**(1)**	**(4)**
in the category “held to maturity”	**0**	**0**	**0**	**0**	**0**	**0**	**0**
in the category “held for trading”	**4**	**0**	**0**	**0**	**0**	**0**	**0**
in the category “available for sale”	**41**	**1**	**0**	**0**	**0**	**0**	**0**
	1,511	**1,168**	**89**	**10**	**4**	**1**	**4**

Loans and receivables due within the last 90 days largely result from standard business payment transactions with immediate or short-term payment terms. For loans and receivables more than 90 days past-due that are not subject to specific allowances, there is no indication as of the closing date that debtors will not fulfil their payment obligations. For capitalised financial instruments which are not past-due and which are not subject to specific allowances, there is no indication based on the debtor’s creditworthiness that would require an impairment.

29. Cash and cash equivalents

€ million	30/9/2016	**30/9/2017**
Cheques and cash on hand	70	**61**
Bank deposits and other financial assets with short-term liquidity	1,529	**1,498**
	1,599	**1,559**

Of the cash and cash equivalents, €33 million (30/9/2016: €0 million) are subject to restrictions on disposal.

— **For more information, see the cash flow statement and no. 41 – notes to the cash flow statement.**

30. Assets held for sale/ liabilities related to assets held for sale

Sale of MIDBAN ESOLUTIONS S.L.

Based on a decision of the METRO AG Management Board on 28 September 2017, METRO plans to sell all shares in MIDBAN ESOLUTIONS S.L., (Midban), Barcelona, Spain, to its founding shareholders as part of the exercise of a right to tender. Since its acquisition in July 2014, Midban has been active in the delivery business as part of the food service distribution business segment of the METRO Wholesale segment.

Until the shares are sold, Midban will remain part of METRO and will contribute to the consolidated result until then. Since the Management Board decision from 28 September 2017, all assets and liabilities of Midban are treated as a disposal group in terms of IFRS 5. An impairment test of these assets and liabilities in terms of IFRS 5 Subsection 18 immediately prior to the classification as “held for sale” did not reveal any need for a depreciation. However, deferred tax assets of €1 million were derecognised through profit or loss. The subsequent measurement of the disposal group at fair value less costs to sell, as defined by IFRS 5 Subsection 15, also resulted in a depreciation of €9 million. After the consolidation of all intragroup assets and liabilities in the consolidated balance sheet as of 30 September 2017, the disposal group is reported under the item assets held for sale or under the item liabilities related to assets held for sale. The composition of the 2 items can be found in the following overview:

€ million	30/9/2017
Assets	
Trade receivables	**7**
Other financial and non-financial assets (current)	**1**
Cash and cash equivalents	**3**
	11
Liabilities	
Other financial and non-financial liabilities (non-current)	**2**
Trade liabilities	**9**
Financial liabilities (current)	**1**
Other financial and non-financial liabilities (current)	**3**
	15

Midban's assets held for sale in the METRO Wholesale segment contribute €7 million to segment assets. The valuation effects incurred as part of the disposal group accounting in terms of IFRS 5 resulted in an EBIT result of €–9 million, which is reported in full under other operating expenses. It is fully accounted for by the EBIT of the METRO Wholesale segment. The process has no impact on the financial result. Income tax expenses of €1 million were recognised. The transaction had no impact on the other comprehensive income.

31. Equity

The subscribed capital of METRO AG amounts to €363,097,253. It is divided as follows:

No-par-value bearer shares, accounting par value €1.00		30/9/2016[1]	30/9/2017
Ordinary shares	Number of shares	0	**360,121,736**
	€	0	**360,121,736**
Preference shares	Number of shares	0	**2,975,517**
	€	0	**2,975,517**
Total shares	**Number of shares**	**0**	**363,097,253**
Total share capital	**€**	**0**	**363,097,253**

[1] Comparisons with the previous year's closing date are not possible as METRO AG was a limited liability company at the closing date of 30 September 2016 (at that time under the name of METRO Wholesale & Food Specialist GmbH). The transformation of the company into a public limited company took effect on 11 November 2016.

The share capital of METRO Wholesale & Food Specialist GmbH (registered in the commercial registry of the District Court in Düsseldorf under HRB 79055) as of 30 September 2016 amounted to €204,517,000.00 and was represented by a single share. Upon transformation of the company into a stock corporation pursuant to the German Entity Transformation Act (UmwG) on 11 November 2016, share capital in the same amount became share capital of METRO Wholesale & Food Specialist AG (MWFS AG), which was divided into 32,410,956 no-par bearer ordinary shares and 267,796 no-par bearer non-voting preference shares.

The Annual General Meeting of MWFS AG on 16 November 2016 resolved to conduct an ordinary capital decrease, which became effective upon being recorded in the commercial registry on 23 November 2016. This resulted in a decrease of the post-transformation share capital from €204,517,000.00 to €32,678,752.00. The resultant income of €171,838,248.00 increased the net earnings accordingly. The capital decrease did not change the number of ordinary and preference shares.

By resolution of the Annual General Meeting on 10 February 2017 and recording in the commercial registry on 12 July 2017, the share capital of MWFS AG was increased for the purpose of completing the demerger and spin off by the amount of €330,418,501.00 to €363,097,253.00 by way of issuing 3,601,217 and 324,109,563 new ordinary shares and 29,755 and 2,677,966 new preference shares against non-cash contributions. MWFS AG changed its name to METRO AG on 18 August 2017.

The subscribed capital of METRO AG as of 30 September 2017 amounted to €363,097,253 and is divided as follows:

Each ordinary share entitles the bearer to a single vote in the company's Annual General Meeting. The ordinary shares carry full dividend rights. In contrast to ordinary shares, preference shares do not carry voting rights but confer a preferential entitlement to profits as stipulated in § 21 of the Articles of Association of METRO AG, which state:

"(1) Holders of non-voting preference shares will receive a preliminary dividend from the annual balance sheet profit in the amount of €0.17 for each preference share.

(2) Should the net earnings available for distribution not suffice in any 1 financial year to pay the preliminary dividend, the arrears (excluding any interest) shall be paid from the net earnings of subsequent financial years in an order based on age, meaning in such manner that any older arrears are paid off prior to any more recent ones and that the preference dividends payable from the profit of a financial year are not distributed until all accrued arrears have been paid.

(3) Following distribution of the preliminary dividends, the holders of ordinary shares will be paid a dividend of €0.17 for each ordinary share. Subsequently, a non-cumulative extra dividends per share will be

paid to the holders of non-voting preference shares. The extra dividend shall amount to 10% of the dividends paid to the holders of ordinary shares under observation of Section 4, provided such dividend equals or exceeds €1.02 per ordinary share.

(4) The holders of non-voting preference shares and those holding ordinary shares will equally share in any additional profit distribution in the proportion corresponding to the number of shares held by them in the share capital."

Authorised capital
The Annual General Meeting on 11 April 2017 authorised the Management Board to increase the share capital, subject to the consent of the Supervisory Board, by issuing new ordinary bearer shares against cash or non-cash contributions in one or several tranches for a total maximum of €181,000,000 by 28 February 2022 (authorised capital). The Management Board is, subject to the consent of the Supervisory Board, authorised to exclude shareholder subscription rights in certain cases. To date, the authorised capital has not been utilised.

Contingent capital
The Annual General Meeting held on 11 April 2017 resolved a contingent increase in the share capital by up to €16,339,376, divided into a maximum of 16,339,376 ordinary bearer shares (contingent capital). This contingent capital increase is related to the establishment of an authority of the Management Board to issue, subject to the consent of the Supervisory Board, one or several tranches of warrant or convertible bearer bonds (collectively "bonds") with an aggregate par value of €1,500,000,000 prior to 28 February 2022, and to grant the holders of warrant or convertible bearer bonds warrant or conversion rights or to impose warrant or conversion obligations upon them for ordinary bearer shares in METRO AG representing up to €16,339,376 of the share capital in accordance with the terms of the warrant or convertible bearer bonds, or to provide for the company's right to deliver ordinary shares in the company as full or partial payment in lieu of a cash redemption of the bonds. The Management Board is, subject to the consent of the Supervisory Board, authorised to exclude shareholder subscription rights in certain cases. To date, no warrant and/or convertible bearer bonds have been issued under the aforementioned authority.

Repurchase of own shares
On the basis of § 71 Section 1 No. 8 of the German Stock Corporation Act, the Annual General Meeting on 11 April 2017 authorised the company to acquire own shares of any share class representing a maximum of 10% of the share capital issued at the time the authority became effective, or – if this figure is lower – at the time the authority is exercised. The authority expires on 28 February 2022. To date, neither the company nor any company controlled or majority-owned by it, or any other company acting on behalf of the company or of any company controlled or majority-owned by that company has exercised this authority.

— **For more information about the company's authorised capital and contingent capital, the authority to issue warrant and/or convertible bearer bonds as well as share repurchasing, see chapter 7 notes pursuant to § 315 Section 4 and § 289 Section 4 of the German Commercial Code and explanatory report of the Management Board in the combined management report.**

Capital reserve and reserves retained from earnings
Prior to the effective date of the hive-down and demerger of CECONOMY AG on 12 July 2017, METRO AG was not yet a group within the meaning of IFRS 10. Accordingly, combined financial statements of the MWFS GROUP were prepared for the IPO prospectus of METRO AG. Equity in the combined financial statements was the residual amount from the combined assets and liabilities of the MWFS GROUP. Following the demerger, METRO became an independent group with METRO AG as the listed parent company. Therefore, the equity in the consolidated financial statements is subdivided according to legal requirements. The subscribed capital in the amount of €363 million and the capital reserve in the amount of €6,118 million were recognised at the carrying amounts from the annual financial statements of METRO AG as of 30 September 2017. For this purpose, a reclassification was made from the equity item "net assets", recognised as of 1 October 2016, attributable to the former METRO GROUP of the combined financial statements of the MWFS GROUP. The remaining negative amount of this equity item was reclassified to reserves retained from earnings. It cannot be traced back to a history of loss. In addition, the measurement of a put option, which became effective in the demerger, in the amount of €53 million was recognised in reserves retained from earnings as part of the division of net assets in accordance with the legal structure.

Other components of reserves retained from earnings are the profit or loss for the period attributable to the shareholders of METRO AG and the components of other comprehensive income, which are composed as follows:

€ million	30/9/2016	**30/9/2017**
Effective portion of gains/losses from cash flow hedges	68	**66**
Gains/losses from the revaluation of financial instruments in the category “available for sale”	0	**0**
Currency translation differences from translating the financial statements of foreign operations	–513	**–549**
Remeasurement of defined benefit pension plans	–503	**–427**
Income tax on components of other comprehensive income	88	**68**
	–860	**–842**

Changes in the financial instruments presented above consist of the following components:

€ million	2015/16	**2016/17**
Initial or subsequent measurement of derivative financial instruments	–2	**–5**
Derecognition of cash flow hedges	4	**2**
thereof in inventories	(4)	**(0)**
thereof in net financial result	(0)	**(2)**
Effective portion of gains/losses from cash flow hedges	1	**–3**
Gains/losses from the revaluation of financial instruments in the category “available for sale”	0	**0**
	1	**–2**

— **An overview of the tax effect on components of other results – see no. 24 – deferred tax assets / deferred tax liabilities.**

In addition, currency translation differences changed by €–36 million (2015/16: €44 million). They can be broken down as follows:

The translation of the local balance sheets to the group currency resulted in a decrease of €–12 million in equity outside of profit or loss. In addition, the effective derecognition of cumulative currency differences of companies that were deconsolidated or discontinued operation within financial year 2016/17 had an effect of €–24 million.

The remeasurement of defined benefit pension plans resulted in effects outside of profit or loss before deferred taxes in the amount of €76 million. The related deferred taxes amount to €–21 million.

Other reserves retained from earnings as of 30 September are at €–2,478 million. The profit or loss for the period attributable to the shareholders of METRO AG in the amount of €325 million has an opposite effect on the negative adjustment of the residual amount from the distribution of net assets.

Non-controlling interests

Non-controlling interests comprise the shares held by third parties in the share capital of the consolidated subsidiaries. They amounted to €46 million at the end of financial year (30/9/2016: €36 million).

— **An overview of major subsidiaries with non-controlling interests is published in the notes to the group accounting principles and methods.**

Appropriation of the balance sheet profit, dividends

Dividend distribution of METRO AG is based on METRO AG’s annual financial statements prepared under German commercial law.

Regarding the appropriation of the balance sheet profit for 2016/17, the Management Board of METRO AG proposes to the Annual General Meeting to distribute a dividend in the amount of €0.70 per ordinary share and €0.70 per preference share – that is, a total of €254 million – from the reported balance sheet profit of €302 million and to carry forward the remaining amount to new account.

32. Provisions for post-employment benefits plans and similar obligations

€ million	30/9/2016	**30/9/2017**
Provisions for post-employment benefits plans (employer’s commitments)	448	**383**
Provisions for indirect commitments	54	**34**
Provisions for voluntary pension benefits	0	**0**
Provisions for company pension plans	88	**87**
Provisions for obligations similar to pensions	55	**52**
	646	**557**

Provisions for post-employment benefits plans are recognised in accordance with IAS 19 (Employee Benefits).

Provisions for post-employment benefits plans consist of commitments primarily related to benefits defined by the provisions of company pension plans. These take the form of defined benefit plans directly from the employer (employer's commitments) and defined benefit plans from external providers (benevolent funds in Germany and international pension funds). The external providers' assets serve exclusively to finance the pension entitlements and qualify as plan assets. The benefits under the different plans are based on performance and length of service.

The most important performance-based pension plans are described in the following.

Germany

METRO grants many employees in Germany retirement, disability and surviving dependant's benefits. New commitments are granted in the form of "defined benefit" commitments in the meaning of IAS 19 (contribution-oriented commitments pursuant to German company pension law), which comprise a payment contribution component and an employer-matching component. Contributions are paid to a pension reinsurance from which benefits are paid out when the insured event occurs. A provision is recognised for entitlements not covered by reinsurance.

In addition, various pension funds exist that are closed for new contributions. In general, these provide for lifelong pensions starting with the start of retirement or recognised invalidity. Benefits are largely defined as fixed payments or on the basis of set annual increases. In special cases, benefits are calculated in consideration of accrued statutory pension entitlements. These commitments provide for a widow's or widower's pension of varying size depending on the benefits the former employee received or would have received in case of invalidity. Legacy commitments are partially covered by assets held in benevolent funds. Provisions are recognised for those commitments not covered. The benevolent funds' decision-making bodies (management board and general assembly of members) comprise both employer and employee representatives. The management board decides on the deployment of funds and financial investments. It may commission third parties to manage fund assets. No statutory minimum endowment obligations exist. Insofar as pledged benefits cannot be paid out of the benevolent fund assets, the employer is obliged to directly assume these payments.

There are also deferred compensation contracts with the Hamburger Pensionskasse (Hamburg Pension Fund).

Netherlands

A defined benefit pension plan exists in the Netherlands and foresees pension payments in addition to invalidity and death benefits. The amount of the benefits depends on the pensionable salary per year of service. Benefits are funded through a pension fund whose decision-making bodies (management board, as well as administration, finance and investment committee) include employer and employee representatives. The fund's executive committee has responsibility for asset management. The pension fund's investment committee exists for this purpose. In line with statutory minimum funding requirements, the pension fund's executive committee must ensure that commitments are covered by assets at all times. In case of underfunding, the pension fund's executive committee may take different measures to compensate for deficient cover. These measures include the requirement for additional contributions by the employer and curtailments in employee benefits.

United Kingdom

In July 2012, the former METRO GROUP sold its cash-and-carry business in the United Kingdom to Booker Group PLC. Pension commitments were not part of the sale. Since the date of the sale, only vested benefits and current pensions from service years at the former METRO GROUP have existed. In accordance with legal stipulations, the vested interests must be adjusted for inflation effects. The commitments are covered by assets which are managed and invested by a corporate trustee. A major share of these commitments was fully funded through a buy-in. The executive committee of this corporate trustee consists of employer and employee representatives. In any case, the trustee must ensure that benefits can be paid at all times in the future. This is regulated on the basis of statutory minimum financing requirements. In case of underfunding, the trustee may require additional employer contributions to close the funding gap.

Belgium

There are both retirement pensions and capital commitments; the amount depends on the pensionable length of service and pensionable income. In addition, groups of employees are granted interim allowances. In principle, benefits are funded through group insurance contracts that are subject to Belgian regulatory law.

Additional retirement plans are shown cumulatively under other countries.

The following table provides an overview of the present value of defined benefit obligations by METRO countries as well as material obligations:

%	30/9/2016	**30/9/2017**
Germany	32	**31**
Netherlands	36	**36**
United Kingdom	16	**17**
Belgium	6	**8**
Other countries	10	**8**
	100	**100**

The plan assets of METRO are distributed proportionally to the following countries:

%	30/9/2016	**30/9/2017**
Germany	7	**8**
Netherlands	63	**60**
United Kingdom	26	**25**
Belgium	2	**6**
Other countries	2	**1**
	100	**100**

The above commitments are valued on the basis of actuarial calculations in accordance with IAS 19. The basis for the valuation are the legal, economic and tax circumstances prevailing in each country.

The following average assumptions regarding the material parameters were used in the actuarial valuation:

	30/9/2016					**30/9/2017**				
%	Germany	Netherlands	United Kingdom	Belgium	Other countries	**Germany**	**Netherlands**	**United Kingdom**	**Belgium**	**Other countries**
Actuarial interest rate	1.40	1.70	2.40	1.40	1.61	**2.10**	**2.30**	**2.60**	**2.10**	**2.35**
Inflation rate	1.50	0.90	2.00	2.00	0.03	**1.50**	**0.90**	**2.40**	**2.00**	**0.04**

As in previous years, METRO used generally recognised methods to determine the actuarial rate of interest. With these, the respective actuarial rate of interest based on the yield of investment grade corporate bonds is determined as of the closing date taking account of the currency and maturity of the underlying obligations. The actuarial rate of interest for the Eurozone and the UK is based on the results of a method applied in a uniform manner across the group. The interest rate for this is set on the basis of the returns of high-quality corporate bonds and the duration of commitments. In countries without a liquid market of suitable corporate bonds, the actuarial interest rate was determined on the basis of government bond yields.

Aside from the actuarial interest rate, the inflation rate represents another key actuarial parameter. In the process, the nominal rate of wage and salary increases was determined on the basis of expected inflation and a real rate of increase. In Germany, the rate of pension increases is derived directly from the inflation rate insofar as pension adjustments can be determined on the basis of the increase in the cost of living. In international companies, pension adjustments are also generally determined on the basis of the inflation rate.

The extent of other, non-essential parameters used to determine pension commitments corresponds to the long-term expectations of METRO. The impact of changes in fluctuation and mortality assumptions was analysed for major plans. Calculations of the mortality rate for the German group companies are based on the 2005 G tables from Prof. Dr Klaus Heubeck. Modified mortality tables were used in connection with the settlement of future pension claims in Germany in financial year 2015/16. For beneficiaries who did not make use of the option to settle their benefit entitlements through a lump sum capital payment, the mortality rates in table 2005 G have been reduced for the next 4 years, with a linear decline in the reduction from an initial value of 80% to 0% in year 5. The actuarial valuations outside of Germany are based on country-specific mortality tables. The resulting effects of fluctuation and mortality assumptions have been deemed immaterial and are not listed as a separate component.

The following is a sensitivity analysis for the key valuation parameters with respect to the present value of pension entitlements. The actuarial rate of interest and the inflation rate were identified as key parameters with an impact on the present value of pension entitlements. In the context of the sensitivity analysis, the same methods were applied as in the previous year. The analysis considered changes in parameters that are considered possible within reason. Stress tests or worst-case scenarios, in contrast, are not part of the sensitivity analysis. The selection of the respective spectrum of possible changes in parameters is based on historical multi-year observations. This almost exclusive reliance on historical data to derive possible future developments represents a methodical constraint.

The following illustrates the impact of an increase/decrease in the actuarial rate of interest by 100 basis points or an increase/decrease in the inflation rate by 25 basis points:

		30/9/2016					**30/9/2017**				
€ million		Germany	Netherlands	United Kingdom	Belgium	Other countries	**Germany**	**Netherlands**	**United Kingdom**	**Belgium**	**Other countries**
Actuarial interest rate	Increase by 100 basis points	–64.30	–104.28	–38.79	–3.75	–14.96	**–52.57**	**–90.70**	**–36.96**	**–3.50**	**–12.23**
	Decrease by 100 basis points	84.41	145.62	50.38	4.05	18.42	**67.02**	**124.64**	**48.42**	**5.80**	**14.87**
Inflation rate	Increase by 25 basis points	12.69	16.84	4.22	0.00	0.95	**10.43**	**13.25**	**4.66**	**0.00**	**0.89**
	Decrease by 25 basis points	–12.12	–16.10	–4.13	0.00	–0.89	**–9.98**	**–12.71**	**–4.45**	**0.00**	**–0.85**

The granting of defined benefit pension entitlements exposes METRO to various risks. These include general actuarial risks resulting from the valuation of pension commitments (for example, interest rate risks) as well as capital and investment risks related to plan assets.

With a view to the funding of future pension payments from indirect commitments and a stable actuarial reserve, METRO primarily invests plan assets in low-risk investment forms. The funding of direct pension commitments is secured through operating cash flow at METRO.

The fair value of plan assets by asset category can be broken down as follows:

	30/9/2016		**30/9/2017**	
	%	€ million	**%**	**€ million**
Fixed-interest securities	42	361	**38**	**340**
Shares, funds	24	203	**24**	**217**
Real estate	3	29	**4**	**32**
Other assets	31	271	**34**	**316**
	100	**864**	**100**	**905**

Fixed-interest securities, shares and funds are regularly traded in active markets. As a result, the relevant market prices are available. The asset category “fixed-interest securities” only includes investments in investment grade corporate bonds, government bonds and mortgage-backed bonds (Pfandbriefe). Risk within the category “shares, funds” is minimised through geographic diversification.

The majority of real estate assets are invested in real estate funds, meaning they are also traded on markets.

Other assets essentially comprise receivables from insurance companies in Germany, Belgium and the United Kingdom. All of these are first-rate insurance companies.

The actual return on plan assets amounted to €16 million in the reporting period (2015/16: €129 million).

For financial year 2017/18, the company expects employer payments to external pension providers totalling approximately €17 million and employee contributions of €10 million in plan assets, with contributions in the Netherlands, Belgium and Germany accounting for the major share of this total. Expected contributions from payment contribution commitments in Germany are not included in expected payments.

Changes in the present value have developed as follows:

€ million	2015/16	**2016/17**
Present value of defined benefit obligations		
As of the beginning of the period	1,206	**1,424**
Recognised under pension expenses through profit or loss	**75**	**38**
Interest expenses	33	**24**
Current service cost	22	**28**
Past service cost (incl. curtailments and changes)	27	**–14**
Settlement income	–7	**0**
Recognised outside of profit or loss under "remeasurement of defined benefit pension plans" in other comprehensive income	**231**	**–114**
Actuarial gains/losses from changes in		
demographic assumptions (–/+)	–1	**–10**
financial assumptions (–/+)	229	**–127**
experience-based correction (–/+)	3	**23**
Other effects	**–88**	**–6**
Benefit payments (incl. tax payments)	–62	**–46**
Contributions from plan participants	10	**10**
Change in consolidation group/transfers	0	**38**
Currency effects	–36	**–8**
As of end of period	**1,424**	**1,342**

In Germany, a change in the measurement of surviving dependent benefits led to a reduction in the present value of defined benefit obligations of approximately €4 million. For unmarried pensioners, the pension obligations are assessed excluding surviving dependent benefits. This applies if there is a "late marriage" clause in the underlying pension scheme. The income is recognised as (negative) past service cost.

Further reductions in the present value of defined benefit obligations result from restructuring measures in Belgium (€7 million), changes to the plan due to changes in the law in the Netherlands (€2 million) and restructuring measures in Switzerland (€1 million). All of the above amounts are recognised as (negative) past service cost.

The obligation increased by €5 million due to the acquisition of Pro à Pro in France. Additional €33 million resulted from the first-time inclusion of defined contribution pension plans in Belgium.

Changes in actuarial assumptions led to a total decrease in the present value of defined benefit obligations of €137 million (2015/16: increase of €228 million).

The weighted average term of defined benefit commitments for the countries with material pension obligations amounts to:

Years	30/9/2016	**30/9/2017**
Germany	17	**16**
Netherlands	24	**22**
United Kingdom	19	**18**
Belgium	4	**4**
Other countries	13	**12**

The present value of defined benefit obligations can be broken down as follows based on individual groups of eligible employees:

%	30/9/2016	**30/9/2017**
Active members	35	**34**
Former claimants	37	**36**
Pensioners	28	**30**

The fair value of plan assets developed as follows:

€ million	2015/16	2016/17
Change in plan assets		
Fair value of plan assets as of beginning of period	768	**864**
Recognised under pension expenses through profit or loss	**22**	**16**
Interest income	22	**16**
Recognised outside of profit or loss under remeasurement of defined benefit pension plans in other comprehensive income	**106**	**0**
Gains/losses from plan assets excl. interest income (+/–)	106	**0**
Other effects	**–32**	**25**
Benefit payments (incl. tax payments)	–25	**–26**
Settlement payments	0	**–2**
Employer contributions	17	**16**
Contributions from plan participants	10	**10**
Change in consolidation group/transfers	0	**33**
Currency effects	–34	**–6**
Fair value of plan assets as of end of period	**864**	**905**

The addition of the Belgian defined contribution plans raises plan assets by €33 million.

€ million	30/9/2016	30/9/2017
Financing status		
Present value of defined benefit obligations	1,424	**1,342**
Fair value of plan assets	864	**905**
Asset adjustment (asset ceiling)	31	**67**
Net liability/assets	**591**	**504**
thereof recognised under provisions	591	**504**
thereof recognised under net assets	0	**0**

At one Dutch company, plan assets exceeded the value of commitments as of the closing date. Since the company cannot draw any economic benefits from this overfunding, the balance sheet amount was reduced to €0 in line with IAS 19.64 (b).

The change in the effect of the asset ceiling in the amount of €36 million (2015/16: €31 million revenue) was recognised in other comprehensive income as a loss from remeasuring.

The pension expenses of the direct and indirect company pension plan commitments can be broken down as follows:

€ million	2015/16	2016/17
Current service cost[1]	22	**28**
Net interest expenses	12	**9**
Past service cost (incl. curtailments and changes)	27	**–14**
Settlements	–7	**0**
Other pension expenses	1	**1**
Pension expenses	**54**	**24**

[1] Netted against employees' contributions.

In addition to expenses from defined benefit pension commitments, expenses for payments to external pension providers relating to defined contribution pension commitments of €158 million (2015/16: €167 million) were recorded. These figures also include payments to statutory pension insurance.

The provisions for obligations similar to pensions essentially comprise commitments from employment anniversary allowances, death benefits and partial retirement plans. Provisions amounting to €52 million (30/9/2016: €55 million) were formed for these commitments. The commitments are valued on the basis of actuarial expert opinions. In principle, the parameters used are identical to those employed in the company pension plan.

33. Other provisions (non-current)/ provisions (current)

In the reporting period, other provisions (non-current)/provisions (current) changed as follows:

€ million	Real estate-related obligations	Obligations from trade transactions	Restructuring	Taxes	Miscellaneous	Total
As of 1/10/2016	180	64	265	20	328	856
Currency translation	–4	–1	0	0	–5	–11
Addition	59	76	79	1	130	345
Reversal	–10	–1	–28	–3	–36	–78
Utilisation	–27	–75	–116	–3	–150	–372
Change in consolidation group	2	1	1	0	–9	–5
Interest portion of the addition/change in interest rate	–1	0	0	0	0	0
Transfer	3	–2	–1	0	3	3
As of 30/9/2017	**202**	**62**	**200**	**15**	**260**	**739**
Non-current	105	0	56	7	114	283
Current	96	62	144	7	146	456
As of 30/9/2017	**202**	**62**	**200**	**15**	**260**	**739**

Provisions for real estate-related obligations affected rental shortfalls in the amount of €48 million (30/9/2016: €48 million), store-related risks totalling €43 million (30/9/2016: €47 million), rental commitments amounting to €40 million (30/9/2016: €33 million) and reinstatement obligations amounting to €39 million (30/9/2016: €22 million).

Other real estate obligations in the amount of €30 million (30/9/2016: €29 million) stemmed essentially from dismantling and removing obligations.

At €105 million (30/9/2016: €108 million), provisions for real estate are disclosed as non-current provisions.

Significant components of the obligations from trade transactions are provisions for rebates from customer loyalty programmes in the amount of €38 million (30/9/2016: €35 million), provisions for rights of return of €5 million (30/9/2016: €4 million) as well as provisions for warranty services in the amount of €2 million (30/9/2016: €2 million).

Provisions from trade transactions do not contain any non-current components.

Restructuring provisions totalling €200 million (30/9/2016: €265 million) essentially relate to METRO Wholesale in the amount of €53 million (30/9/2016: €126 million), Real in the amount of €54 million (30/9/2016: €15 million) and other companies in the amount of €93 million (30/9/2016: €125 million). The long-term portion of provisions for restructuring amounts to €56 million (30/9/2016: €60 million).

Other provisions primarily relate to provisions for litigation costs/risks in the amount of €58 million (30/9/2016: €66 million), provisions for guarantee and warranty risks in the amount of €30 million (30/9/2016: €29 million) and provisions for share-based payments amounting to €28 million (30/9/2016: €34 million). In addition, they include provisions for severance obligations in the amount of €8 million (30/9/2016: €9 million) and for interest on tax provisions in the amount of €9 million (30/9/2016: €4 million).

The long-term portion of other provisions amounts to €114 million (30/9/2016: €122 million).

— **For more information about share-based payments, see no. 49 – long-term incentive for executives.**

Transfers essentially concern reclassifications within other provisions.

Depending on the respective term and country, interest rates for non-interest-bearing, non-current provisions range from 0.00% to 4.83%.

34. Liabilities

		Remaining term				Remaining term		
€ million	30/9/2016 Total	up to 1 year	1 to 5 years	over 5 years	**30/9/2017 Total**	**up to 1 year**	**1 to 5 years**	**over 5 years**
Trade liabilities	**4,892**	**4,892**	**0**	**0**	**4,782**	**4,782**	**0**	**0**
Bonds	3,164	722	1,172	1,269	**3,229**	**1,335**	**1,196**	**698**
Liabilities to banks	275	130	127	17	**281**	**174**	**102**	**5**
Promissory note loans	68	2	12	54	**64**	**10**	**54**	**0**
Liabilities from finance leases	1,234	90	380	764	**1,132**	**92**	**378**	**661**
Financial liabilities	**4,740**	**944**	**1,691**	**2,104**	**4,706**	**1,611**	**1,730**	**1,364**
Other tax liabilities	161	161	0	0	**170**	**170**	**0**	**0**
Prepayments received on orders	15	15	0	0	**24**	**24**	**0**	**0**
Payroll liabilities	554	553	0	0	**549**	**549**	**0**	**0**
Liabilities from other financial transactions	16	16	0	0	**16**	**16**	**0**	**0**
Deferred income	222	134	54	34	**219**	**140**	**47**	**32**
Miscellaneous liabilities	752	713	22	17	**529**	**445**	**14**	**70**
Other financial and non-financial liabilities	**1,718**	**1,591**	**76**	**51**	**1,507**	**1,345**	**61**	**102**
Income tax liabilities	**128**	**127**	**0**	**0**	**167**	**167**	**0**	**0**
	11,478	**7,554**	**1,768**	**2,155**	**11,162**	**7,905**	**1,791**	**1,466**

35. Trade liabilities

Trade liabilities declined by €110 million, from €4,892 million to €4,782 million.

In the METRO Wholesale segment, a national legislative change in Russia caused a decline of €159 million. In addition, currency effects reduced trade payables by a further €51 million, with the Turkish lira and Chinese renminbi accounting for the largest share. The acquisition of Pro à Pro had a counteracting effect of €99 million.

36. Financial liabilities

The company's medium-term and long-term financing needs are covered by an ongoing capital market bond programme with a maximum volume of €6 billion. On 22 February 2017, the remaining due amount of a maturing bond in the amount of €622 million with a coupon of 4.25% was repaid on time followed by a maturing bond of €50 million with variable interest on 27 July 2017, also on time. By 30 September 2017, the bond issuance programme had been utilised up to €2.451 billion.

Moreover, the remaining amount of €3 million from a promissory note loan, originally in the amount of €26 million, was repaid on 14 March 2017. Short-term financing requirements are covered through the Euro Commercial Paper Programme and a commercial paper programme geared especially to French investors. Both programmes have a maximum volume of €2 billion each. In financial year 2016/17, only the Euro Commercial Paper Programme was used. On average, the programme was used at €658 million during the reporting period. As of 30 September 2017, the utilisation amounted to €754 million (30/9/2016: €0 million). The commercial paper programme aimed at French investors was not extended due to lower demand.

In addition, METRO has access to syndicated credit facilities totalling €1,750 million (30/9/2016: €2,525 million) with terms ending between 2021 and 2022. If the credit facilities are used, the interest rates range between EURIBOR +50.0 basis points (bps) and EURIBOR +55.0 bps. The average amount drawn on the credit facilities in financial year 2016/17 was €0 million (2015/16: €0 million), the average amount drawn as of the closing date was €0 million (30/9/2016: €0 million).

The contract terms for the syndicated credit facilities provide for a decrease of 10 bps in the spread if METRO's credit rating is raised by one grade. In the event of a downgrade in METRO's rating, the margins increase by 25 bps.

As of 30 September 2017, METRO had access to additional bilateral bank credit facilities totalling €531 million (30/9/2016: €679 million), of which €174 million (30/9/2016: €435 million) had a remaining term of up to one year. As of the closing date, €281 million (30/9/2016: €275 million) of the bilateral credit facilities had been utilised. Of this amount, €174 million (30/9/2016: €130 million) had a remaining term of up to one year. As of the closing date, there were €250 million of free multi-year bilateral credit facilities available.

UNDRAWN CREDIT FACILITIES AVAILABLE TO METRO

	30/9/2016			**30/9/2017**		
		Remaining term			**Remaining term**	
€ million	Total	up to 1 year	over 1 year	**Total**	**up to 1 year**	**over 1 year**
Bilateral credit facilities	679	435	244	**531**	**174**	**357**
Utilisation	–275	–130	–144	**–281**	**–174**	**–107**
Undrawn bilateral credit facilities	404	305	100	**250**	**0**	**250**
Syndicated credit facilities	2,525	0	2,525	**1,750**	**0**	**1,750**
Utilisation	0	0	0	**0**	**0**	**0**
Undrawn syndicated credit facilities	2,525	0	2,525	**1,750**	**0**	**1,750**
Total credit facilities	3,204	435	2,769	**2,281**	**174**	**2,107**
Total utilisation	–275	–130	–144	**–281**	**–174**	**–107**
Total undrawn credit facilities	**2,929**	**305**	**2,625**	**2,000**	**0**	**2,000**

Default by a lender can be covered at any time by the existing undrawn credit facilities or the available money and capital market programmes. METRO therefore does not bear any creditor default risk.

METRO principally does not provide collateral for financial liabilities. One exception concerns the first-time consolidation of METRO PROPERTIES GmbH & Co. KG as well as its subsidiaries in 2003.

As of 30 September 2017, collateral in the amount of €28 million (30/9/2016: €35 million) was provided for financial liabilities.

The following tables show the maturity structure of the financial liabilities. The carrying amounts and fair values indicated include the interest accrued when the maturity is less than 1 year.

BONDS

		30/9/2016				**30/9/2017**			
		Nominal values	Nominal values	Carrying amounts	Fair values	**Nominal values**	**Nominal values**	**Carrying amounts**	**Fair values**
Currency	Remaining term	in million currency	€ million	€ million	€ million	**in million currency**	**€ million**	**€ million**	**€ million**
EUR	up to 1 year	672	672	722	–	**1,304**	**1,304**	**1,335**	**–**
	1 to 5 years	1,175	1,175	1,172	–	**1,200**	**1,200**	**1,196**	**–**
	over 5 years	1,276	1,276	1,269	–	**701**	**701**	**698**	**–**
		3,123	**3,123**	**3,164**	**3,299**	**3,205**	**3,205**	**3,229**	**3,297**

LIABILITIES TO BANKS

(excl. current account)

		30/9/2016				**30/9/2017**			
		Nominal values	Nominal values	Carrying amounts	Fair values	**Nominal values**	**Nominal values**	**Carrying amounts**	**Fair values**
Currency	Remaining term	in million currency	€ million	€ million	€ million	**in million currency**	**€ million**	**€ million**	**€ million**
EUR	up to 1 year	8	8	10	–	**6**	**6**	**7**	**–**
	1 to 5 years	57	57	57	–	**68**	**68**	**68**	**–**
	over 5 years	17	17	17	–	**5**	**5**	**5**	**–**
		82	**82**	**84**	**86**	**79**	**79**	**80**	**84**
INR	up to 1 year	1,510	20	20	–	**2,771**	**36**	**36**	**–**
	1 to 5 years	2,457	33	33	–	**2,200**	**29**	**29**	**–**
	over 5 years	0	0	0	–	**0**	**0**	**0**	**–**
		3,967	**53**	**53**	**55**	**4,971**	**65**	**65**	**65**
JPY	up to 1 year	1,370	12	12	–	**3,370**	**25**	**25**	**–**
	1 to 5 years	4,165	37	37	–	**795**	**6**	**6**	**–**
	over 5 years	0	0	0	–	**0**	**0**	**0**	**–**
		5,535	**49**	**49**	**51**	**4,165**	**31**	**31**	**31**

PROMISSORY NOTE LOANS

		30/9/2016				**30/9/2017**			
		Nominal values	Nominal values	Carrying amounts	Fair values	**Nominal values**	**Nominal values**	**Carrying amounts**	**Fair values**
Currency	Remaining term	in million currency	€ million	€ million	€ million	**in million currency**	**€ million**	**€ million**	**€ million**
EUR	up to 1 year	0	0	2	–	**9**	**9**	**10**	**–**
	1 to 5 years	12	12	12	–	**54**	**54**	**54**	**–**
	over 5 years	54	54	54	–	**0**	**0**	**0**	**–**
		66	**66**	**68**	**77**	**63**	**63**	**64**	**72**

Redeemable loans that are shown under liabilities to banks are listed with the remaining terms corresponding to their redemption date.

The following tables show the interest rate structure of the financial liabilities:

BONDS

Interest terms	Currency	Remaining term	30/9/2016 Nominal values € million	**30/9/2017 Nominal values € million**
Fixed interest	EUR	up to 1 year	622	**550**
		1 to 5 years	1,175	**1,200**
		over 5 years	1,276	**701**
Variable interest	EUR	up to 1 year	50	**754**
		1 to 5 years	0	**0**
		over 5 years	0	**0**

LIABILITIES TO BANKS
(excl. current account)

Interest terms	Currency	Remaining term	30/9/2016 Nominal values € million	**30/9/2017 Nominal values € million**
Fixed interest	EUR	up to 1 year	8	**6**
		1 to 5 years	57	**68**
		over 5 years	17	**5**
	INR	up to 1 year	20	**36**
		1 to 5 years	33	**29**
		over 5 years	0	**0**
Variable interest	JPY	up to 1 year	12	**25**
		1 to 5 years	37	**6**
		over 5 years	0	**0**

PROMISSORY NOTE LOANS

Interest terms	Currency	Remaining term	30/9/2016 Nominal values € million	**30/9/2017 Nominal values € million**
Fixed interest	EUR	up to 1 year	0	**9**
		1 to 5 years	9	**54**
		over 5 years	54	**0**
Variable interest	EUR	up to 1 year	0	**0**
		1 to 5 years	3	**0**
		over 5 years	0	**0**

The fixed interest rate on short- and medium-term financial liabilities and the interest rate adjustment dates of all fixed-interest financial liabilities are essentially the same as those shown. The repricing dates for variable interest rates are less than 1 year.

— **The effects of interest rate changes in the variable share of financial liabilities on profit or loss for the period and the equity of METRO are described in detail in no. 43 – management of financial risks.**

37. Other financial and non-financial liabilities

Key items in miscellaneous financial liabilities concern liabilities from the purchase of other fixed assets in the amount of €215 million (30/9/2016: €253 million), liabilities to customers in the amount of €47 million (30/9/2016: €49 million), liabilities from put options of non-controlling shareholders in the amount of €56 million (30/9/2016: €22 million) as well as liabilities from real estate totalling €11 million (30/9/2016: €12 million). In the previous year, this item included a liability in connection with the initial liquidity conditions of CECONOMY amounting to €221 million, which was settled in the financial year.

In addition, miscellaneous financial liabilities also include numerous other individual items.

Other tax liabilities include sales tax, land tax, wage and church tax as well as other taxes. Deferred income includes accrued rental, leasing and interest income as well as accrued sales from customer loyalty programmes, the sale of vouchers and other accruals.

Material items in miscellaneous non-financial liabilities include prepayments received on orders of €24 million (30/9/2016: €15 million) as well as liabilities from leases (no finance leases) totalling €17 million (30/9/2016: €13 million).

	30/9/2016			**30/9/2017**		
		Remaining term			**Remaining term**	
€ million	Total	up to 1 year	over 1 year	**Total**	**up to 1 year**	**over 1 year**
Payroll liabilities	554	553	0	**549**	**549**	**0**
Miscellaneous financial liabilities	703	677	26	**465**	**398**	**67**
Other financial liabilities	**1,256**	**1,230**	**26**	**1,014**	**947**	**67**
Other tax liabilities	161	161	0	**170**	**170**	**0**
Deferred income	222	134	88	**219**	**140**	**79**
Miscellaneous non-financial liabilities	79	67	13	**104**	**88**	**16**
Other non-financial liabilities	**462**	**361**	**101**	**493**	**398**	**95**
Other financial and non-financial liabilities	**1,718**	**1,591**	**127**	**1,507**	**1,345**	**162**

38. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities that are subject to offsetting agreements, enforceable master netting arrangements and similar agreements, were as follows:

	30/9/2016					
	(a)	(b)	(c) = (a) – (b)	(d)		(e) = (c) – (d)
	Gross amounts of recognised financial assets/ liabilities	Gross amounts of recognised financial liabilities/ assets that are netted in the balance sheet	Net amounts of financial assets/ liabilities that are shown in the balance sheet	Corresponding amounts that are not netted in the balance sheet		
€ million				Financial instruments	Received/ provided collateral	Net amount
Financial assets						
Loans and advance credit granted	44	0	44	0	0	44
Receivables due from suppliers	905	343	562	77	0	485
Trade receivables	494	1	493	0	0	493
Investments	22	0	22	0	0	22
Miscellaneous financial assets	377	1	376	0	0	376
Derivative financial instruments	9	0	9	1	0	8
Cash and cash equivalents	1,599	0	1,599	0	0	1,599
Receivables from finance leases	32	0	32	0	0	32
	3,481	**345**	**3,136**	**78**	**0**	**3,058**
Financial liabilities						
Financial liabilities (excl. finance leases)	3,506	0	3,506	0	0	3,506
Trade liabilities	5,235	343	4,892	77	0	4,815
Miscellaneous financial liabilities	1,244	2	1,241	0	0	1,241
Derivative financial instruments	15	0	15	1	0	14
Liabilities from finance leases	1,234	0	1,234	0	0	1,234
	11,233	**345**	**10,888**	**78**	**0**	**10,810**

	30/9/2017					
	(a)	(b)	(c) = (a) – (b)	(d)		(e) = (c) – (d)
	Gross amounts of recognised financial assets/liabilities	Gross amounts of recognised financial liabilities/ assets that are netted in the balance sheet	Net amounts of financial assets/ liabilities that are shown in the balance sheet	Corresponding amounts that are not netted in the balance sheet		
€ million				Financial instruments	Received/ provided collateral	Net amount
Financial assets						
Loans and advance credit granted	46	0	46	0	0	46
Receivables due from suppliers	719	215	504	14	0	490
Trade receivables	575	0	575	0	0	575
Investments	39	0	39	0	0	39
Miscellaneous financial assets	344	1	343	0	0	343
Derivative financial instruments	6	0	6	1	0	5
Cash and cash equivalents	1,559	0	1,559	0	0	1,559
Receivables from finance leases	31	0	31	0	0	31
	3,318	216	3,102	15	0	3,087
Financial liabilities						
Financial liabilities (excl. finance leases)	3,575	0	3,575	0	0	3,575
Trade liabilities	4,997	215	4,782	14	0	4,767
Miscellaneous financial liabilities	1,000	1	999	0	0	999
Derivative financial instruments	15	0	15	1	0	14
Liabilities from finance leases	1,132	0	1,132	0	0	1,132
	10,718	216	10,502	15	0	10,487

The corresponding amounts that are not netted in the balance sheet include both financial instruments and collateral. The financial instruments that have not been netted could be netted based on the underlying framework agreements, but do not fulfil the netting criteria of IAS 32 (Financial Instruments: Presentation).

Collateral may include both financial assets provided as collateral for liabilities to third parties and financial liabilities which METRO has received from a third party as collateral for assets.

— **Further information on collateral can be found in no. 43 – management of financial risk.**

39. Undiscounted cash flows of financial liabilities

The undiscounted cash flows of financial liabilities, trade liabilities and derivative liabilities are as follows:

€ million	Carrying amount 30/9/2016	Cash flows up to 1 year		Cash flows of 1 to 5 years		Cash flows over 5 years	
		Interest	Redemption	Interest	Redemption	Interest	Redemption
Financial liabilities							
Bonds	3,164	50	672	150	1,175	78	1,276
Liabilities to banks	275	4	129	10	127	1	17
Promissory note loans	68	3	0	9	12	2	54
Bills of exchange liabilities	0	0	0	0	0	0	0
Finance leases	1,234	81	90	269	380	296	764
Trade liabilities	4,892	0	4,892	0	0	0	0
Interest-based derivatives carried as liabilities	0	0	0	0	0	0	0
Currency derivatives carried as liabilities	15	0	15	0	0	0	0
Commodity derivatives carried as liabilities	0	0	0	0	0	0	0

€ million	**Carrying amount 30/9/2017**	**Cash flows up to 1 year**		**Cash flows of 1 to 5 years**		**Cash flows over 5 years**	
		Interest	**Redemption**	**Interest**	**Redemption**	**Interest**	**Redemption**
Financial liabilities							
Bonds	**3,229**	**45**	**1,304**	**122**	**1,200**	**41**	**701**
Liabilities to banks	**281**	**4**	**173**	**7**	**103**	**0**	**5**
Promissory note loans	**64**	**3**	**9**	**9**	**54**	**0**	**0**
Bills of exchange liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Finance leases	**1,132**	**74**	**92**	**242**	**378**	**242**	**661**
Trade liabilities	**4,782**	**0**	**4,782**	**0**	**0**	**0**	**0**
Interest-based derivatives carried as liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Currency derivatives carried as liabilities	**15**	**0**	**15**	**0**	**0**	**0**	**0**
Commodity derivatives carried as liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**

40. Carrying amounts and fair values according to measurement categories

The carrying amounts and fair values of recognised financial instruments are as follows:

	30/9/2016				
		Balance sheet value			
€ million	Carrying amount	(Amortised) cost	Fair value through profit or loss	Fair value outside of profit or loss	Fair value
Assets	**15,992**	**N / A**	**N / A**	**N / A**	**N / A**
Loans and receivables	**1,473**	**1,473**	**0**	**0**	**1,473**
Loans and advance credit granted	44	44	0	0	44
Receivables due from suppliers	562	562	0	0	562
Trade receivables	493	493	0	0	493
Miscellaneous financial assets	373	373	0	0	373
Held to maturity	**0**	**0**	**0**	**0**	**0**
Miscellaneous financial assets	0	0	0	0	0
Held for trading	**7**	**0**	**7**	**0**	**7**
Derivative financial instruments not in a hedging relationship according to IAS 39	7	0	7	0	7
Available for sale	**23**	**22**	**0**	**2**	**N / A**
Investments	22	22	0	0	N / A
Securities	2	0	0	2	2
Derivative financial instruments in a hedging relationship according to IAS 39	**2**	**0**	**0**	**2**	**2**
Cash and cash equivalents	**1,599**	**1,599**	**0**	**0**	**1,599**
Receivables from finance leases (amount according to IAS 17)	**32**	**N / A**	**N / A**	**N / A**	**46**
Assets not classified according to IFRS 7	**12,856**	**N / A**	**N / A**	**N / A**	**N / A**
Equity and liabilities	**15,992**	**N / A**	**N / A**	**N / A**	**N / A**
Held for trading	**11**	**0**	**11**	**0**	**11**
Derivative financial instruments not in a hedging relationship according to IAS 39	11	0	11	0	11
Other financial liabilities	**9,640**	**9,639**	**0**	**0**	**9,791**
Financial liabilities excl. finance leases (incl. hedged items in hedging relationships according to IAS 39)	3,506	3,506	0	0	3,657
Trade liabilities	4,892	4,892	0	0	4,892
Miscellaneous financial liabilities[1]	1,241	1,241	0	0	1,242
Derivative financial instruments in a hedging relationship according to IAS 39	**4**	**0**	**0**	**4**	**4**
Liabilities from finance leases (amount according to IAS 17)	**1,234**	**N / A**	**N / A**	**N / A**	**1,559**
Liabilities not classified according to IFRS 7	**5,104**	**N / A**	**N / A**	**N / A**	**N / A**

[1] Previous year's figures changed due to revised disclosures of put options and earn-out liabilities.

€ million	30/9/2017 Carrying amount	Balance sheet value (Amortised) cost	Fair value through profit or loss	Fair value outside of profit or loss	Fair value
Assets	15,779	N / A	N / A	N / A	N / A
Loans and receivables	1,466	1,466	0	0	1,470
Loans and advance credit granted	46	46	0	0	47
Receivables due from suppliers	504	504	0	0	504
Trade receivables	575	575	0	0	575
Miscellaneous financial assets	342	342	0	0	344
Held to maturity	0	0	0	0	0
Miscellaneous financial assets	0	0	0	0	0
Held for trading	4	0	4	0	4
Derivative financial instruments not in a hedging relationship according to IAS 39	4	0	4	0	4
Available for sale	41	16	0	24	N / A
Investments	39	16	0	23	N / A
Securities	1	0	0	1	1
Derivative financial instruments in a hedging relationship according to IAS 39	2	0	0	2	2
Cash and cash equivalents	1,559	1,559	0	0	1,559
Receivables from finance leases (amount according to IAS 17)	31	N / A	N / A	N / A	43
Assets not classified according to IFRS 7	12,677	N / A	N / A	N / A	N / A
Equity and liabilities	15,779	N / A	N / A	N / A	N / A
Held for trading	8	0	8	0	8
Derivative financial instruments not in a hedging relationship according to IAS 39	8	0	8	0	8
Other financial liabilities	9,355	9,355	0	0	9,437
Financial liabilities excl. finance leases (incl. hedged items in hedging relationships according to IAS 39)	3,575	3,575	0	0	3,656
Trade liabilities	4,782	4,782	0	0	4,782
Miscellaneous financial liabilities	999	999	0	0	999
Derivative financial instruments in a hedging relationship according to IAS 39	7	0	0	7	7
Liabilities from finance leases (amount according to IAS 17)	1,132	N / A	N / A	N / A	1,411
Liabilities not classified according to IFRS 7	5,277	N / A	N / A	N / A	N / A

Classes were formed based on similar risks for the respective financial instruments and correspond to the categories of IAS 39. Derivative financial instruments in a hedging relationship under IAS 39 and other financial liabilities are classified in each case to a separate class.

The fair value hierarchy comprises 3 levels which reflect the degree of closeness to the market of the input parameters used in the determination of the fair values. In cases in which the valuation is based on different input parameters, the fair value is attributed to the hierarchy level corresponding to the input parameter of the lowest level that is significant for the valuation.

Input parameters for level 1: quoted prices (that are adopted unchanged) in active markets for identical assets or liabilities which the company can access at the valuation date.

Input parameters for level 2: other input parameters than the quoted prices included in level 1 which are either directly or indirectly observable for the asset or liability.

Input parameters for level 3: input parameters that are not observable for the asset or liability.

Of the total carrying amount of investments of €39 million (30/9/2016: €22 million), €16 million (30/9/2016: €22 million) are recognised at historical cost as a fair value cannot be reliably determined. These concern off-exchange financial instruments without an active market. The company currently does not plan to dispose of the investments recognised at historical cost. The remaining investments amounting to €23 million (30/9/2016: €0 million) are at fair value recognised in equity.

In addition, securities totalling €1 million (30/9/2016: €2 million) are recognised outside of profit or loss. These primarily concern highly liquid exchange-listed money market funds.

The following table depicts the financial instruments that are recognised at fair value in the balance sheet. These are classified into a 3-level fair value hierarchy whose levels reflect the degree of closeness to the market of the data used in the determination of the fair values:

	30/9/2016				**30/9/2017**			
€ million	Total	Level 1	Level 2	Level 3	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets	**10**	**2**	**9**	**0**	**30**	**1**	**29**	**0**
Held for trading								
Derivative financial instruments not in a hedging relationship according to IAS 39	7	0	7	0	**4**	**0**	**4**	**0**
Available for sale								
Investments	0	0	0	0	**23**	**0**	**23**	**0**
Securities	2	2	0	0	**1**	**1**	**0**	**0**
Derivative financial instruments in a hedging relationship according to IAS 39	**2**	**0**	**2**	**0**	**2**	**0**	**2**	**0**
Equity and liabilities	**15**	**0**	**15**	**0**	**15**	**0**	**15**	**0**
Held for trading								
Derivative financial instruments not in a hedging relationship according to IAS 39	11	0	11	0	**8**	**0**	**8**	**0**
Miscellaneous financial liabilities	0	0	0	0	**0**	**0**	**0**	**0**
Other financial liabilities								
Miscellaneous financial liabilities[1]	0	0	0	0	**0**	**0**	**0**	**0**
Derivative financial instruments in a hedging relationship according to IAS 39	**4**	**0**	**4**	**0**	**7**	**0**	**7**	**0**
	–4	**2**	**–6**	**0**	**15**	**1**	**14**	**0**

[1] Previous year's value changed; put options and earn-out liabilities are measured at (amortised) costs.

The measurement of securities (level 1) is carried out based on quoted market prices in active markets.

Interest rate swaps and currency transactions (all level 2) are measured using the mark-to-market method based on quoted exchange rates and market yield curves.

No transfers between levels 1 and 2 were effected during the reporting period.

Financial instruments that are recognised at amortised cost in the balance sheet, but for which the fair value is stated in the notes, are also classified according to a 3-level fair value hierarchy.

Due to their mostly short terms, the fair values of receivables due from suppliers, trade receivables and liabilities as well as cash and cash equivalents essentially correspond to their carrying amounts.

The measurement of the fair value of bonds, liabilities to banks and promissory note loans is based on the market interest rate curve following the zero-coupon method in consideration of credit spreads (level 2). The amounts comprise the interest prorated to the closing date.

The fair values of all other financial assets and liabilities that are not listed on an exchange correspond to the present value of payments underlying these balance sheet items. The calculation was based on the applicable country-specific yield curve (level 2) as of the closing date.

OTHER NOTES

41. Notes to the cash flow statement

In accordance with IAS 7 (Statement of Cash Flows), the consolidated cash flow statement describes changes in the group's cash and cash equivalents through cash inflows and outflows during the reporting period.

The item cash and cash equivalents includes cheques and cash on hand as well as cash in transit and bank deposits with a remaining term of up to 3 months.

The cash flow statement distinguishes between changes in cash levels from operating, investing and financing activities. Cash flows from discontinued operations are reported separately where they concern discontinued business operations.

During the reporting period, cash flows from operating activities amounted to €1,027 million (2015/16: €1,173 million). Depreciation/amortisation/impairment losses are attributable to property, plant and equipment at €643 million (2015/16: €605 million), other intangible assets at €89 million (2015/16: €88 million), goodwill at €19 million (2015/16: €0 million) and investment properties at €11 million (2015/16: €16 million). This is contrasted by reversals of impairment losses in the amount of €3 million (2015/16: €11 million).

The change in net working capital amounts to €–44 million (2015/16: €–77 million) and includes changes in inventories, trade receivables and receivables due from suppliers, included in the item "other financial and non-financial assets". Furthermore, it includes changes in trade liabilities.

Other operating activities resulted in a total cash outflow of €65 million (2015/16: cash outflow of €368 million). This item includes changes in other assets and liabilities as well as deferred income and prepaid expenses. In addition, it includes changes in the assets and liabilities held for sale, adjustments of unrealised currency effects and the elimination of deconsolidation results recognised in EBIT.
The most important item is the reclassification of deconsolidation earnings under EBIT into disposals of subsidiaries. These relate to the deconsolidation of 2 Chinese property companies and real Hyper Magazine in a total amount of €35 million.

In 2015/16, "other" items included the reclassification of the deconsolidation earnings from the sale of the wholesale activities of METRO Cash & Carry in Vietnam amounting to €451 million.

In the reporting period, investing activities led to cash outflow in the amount of €601 million (2015/16: cash inflow of €512 million).

The acquisitions of subsidiaries mainly relate to the acquisition of Pro à Pro (2015/16: mainly Rungis Express). The divestments include outgoing cash from the disposals of subsidiaries Real Hyper Magazine and the 2 Chinese property companies. In the previous year, this included net payments from the disposal of METRO Cash & Carry's wholesale business in Vietnam in the amount of €357 million.

The amount of investments in property, plant and equipment shown as cash outflows differs from the additions shown in the asset reconciliation in the amount of non-cash transactions. These essentially concern additions from finance leases, currency effects and changes in liabilities from the acquisition of miscellaneous other assets.

The financial investments comprise bank deposits with a residual term of more than 3 months to 1 year, as well as near money market investments that are not classified as cash and cash equivalents, such as short-term, liquid debt instruments and shares in money market funds. The capital expenditure for financial investments includes the purchase of money market funds in the first quarter of the reporting period. These were disposed in the 2nd quarter of the reporting period and recognised in the item disposal of financial investments. The balance of capital expenditure in financial investments and the disposal of financial investments amounts to €102 million, which is €593 million lower than in the previous year. This results predominately from money market funds purchased in financial year 2014/15 and disposed in the previous year.

In the reporting period, cash outflow from financing activities totalled €438 million (2015/16: cash outflow of €3,513 million). The transactions with the former METRO GROUP include payments in connection with the initial liquidity condition. In the previous year, cash flow from financing activities was primarily impacted by the redemption of borrowings.

Cash and cash equivalents were subject to restrictions on title in the amount of €33 million (2015/16: €0 million).

42. Segment reporting

The segmentation corresponds to the group's internal controlling and reporting structures. Operating segments are aggregated to form reporting segments based on the division of the business into individual sectors.

METRO Wholesale

The METRO Wholesale segment is primarily geared towards business customers. It is active in the self-service wholesale trade with its METRO and MAKRO brands as well as in the food service distribution (FSD) with the METRO Delivery Service and, among others, with the supply specialists Classic Fine Foods, Pro à Pro and Rungis Express.

The business customers in focus are divided into 3 groups: HoReCa (focus on hotels, restaurants, bars, cafés, catering companies and canteen operators), Trader (focus on grocers, kiosks, street food vendors as well as gas stations and wholesalers) as well as service companies and offices (SCO, professional service companies and organisations). METRO Wholesale is active in 35 countries in Europe and Asia. In 25 of these countries, METRO Wholesale operates store-based wholesaling, while in the remaining 10 countries only delivery services are offered.

As the 3 customer groups currently display sufficient similarities with respect to their business model, their products and services as well as their customer structure – especially compared with the other legal entities of METRO – they will be bundled into one reporting segment in spite of their divergent strategic focus.

Real

Real focuses on the retail business, turning its concept to end consumers. Real is a hypermarket operator in Germany, where it operates both physical stores and an online store. All stores offer a broad food assortment with a large proportion of fresh produce that is complemented by a non-food assortment. Real represents a separate operating and reporting segment as internal management with respect to the allocation of in-house resources and performance measurement by the Chief Operating Decision-Maker (member of the Management Board of METRO AG) is separately applied to Real.

Others

All other business activities do not constitute reportable segments and are summarised under "Other". Other business activities include the HoReCa Digital business unit, which bundles the group's digitisation initiatives. Other service companies, such as METRO PROPERTIES, METRO LOGISTICS, METRO SYSTEMS, METRO ADVERTISING and METRO SOURCING and others, provide group-wide services in the areas of real estate, logistics, information technology, advertising and procurement.

Aside from the information on the operating segments listed above, equivalent information is provided on the METRO regions. Here, a distinction is made between the regions Germany, Western Europe (excluding Germany), Eastern Europe and Asia.

The key components of segment reporting are as follows:

- External sales represent sales of the operating segments to third parties outside the group.
- Internal sales represent sales between the group's operating segments.
- Segment EBITDA comprises EBIT before depreciation and reversals of goodwill, impairment losses of property, plant and equipment, other intangible assets and investment properties.
- EBIT is the key ratio for segment reporting and describes operating earnings for the period before net financial result and income taxes. Intra-group rental contracts are shown as operating leases in the segments. The rental takes place at normal market conditions. The properties are leased at market terms. In principle, store-related risks and impairment risks related to non-current assets are only shown in the segments where they represent group risks. In analogy, this also applies to deferred assets and liabilities, which are only shown at segment level if this was also required in the consolidated balance sheet.
- Business transactions or a number of uniform business transactions that do not recur regularly, that are reflected in the income statement and that have a significant impact on business activities are classified as special items. The EBITDA before special items and EBIT before special items is adjusted for all transactions falling under this definition, such as restructuring measures or changes in the group's portfolio.

The reconciliation from EBITDA before special items to reported EBITDA and the reconciliation from EBIT before special items to reported EBIT are shown in the following table:

€ million	30/9/2016	**30/9/2017**
EBITDA before special items	**1,791**	**1,810**
Portfolio measures	454	**–6**
Restructuring and efficiency-enhancing measures	–283	**–88**
Risk provisions and impairment losses on goodwill	0	**0**
Other special items	–45	**–105**
Reported EBITDA	**1,918**	**1,611**

€ million	30/9/2016	**30/9/2017**
EBIT before special items	**1,106**	**1,106**
Portfolio measures	454	**–6**
Restructuring and efficiency-enhancing measures	–296	**–124**
Risk provisions and impairment losses on goodwill	0	**–19**
Other special items	–45	**–104**
Reported EBIT	**1,219**	**852**

- Segment investments include additions (including additions to the consolidation groups) to goodwill, other intangible assets and property, plant and equipment and investment properties. Exceptions to this are additions due to the reclassification of "assets held for sale" as non-current assets.
- The non-current segment assets include non-current assets. They do not include mostly financial assets, investments accounted for using the equity method, tax items, cash and cash equivalents and assets allocable to discontinued operations.

The reconciliation from segment assets to group assets is shown in the following table:

€ million	30/9/2016	**30/9/2017**
Segment assets (long-term)	**8,652**	**8,512**
Non-current and current financial assets	89	**93**
Investments accounted for using the equity method	183	**183**
Cash and cash equivalents	1,599	**1,559**
Deferred tax assets	509	**439**
Entitlements to income tax refunds	123	**148**
Other entitlements to tax refunds[1]	281	**287**
Inventories	3,063	**3,046**
Trade receivables	493	**575**
Receivables due from suppliers[1]	562	**504**
Real estate-related receivables[1]	23	**37**
Receivables from credit cards[1]	75	**88**
Prepaid expenses and deferred charges[1]	71	**73**
Receivables from other financial transactions[2]	102	**12**
Assets held for sale	0	**11**
Other	168	**215**
Group assets	**15,992**	**15,779**

[1] Included in the balance sheet item other financial and non-financial assets (current).
[2] Included in the balance sheet items other financial and non-financial assets (non-current and current).

- In principle, transfers between segments are made based on the costs incurred from the group's perspective.

43. Management of financial risks

The treasury of METRO manages the financial risks of METRO. Specifically, these include:
- Price risks
- Liquidity risks
- Credit risks
- Cash flow risks

- **For more information about the risk management system, see – 3 combined management report in the economic report – 3.2 asset, financial and earnings position – financial and asset position – financial management.**

Price risks

For METRO, price risks result from the impact of changes in market interest rates, foreign currency exchange rates, share price fluctuations or changes in commodity prices on the value of financial instruments.

Interest rate risks are caused by changes in interest rate levels. Interest rate derivatives are used to cap these risks.

METRO's remaining interest rate risk is assessed in accordance with IFRS 7 using a sensitivity analysis. In the process, the following assumptions are applied in the consideration of changes in interest rates:
- The total impact determined by the sensitivity analysis relates to the actual balance as of the closing date and reflects the impact for 1 year.
- Primary floating-rate financial instruments whose interest payments are not designated as the underlying transaction in a cash flow hedge against changes in interest rates are recognised in the interest result in the sensitivity analysis. The sensitivity for a change of 10 basis points is determined due to the currently low level of interest rates.
- Primary fixed-interest financial instruments are generally not recognised in the interest result. They are only recognised in other financial result if they are designated as the underlying transaction within a fair value hedge and measured at fair value. In this case, however, the interest-related change in

the value of the underlying transaction is offset by the change in the value of the hedging transaction upon full effectiveness of the hedging transaction. The variable interest flows within the group that result from a fair value hedge are recognised in the interest result.

- Financial instruments designated as the hedging transaction within a cash flow hedge to hedge against variable interest flows will only be recognised in the interest result when the payment flows have actually been initiated. However, the measurement of the hedging transaction at fair value is recognised in reserves retained from earnings outside of profit or loss.
- Interest rate derivatives that are not part of a qualified hedging transaction under IAS 39 are recognised at fair value in profit or loss in other financial result and, through resulting interest flows, in the interest result.

As of the closing date, METRO's remaining interest rate risk is primarily the result of variable interest rate receivables and liabilities to banks as well as other short-term liquid financial assets (shown under cash and cash equivalents) with an aggregate debit balance after consideration of hedging transactions of €608 million (30/9/2016: €1,339 million).

Given this total balance, an interest rate rise of 10 basis points would result in €1 million (2015/16: €1 million) higher earnings in the interest result per year. An interest rate decrease of 10 basis points would have the opposite effect of €–1 million (2015/16: €–1 million).

METRO faces currency risks in its international procurement of merchandise and because of costs and financings that are incurred in a currency other than the relevant local currency or are pegged to the development of another currency. In accordance with the group guideline "Foreign Currency Transactions", resulting foreign currency positions must be hedged. Exceptions from this hedging requirement exist where hedging is not economically reasonable and in the case of legal and regulatory restrictions in the respective countries. Forward currency contracts are used in the hedging.

In line with IFRS 7, the presentation of the currency risk resulting from the exceptions is also based on a sensitivity analysis. In the process, the following assumptions are made in the consideration of a devaluation or revaluation of the euro vis-à-vis other currencies:

In terms of its amount and result characteristic, the total effect presented by the sensitivity analysis relates to the amounts of foreign currency held within the consolidated subsidiaries of METRO and states the effect of a devaluation or revaluation of the euro.

A devaluation of the euro will result in a positive effect if a receivable in the foreign currency exists at a subsidiary which uses the euro as its functional currency and if a liability in euros exists at a subsidiary which does not use the euro as its functional currency. The following table shows the nominal volumes of currency pairs in this category with a positive sign.

A devaluation of the euro will result in a negative effect if a receivable in euros exists at a subsidiary which does not use the euro as its functional currency and if a liability in the foreign currency exists at a subsidiary which uses the euro as its functional currency. Correspondingly, the following table shows the nominal volumes of currency pairs in this category with a negative sign.

By contrast, an appreciation of the euro will have the opposite effect for all currency pairs shown above.

In the sensitivity analysis, the effects of the measurement of non-equity foreign currency positions that are calculated based on the closing date price in line with IAS 21 are recognised in the income statement. In the case of net investments in a foreign operation, the effects of the closing date measurement are recognised in equity (other comprehensive income) outside of profit or loss.

Foreign currency futures/options and interest rate and currency swaps that are not part of a qualified hedge under IAS 39 are recognised through the fair value measurement in the income statement. In fully effective hedging transactions, this effect is offset by the effect from the measurement of the underlying foreign currency transaction.

In the consolidated financial statements, foreign currency future transactions are designated as hedging transactions within a cash flow hedge to hedge merchandise procurement and sales. Changes in the fair value of these hedging instruments are recognised in other comprehensive income until the underlying transaction is recognised through profit or loss.

Effects from the currency translation of financial statements whose functional currency is not the reporting currency of METRO do not affect cash flows in local currency and are therefore not part of the sensitivity analysis.

As of the closing date, the remaining currency risk of METRO, which is essentially due to an inability to hedge certain currencies for legal reasons or due to insufficient market depth, was as follows:

€ million	Currency pair	Impact of devaluation/revaluation of euro by 10%			
		Volume	30/9/2016	**Volume**	**30/9/2017**
Profit or loss for the period			+/–		**+/–**
	CHF / €	+25	2	**+15**	**2**
	CNY / €	+38	4	**+66**	**7**
	CZK / €	–7	–1	**+8**	**1**
	EGP / €	+31	3	**+22**	**2**
	GBP / €	–9	–1	**–7**	**–1**
	HKD / €	–13	–1	**–16**	**–2**
	HUF / €	–1	0	**+2**	**0**
	JPY / €	–10	–1	**+1**	**0**
	KZT / €	+13	1	**+4**	**0**
	MDL / €	+38	4	**+7**	**1**
	PLN / €	+8	1	**+5**	**1**
	PKR / €	0	0	**+16**	**2**
	RON / €	+35	4	**0**	**0**
	RSD / €	+14	1	**+7**	**1**
	RUB / €	–8	–1	**+93**	**9**
	TRY / €	+4	0	**+12**	**1**
	UAH / €	+34	3	**+38**	**4**
	USD / €	–11	–1	**–30**	**–3**
Equity			+/–		**+/–**
	CNY / €	+18	2	**+99**	**10**
	CZK / €	+5	1	**–5**	**–1**
	HUF / €	0	0	**–5**	**–1**
	KZT / €	+237	24	**+111**	**11**
	PLN / €	+75	8	**+65**	**7**
	RON / €	+7	1	**–6**	**–1**
	RSD / €	+16	2	**+16**	**2**
	RUB / €	+198	20	**–20**	**–2**
	UAH / €	+242	24	**+242**	**24**
	USD / €	+38	4	**+138**	**14**

Currency risks existing in addition to these are mainly the result of USD currency holdings in various subsidiaries in which the functional currency is not the US dollar or the euro. At a nominal US dollar volume of €6 million (30/9/2016: €+20 million), a devaluation of the US dollar by 10% would result in positive effects of €1 million in profit or loss for the period (2015/16: €2 million); conversely, a revaluation of the US dollar would have negative effects of €1 million (2015/16: €2 million).

At a nominal volume of €6 million (30/9/2016: €+20 million), the currency pair TRY/USD accounts for the main share of this effect, while in the previous year the currency pair CNY/USD accounted for the largest share of this effect.

Interest rate and currency risks are substantially reduced and limited by the principles laid down in the internal treasury guidelines of METRO. These include a regulation that is applicable throughout the group whereby all hedging operations must adhere to predefined limits and must not lead to increased risk exposure under any circumstances. METRO is aware that this severely limits the opportunities to exploit current or expected interest rate and exchange rate movements to optimise results.

In addition, hedging may be carried out only with standard financial derivative instruments whose correct actuarial and accounting mapping and valuation in the treasury system are guaranteed.

As of the closing date, the following derivative financial instruments were being used for risk reduction:

	30/9/2016			**30/9/2017**		
		Fair values			**Fair values**	
€ million	Nominal volume	Financial assets	Financial liabilities	**Nominal volume**	**Financial assets**	**Financial liabilities**
Currency transactions						
Currency futures/options	71	9	15	**314**	**6**	**15**
thereof within fair value hedges	(0)	(0)	(0)	**(0)**	**(0)**	**(0)**
thereof within cash flow hedges	(107)	(2)	(4)	**(194)**	**(2)**	**(7)**
thereof not part of hedges	(–36)	(7)	(11)	**(120)**	**(4)**	**(8)**
Interest rate/currency swaps	0	0	0	**0**	**0**	**0**
thereof within fair value hedges	(0)	(0)	(0)	**(0)**	**(0)**	**(0)**
thereof within cash flow hedges	(0)	(0)	(0)	**(0)**	**(0)**	**(0)**
thereof not part of hedges	(0)	(0)	(0)	**(0)**	**(0)**	**(0)**
	71	**9**	**15**	**314**	**6**	**15**

The nominal volume of forex futures/options and interest limitation agreements results from the net position of the buying and selling values in foreign currency underlying the individual transactions translated at the relevant exchange rate on the closing date. The nominal volume of interest rate swaps or interest rate/currency swaps and interest rate hedging agreements is shown on a gross basis.

All fair values represent the theoretical value of these instruments upon dissolution of the transaction on the closing date. Under the premise that instruments are held until the end of their term, these are unrealised gains and losses that, by the end of the term, will be fully set off by gains and losses from the underlying transactions in the case of fully effective hedging transactions.

In order to appropriately show this reconciliation for the period, relationships are created between hedging transactions and underlying transactions and recognised as follows:

- Within a fair value hedge, both the hedging transaction and the hedged risk of the underlying transaction are recognised at their fair value. The value fluctuations of both transactions are shown in the income statement, where they will be fully set off against each other in the case of full effectiveness.
- Within a cash flow hedge, the hedging transactions are also principally recognised at their fair value. In the case of full effectiveness of the hedging transaction, the value changes will be recognised in equity until the hedged payment flows or expected transactions impact the earnings. Only then will they be recognised in the income statement.
- Hedging transactions that, according to IAS 39, are not part of a hedge are recognised at their fair value. Value changes are recognised directly in the income statement. Even if no formal hedging relationship was created, these are hedging transaction that are closely connected to the underlying transactions and whose impact on earnings will be netted by the underlying transaction (natural hedge).

Currency derivatives are used primarily for Chinese renminbi, Hong Kong dollar, Japanese yen, Polish złoty, Romanian leu, Russian rouble, Swiss franc, Czech koruna, Hungarian forint and US dollar.

The derivative financial instruments have the following maturities:

	30/9/2016			**30/9/2017**		
	Fair Values			**Fair Values**		
	Maturities			**Maturities**		
€ million	up to 1 year	1 to 5 years	over 5 years	**up to 1 year**	**1 to 5 years**	**over 5 years**
Currency transactions						
Currency futures/options	–6	0	0	**–9**	**0**	**0**
thereof within fair value hedges	(0)	(0)	(0)	**(0)**	**(0)**	**(0)**
thereof within cash flow hedges	(–1)	(0)	(0)	**(–5)**	**(0)**	**(0)**
thereof not part of hedges	(–4)	(0)	(0)	**(–4)**	**(0)**	**(0)**
Interest rate/currency swaps	0	0	0	**0**	**0**	**0**
thereof within fair value hedges	(0)	(0)	(0)	**(0)**	**(0)**	**(0)**
thereof within cash flow hedges	(0)	(0)	(0)	**(0)**	**(0)**	**(0)**
thereof not part of hedges	(0)	(0)	(0)	**(0)**	**(0)**	**(0)**
	–6	**0**	**0**	**–9**	**0**	**0**

Listed below the maturities are the fair values of the financial assets and liabilities that fall due during these periods.

The repricing dates for variable interest rates are less than 1 year.

Liquidity risks

Liquidity risk describes the risk of being unable to procure or provide funding or being able to only procure or provide funding at a higher cost. Liquidity risks may arise, for example, as a result of temporary capital market disruptions, creditor defaults, insufficient credit facilities or the absence of budgeted incoming payments. METRO AG acts as financial coordinator for METRO companies to ensure that they are provided with the necessary financing to fund their operating and investing activities at all times and in the most cost-efficient manner possible. The necessary information is provided by means of a group financial plan, which is updated monthly and checked monthly for deviations. This financial plan is complemented by a weekly rolling 14-day liquidity plan.

Instruments used for financing purposes include money and capital market products (time deposits, call money, promissory note loans, commercial papers and listed bonds sold as part of ongoing capital market programmes) as well as bilateral and syndicated loans. METRO has a sufficient liquidity reserve so that there is no danger of liquidity risks even if an unexpected event has a negative financial impact on the company's liquidity situation. For more information about the instruments used for financing purposes and credit facilities, see the explanatory notes to the respective balance sheet items.

— **Further details are provided in no. 29 – cash and cash equivalents as well as in no. 36 – financial liabilities.**

Intra-group cash pooling allows the surplus liquidity of individual group companies to be used for providing internal financing for to other group companies. This reduces the group's debt financing volume and thus its interest expenses. In addition, METRO AG draws on the financial expertise pooled in the treasury of METRO AG to advise the group companies in all relevant financial matters and provide support. This ranges from the elaboration of investment financing concepts to supporting the responsible financial officers of the individual group companies in their discussions with local banks and financial service providers. This ensures, on the one hand, that the financial resources of METRO are optimally employed, and, on the other, that all group companies benefit from the strength and credit standing of METRO in negotiating their financing terms.

Credit risks

Credit risks arise from the total or partial default by a counterparty, for example, through bankruptcy or in connection with monetary investments and derivative financial instruments with positive market values. METRO's maximum default exposure as of the closing date is reflected by the carrying amount of financial assets totalling €3,102 million (30/9/2016: €3,135 million).

— **For more information about the amount of the respective carrying amounts, see no. 40 – carrying amounts and fair values according to measurement categories.**

Cash on hand considered in cash and cash equivalents totalling €55 million (30/9/2016: €65 million) is not exposed to any default risk.

In the course of the risk management of monetary investments totalling €1,407 million (30/9/2016: €1,550 million) and derivative financial instruments totalling €6 million (30/9/2016: €9 million), minimum creditworthiness requirements and individual maximum exposure limits for the engagement have been defined for all business partners of METRO. Cheques and money in circulation are not considered in the determination of creditworthiness risks. This is based on a system of limits laid down in the treasury guidelines, which are based mainly on the ratings of international rating agencies, developments of credit default swaps or internal credit assessments. An individual limit is allocated to every counterparty of METRO; compliance is constantly monitored by the treasury systems.

The following table shows a breakdown of counterparties by rating class:

Rating classes			Volume in %					
			Financial investments					
Grade	Standard & Poor's	Moody's	Germany	Western Europe excl. Germany	Eastern Europe	Asia and others	Derivatives with positive market values	**Total**
Investment grade	AAA	Aaa	0.0	0.0	0.0	0.0	0.0	
	AA+ to AA–	Aa1 to Aa3	0.2	0.1	3.1	1.3	0.0	
	A+ to A–	A1 to A3	1.1	14.1	13.1	24.3	0.2	
	BBB+ to BBB-	Baa1 to Baa3	25.3	3.9	6.4	3.5	0.1	**96.7**
Non-investment grade	BB+ to BB-	Ba1 to Ba3	0.1	0.0	2.6	0.1	0.0	
	B+ to B-	B1 to B3	0.0	0.0	0.0	0.1	0.0	
	CCC to C	Caa to C	0.0	0.0	0.0	0.0	0.0	**2.9**
No rating			0.0	0.2	0.1	0.1	0.0	**0.4**
			26.7	**18.3**	**25.3**	**29.4**	**0.3**	**100.0**

The table shows that, as of the closing date, about 97% of the capital investment volume, including the positive market value of derivatives, had been placed with investment-grade counterparties, in other words, those with good or very good credit ratings. Most of the counterparties that do not yet have an internationally accepted rating are respected financial institutions whose creditworthiness can be considered flawless based on analyses. METRO also operates in countries where local financial institutions do not have investment-grade ratings due to the rating of their country. For country-specific reasons as well as cost and efficiency considerations, cooperation with these institutions is unavoidable. These institutions account for about 0.4% of the total volume.

METRO's level of exposure to creditworthiness risks is thus very low.

Cash flow risks

A future change in interest rates may cause cash flow from variable interest rate asset and liability items to fluctuate. Stress tests are used to determine the potential impact interest rate changes may have on cash flow and how they can be capped through hedging transactions in accordance with the group's internal treasury guidelines.

44. Contingent liabilities

€ million	30/9/2016	**30/9/2017**
Liabilities from suretyships and guarantees	17	**11**
Liabilities from guarantee and warranty contracts	52	**18**
	69	**28**

Liabilities from guarantee and warranty contracts are primarily rent guarantees with terms of up to 10 years if utilisation is not considered entirely unlikely. The main reason for the decline is lower obligations from rent guarantees due to reduced rental periods and the termination of leases.

45. Other financial liabilities

As of 30 September 2017, the nominal value of other financial liabilities amounted to €307 million (30/9/2016: €309 million) and primarily concerned purchasing commitments from service agreements.

— **For more information about contractual commitments for the acquisition of other intangible assets and property, plant and equipment, obligations from finance and operating leases as well as investment properties, see notes no. 19 – other intangible assets, no. 20 – property, plant and equipment and no. 21 – investment properties.**

46. Remaining legal issues

Successful completion of the demerger

On 6 February 2017, the Annual General Meeting of the former METRO AG (registered in the commercial registry at the Düsseldorf Local Court under HRB 39473) resolved to demerge the former METRO GROUP into 2 independent listed companies that are specialists in their respective market segment; the former METRO AG has changed its name and is now trading as CECONOMY AG. A number of shareholders took legal action against the planned demerger of the group by seeking various legal remedies, such as action for annulment, rescission and/or declaratory action, including against the resolution passed by the Annual General Meeting of CECONOMY AG on 6 February 2017 concerning the Meeting's approval of the demerger agreement as well as against the agreement itself. All of these legal challenges against CECONOMY AG are pending before the Düsseldorf District Court; pursuant to the provisions of the demerger agreement, METRO AG (registered in the commercial registry at the Düsseldorf Local Court under HRB 79055, formerly trading under METRO Wholesale & Food Specialist AG) must bear the costs of the litigation and proceedings relating to the demerger. On 15 November 2017, oral proceedings regarding these claims were held before the District Court of Düsseldorf. METRO AG maintains its position that all of these legal challenges are inadmissible and/or unfounded and has therefore not recognised corresponding risk positions in its accounts. While the legal challenges against the demerger resolution passed by the Annual General Meeting prevented registration of the resolution in the commercial registry of CECONOMY AG, the Düsseldorf Higher Regional Court ruled, following a hearing in the special proceedings (Freigabeverfahren) pursuant to the German Transformation Act instigated by CECONOMY AG on the grounds of the aforementioned legal challenges on 22 June 2017, in favour of the petitioner, holding that the legal challenges mounted against the resolution passed by the Annual General Meeting do not preclude registration of a demerger and spin off in the commercial registry and that the prerequisites for such registration have in fact been met. The demerger became effective upon registration in the commercial registry of CECONOMY AG on 12 July 2017. All shares in METRO AG have been trading on the Frankfurt Stock Exchange and Luxembourg Stock Exchange since 13 July 2017.

Further remaining legal issues

Companies of the METRO group form a party to judicial or arbitration and antitrust law proceedings in various European countries. Insofar as the liability has been sufficiently specified, appropriate risk provisions have been formed for these proceedings.

In addition, the group companies are increasingly exposed to regulatory changes related to procurement and changed sales tax regulations in some countries. Regarding procurement, in some countries, such as Russia and the Czech Republic, this led to adaptation of the procurement model of the respective group company to align with the modified regulatory framework conditions in complex change processes.

Group companies claim damages against companies that are in violation of antitrust laws and have caused damage to the METRO group, for example, certain credit card companies or sugar manufacturers.

47. Events after the balance sheet date

No events to be reported occurred between the balance sheet date (30 September 2017) and the date of presentation of the accounts (30 November 2017).

48. Notes on related parties

In financial year 2016/17, METRO maintained the following business relations to related companies:

€ million	2015/16	2016/17
Services provided	92	**86**
CECONOMY	92	**83**
Associates	0	**0**
Joint ventures	0	**0**
Miscellaneous related parties	0	**3**
Services received	105	**107**
CECONOMY	16	**17**
Associates	74	**78**
Joint ventures	0	**0**
Miscellaneous related parties	15	**12**
Receivables from services provided as of 30/9	5	**11**
CECONOMY	5	**11**
Associates	0	**0**
Joint ventures	0	**0**
Miscellaneous related parties	0	**0**
Liabilities from goods/services received as of 30/9	225	**3**
CECONOMY	224	**3**
Associates	0	**0**
Joint ventures	0	**0**
Miscellaneous related parties	1	**0**

Transactions with companies of CECONOMY

METRO had business relations with companies of CECONOMY. For the purposes of the consolidated financial statements, the CECONOMY companies are considered related parties of METRO until the demerger effective date on 12 July 2017, as METRO AG was controlled by the current CECONOMY AG until that date. Accordingly, services received and benefits received from CECONOMY are included pro rata in the 2016/17 financial disclosures until 12 July 2017.

The services provided to related parties of CECONOMY mainly comprise income from procurement synergies, rental income and income under the Transitional Service Agreement (TSA), which regulated the offsetting of the services provided in the transition phase to the other operating unit as of 1 October 2016. In financial year 2016/17, income from procurement synergies totalled €44 million (2015/16: €63 million). In financial year 2016/17, rental income totalled €14 million (2015/16: €19 million). Income from the TSA amounted to €8 million in financial year 2016/17 (2015/16: €0 million). In addition, the provided benefits include income from services in the amount of €4 million (2015/16: €9 million).

The services received by CECONOMY companies were mainly related to procurement logistics expenses. The liability to CECONOMY reported as of 30 September 2016, which resulted from the initial injection of liquid funds agreed in the demerger agreement, was settled in financial year 2016/17.

Transactions with associated companies and other related parties

The services totalling €90 million (2015/16: €89 million) that METRO companies received from associates and related parties in financial year 2016/17 consisted mainly of real estate leases in the amount of €80 million (2015/16: €80 million, thereof €78 million from associates; 2015/16: €74 million) and the rendering of services in the amount of €10 million (2015/16: €9 million).

Other future financial obligations in the amount of €756 million (2015/16: €597 million) consist of tenancy agreements with the following associated companies, OPCI FWP France, OPCI FWS France, METRO Habib Pakistan and the Mayfair Group.

In financial year 2016/17, METRO companies provided services to companies, included in the group of associates and related parties, in the amount of €3 million (2015/16: €0 million).

Business relations with related parties are based on contractual agreements providing for arm’s length prices. As in financial year 2015/16, there were no business relations with related natural persons and companies of management in key positions in financial year 2016/17.

Related persons (compensation for management in key positions)

METRO management in key positions consists of members of the Management Board and the Supervisory Board of METRO AG.

Unlike in the previous year's financial statements as of 30 September 2016, the expenses for the Management Board of the former METRO AG until the day of the demerger on 12 July 2017 attributable to METRO were not calculated on the basis of an employee-related allocation key. Rather, the financial data for the presented economic activities of METRO were taken from the separate company code set up within the former METRO AG for METRO starting in the first quarter of 2016/17, which comply with the regulations of the Transitional Service Agreement (TSA).

Thus, the determined expenses plus the expenses for the period after the demerger (13 July 2017 to 30 September 2017) for members of the Management Board of the new METRO AG amounted to € 5.5 million for short-term benefits (2015/16: €6.8 million) and €0.8 million for post-employment benefits (2015/16: €0.5 million). The expenses for existing compensation programmes with long-term incentive effect in financial year 2016/17 amounted to €5.1 million (2015/16: €4.9 million).

The short-term compensation for the members of the the former METRO AG Supervisory Board, calculated on the basis of the employee-related allocation key up to the date of the demerger on 12 July 2017 plus the compensation for the period after the demerger (13 July 2017 to 30 September 2017) amounted to €1.5 million (2015/16: €1.5 million).

The total compensation for members of the Management Board in key positions in financial year 2016/17 amounted to €12.9 million (2015/16: €13.7 million).

— **For more information about the basic principles of the remuneration system and the amount of Management and Supervisory Board compensation, see no. 50 – Management Board and Supervisory Board.**

49. Long-term incentive for executives (wholesale and retail sector)

Permissions for the wholesale business unit (MCC LTI)

The long-term incentive (MCC LTI) developed for the METRO Cash & Carry sales line in the past financial year was tailored specifically to the operating model. It was issued to senior executives and the management bodies of METRO Cash & Carry companies for the first time in financial year 2015/16. This is a cyclical plan that is issued every 3 years. The respective performance targets focus on value creation in the individual national subsidiaries and/or the wholesale segment as a whole, as well as their sustained development and prospects. The performance period of the MCC LTI extends from 1 April 2016 to 31 March 2019. The individual target amounts are accumulated proportionally during this period. The final target amount that has been accumulated at the end of the performance period is based on the period of eligibility for the MCC LTI as well as the individual's position. According to the plan conditions, executives can be newly admitted to the circle of beneficiaries on a pro rata basis or removed from the plan.

Additionally, the senior executives of METRO AG were entitled to participate in the MCC LTI pro rata temporis in the reporting period. This entitlement replaces tranche 2016/17 of the sustainable performance plan 2.0 and subsequent tranches that can no longer be issued due to the demerger.

Permissions for the retail business unit (Real LTI)

In the reporting period, the Real long-term incentive (Real LTI) was developed for the retail business segment. The authorised executives and senior executives of the retail business segment were eligible. The performance period started on 1 April 2017 and ends on 31 March 2020. It also replaces the other permissions to the sustainable performance plan 2.0. The operating principles are based on the MCC LTI and are shown in the following.

OPERATING PRINCIPLES OF THE MCC AND REAL LTI

After the end of each performance period, the payout amount is determined by multiplying the respectively accumulated individual target amount with a total goal achievement factor. The goal achievement rate of this factor for the past performance and future value components accounts for 45% each; the remaining 10% is accounted for by the goal achievement rate of the sustainability component. The payout amount is capped and the total goal achievement factor cannot drop below 0. The relevant measure for the past performance and future value components for eligible executives at the national METRO Cash & Carry subsidiaries is the performance/value creation of the respective national subsidiary of METRO Cash & Carry. The relevant measure for the other eligible executives is METRO Cash & Carry's or Real's respective sales line's overall performance.

The **past performance component** rewards the achievement of internal economic target values and is determined on the basis of the EBITDA after special items generated cumulatively over financial years 2015/16 to 2017/18 for METRO Cash & Carry and 2016/17 to 2018/19 for Real. Separate target values for a goal achievement factor of 1.0 and 0.0, respectively, have been defined. In the case of intermediate values and values above 1.0, the factor for goal achievement is calculated using linear interpolation to 2 decimal points. The goal achievement factor for the past performance component cannot drop below 0 and is capped.

The **future value component** mirrors METRO Cash & Carry's and Real's external valuation with respect to the expected future performance of the respective national subsidiary and each sales line as a whole from an analyst's perspective. For the purpose of target setting, the enterprise value of the respective sales line was determined on the basis of analyst valuations before the start of the performance period. It is determined again at the end of each performance period. The enterprise value of METRO Cash & Carry national subsidiaries is derived from the enterprise values of the METRO Cash & Carry sales line. Separate target values for a goal achievement factor of 1.0 and 0.0, respectively, have been defined. In the case of intermediate values and values above 1.0, the factor for goal achievement is calculated using linear interpolation to 2 decimal points. The goal achievement factor for the future value component cannot drop below 0 and is capped.

Performance achievement for the **sustainability component** is determined on the basis of the average rating which METRO AG is awarded in an external corporate sustainability assessment during each performance period. In each year of the performance period, METRO AG participates in the Corporate Sustainability Assessment conducted by the independent service provider RobecoSAM. RobecoSAM AG uses this assessment to determine METRO AG's ranking within the industry group Food & Staples Retailing that is defined in accordance with the Global Industry Classification Standard (GICS). RobecoSAM AG will inform METRO AG of any changes in its sector classification. In case of material changes in the composition of companies or the ranking method, RobecoSAM AG can determine adequate comparable values.

The company's average ranking – rounded to whole numbers – is determined on the basis of the rankings communicated during each performance period. The factor for the sustainability component is determined in the following manner on the basis of the average of the performance period:

Average ranking (rounded)	Sustainability factor
1	3.00
2	2.50
3	2.00
4	1.50
5	1.25
6	1.00
7	0.75
8	0.50
9	0.25
Below rank 9	0.00

As of 30 September 2017, the target amount for the eligible group of persons was €34.6 million.

Sustainable performance plan version 2014 (2014/15–2017/18)

After the first tranche of the sustainable performance plan was issued in financial year 2013/14, it was decided to adjust the sustainable performance plan from financial year 2014/15 onwards by adopting the so-called sustainable performance plan version 2014, with a planned duration of 4 tranches up to financial year 2017/18. A 3-year performance period applies to the 2014/15 tranche of the sustainable performance plan version 2014; from the 2015/16 tranche onwards, a 4-year performance period will apply.

A target value in euros is set for the eligible managers. The payout amount is calculated by multiplying the target value by the factor of overall goal achievement. This, in turn, is calculated by determining the goal achievement factors, each of which is rounded to 2 decimal points, for each of the 3 performance targets. The arithmetic mean of the factors, also rounded to 2 decimal points, gives the overall goal achievement factor. The payout amount is limited to a maximum of 250% of the target value (payout cap). In case that the employment relationship comes to an end, separate rules for the payout of the tranches have been agreed upon.

The sustainable performance plan version 2014 is based on the following 3 performance targets:
- total shareholder return (TSR),
- sustainability and
- earnings per share (EPS).

The **TSR component** is measured according to the development of the total shareholder return of the METRO ordinary share in the performance period compared to a defined benchmark index. To calculate the goal achievement factor of the TSR component, the Xetra closing prices of the METRO ordinary share are determined over a period of 40 consecutive trading days immediately following the Annual General Meeting of METRO AG in the year of the awarding. This is used to calculate the arithmetic mean, which is known as the starting share price. The performance period for the respective tranche will begin on the 41st trading day following the Annual General Meeting. Once again, the Xetra closing prices of the METRO ordinary share are determined over a period of 40 consecutive trading days immediately following the Annual General Meeting 3 years, or, from financial year 2015/16 onwards, 4 years after calculating the starting share price and issuing the applicable tranche. This is used again to calculate the arithmetic mean, which is known as the ending share price. The TSR percentage value will be determined on the basis of the change in the METRO share price and the total amount of hypothetically reinvested dividends throughout the performance period in relation to the starting and ending share prices.

The METRO TSR calculated in this manner will be compared with the TSR of the STOXX Europe 600 Retail index (index TSR) during the performance period and the factor for computing the TSR component will be determined as follows:
- If METRO's TSR is identical to the index TSR, the factor for the TSR component is 1.0;
- if METRO's TSR is 30% points or more below the index TSR, the factor for the TSR component is 0.0;
- if METRO's TSR is 30% points above the index TSR, the factor for the TSR component is 2.0.
- In the case of goal achievement with intermediate values and more than 30% points, the TSR factor for the sustainable performance plan version 2014 is calculated using linear interpolation to 2 decimal points.

To determine the goal achievement factor of the **sustainability component,** METRO AG takes part in the Corporate Sustainability Assessment conducted by the external independent agency RobecoSAM during each year of the 3- or 4-year performance period of the sustainable performance plan version 2014. RobecoSAM AG uses this assessment to determine the ranking of METRO AG within the industry group Food and Staples Retailing that is defined in accordance with the Global Industry Classification Standard (GICS). S&P Dow Jones Indices uses this ranking as the basis for decisions regarding a company's inclusion in the Dow Jones Sustainability Indices (DJSI). METRO AG is informed each year by RobecoSAM AG about its new ranking. The company's average ranking – rounded to whole numbers – is determined on the basis of the 3, or, from financial year 2015/16 onwards, 4 rankings per tranche communicated by RobecoSAM AG during the performance period. The factor for the sustainability component is determined on the basis of the average ranking during the performance period.

The goal achievement factor for the **EPS component,** which was introduced in the sustainable performance plan version 2014, is calculated as follows: generally, an EPS target value (before special items) for the third or fourth year of the EPS performance period, a lower threshold/entry barrier as well as an upper threshold for 200% goal achievement are decided at the beginning of the financial year. The EPS value that has actually been achieved during the performance period is compared to the approved values and the factor for calculating the EPS component is determined as follows:

- If the EPS target value is achieved, the factor for the EPS component is 1.0
- If only the lower entry barrier or a value lower than it is achieved, the factor for the EPS component is 0.0
- In the event of 200% goal achievement, the factor for the EPS component is 2.0.
- In the case of goal achievement with intermediate values and more than 200%, the EPS factor for the sustainable performance plan version 2014 is calculated using linear interpolation to 2 decimal points.

Due to the demerger on 12 July 2017, the final performance measurement of the tranches from the sustainable performance plan 2.0 based on the preset success targets is no longer possible. An external appraiser determined the present value of the respective tranches on the day of the demerger according to a recognised financial mathematical procedure and paid them out to the beneficiaries accordingly. The portion of the respective target value, which has not yet been earned on a pro rata basis, was transferred to a so-called roll-over LTI. A RoCE performance target was set for the 2014/15 tranche, which will be payable at the end of the original performance period in April 2019. An EPS performance target became effective for the tranche 2015/16. The payment will be due for payment in April 2019 after the end of the performance period, which was reduced by 1 year.

The issuance of tranches 2016/17 and 2017/18 will be replaced by the issuance of the MCC or Real LTI.

Sustainable performance plan (2013/14)

After the last tranche of the performance share plan was paid in the short financial year 2013, the sustainable performance plan was issued in financial year 2013/14.

A target value in euros was set for the eligible managers. This is 75% dependent on the TSR component and 25% on the sustainability component.

The calculation of the **TSR component** follows the method described for the sustainable performance plan version 2014; however, the factor for the TSR component is a maximum of 3.0 (cap). Furthermore, the following additional condition applies if the TSR factor is positive: a payment of 75% of the target amount multiplied by the TSR factor will be made only if the calculated ending price of the METRO share does not fall below the starting share price. Should this condition not be met, the calculated amount will not initially be paid. In this case, an entitlement to payment will exist only if the Xetra closing price of the METRO ordinary share is higher than or equivalent to the starting share price for 40 consecutive trading days within a 3-year period after the completion of the performance period. Should this condition not be met within the 3 years after the performance period ends, no payment of the TSR component of the tranche will be made.

Similarly, the method described for the sustainable performance plan version 2014 also applies to the calculation of the factor for the **sustainability component,** while the factor for the sustainability component depends on the average ranking during the performance period.

The following additional condition will also apply: a payment of 25% of the target amount multiplied by the sustainability factor will only be made if the ranking of METRO AG does not fall by more than 2 places below the last announced ranking before the issuance of the tranche in any year of the performance period. Otherwise, the factor for the sustainability component will be 0. The payment cap for the sustainability component amounts to 3 times the target amount.

The sustainability component was paid to the beneficiaries on 3 April 2017, according to the plan conditions after the end of the performance period. Since the additional payout condition for the TSR component was not met, this part was initially not due for payment. Due to the demerger on 12 July 2017, however, the final performance measurement of the TSR component based on the set criteria is no longer possible. The cash value of the TSR component on the demerger day was determined by an external appraiser according to a recognised financial-mathematical procedure and paid out to the beneficiaries accordingly.

Performance share plan (2009–2013)

In 2009, METRO AG introduced a performance share plan for a period of 5 years for which the last tranche was issued in the short financial year 2013. Under this scheme, eligible managers were given an individual target amount for the performance share plan (target value) in accordance with the significance of their responsibilities. The target number of performance shares was calculated by dividing this target value by the share price upon issuance, based on the average price of the METRO share during the 3 months up to the issuance date. The key metric in this calculation was the 3-month average price of the METRO share before the issuance date. A performance share entitles its holder to a cash payment in euros matching the price of the METRO share on the payment date. The key metric in this calculation is also the 3-month average price of the METRO share before the payment date.

Based on the relative performance of the METRO share compared with the median of the DAX 30 and EURO STOXX Retail indices – total return – the final number of payable performance shares is determined after the end of a performance period of at least 3 and at most 4.25 years. This corresponds to the target number of shares when an equal performance with said stock indices is achieved. Up to an outperformance of 60%, the number increases linearly to a maximum of 200% of the target amount. Up to an underperformance of 30%, the number is accordingly reduced to a minimum of 50%. In the case of an underperformance of more than 30%, the number is reduced to 0.

Payment can be made at 6 possible times that are set in advance. The earliest payment date is 3 years after issuing the performance shares. From this time, payment can be made every 3 months. The eligible managers can choose the date upon which they want to exercise performance shares. A distribution over several payment dates is not permitted. The payment cap amounts to 5 times the target value.

METRO introduced so-called share ownership guidelines along with its performance share plan: as a precondition for payments of performance shares, eligible executives are obliged to undertake and maintain a continuous self-financed investment in METRO shares up to the end of the 3-year vesting period. This ensures that, as shareholders, they will directly participate in share price gains as well as potential losses of the METRO share. The required investment volume generally amounts to approximately 50% of the individual target value.

The vesting period of the 2013 tranche ended in July 2017. It was exercised by 21 persons with 42,688 performance shares in financial year 2016/17. The performance share plan ended on 1 July 2017 and there are no other claims from the plan.

The mentioned tranches of share-based payment programmes resulted in total expenses of €25 million (2015/16: €26 million).

The programme-related provisions as of 30 September 2017 amount to €19 million (30/9/2016: €34 million).

50. Management Board and Supervisory Board

Remuneration of members of the Management Board in financial year 2016/17

The remuneration of the active members of the Management Board essentially consists of a fixed salary, a short-term performance-based remuneration component (short-term incentive and special bonuses), as well as the performance-based remuneration component with a long-term incentive effect (long-term incentive) granted in financial year 2016/17.

The short-term incentive for members of the Management Board is essentially determined by the development of financial performance targets related to that financial year and also considers the attainment of individually set targets.

The remuneration of the active members of the Management Board in financial year 2016/17 amounted to €5.9 million. This includes €1.1 million in fixed salaries, €1.1 million in short-term performance-based remuneration, €3.7 million in share and performance-based remuneration with a long-term incentive effect and €0.02 million in non-cash benefits.

The share and performance-based remuneration component with long-term incentive effect granted in financial year 2016/17 (performance share plan) was recognised at the fair value as of the date granted. The number of conditionally allocated performance shares amounts to a total of 266,629 units.

In financial year 2016/17, value adjustments resulted from the current tranches of performance-based payment programmes with a long-term incentive effect. The company's expenses amounted to €0.27 million for Mr Koch, €0.14 million for Mr Baier, €0.16 million for Mr Boone and €0.2 million for Mr Hutmacher.

As of 30 September 2017, the provisions for the members of the Management Board totalled €0.77 million. Of this amount, €0.27 million was attributable to Mr Koch, €0.14 million to Mr Baier, €0.16 million to Mr Boone and €0.2 million to Mr Hutmacher.

Expenses and provisions were determined by external experts using a recognised financial mathematical procedure.

— **For §314 Section 1 No. 6a sentence 5–8 of the German Commercial Code (HGB), see chapter 6 remuneration report in the combined management report.**

Remuneration to members of the Supervisory Board

The total remuneration paid to all members of the Supervisory Board in financial year 2016/17 amounts to €0.8 million.

— **For more information about the compensation of the members of the Supervisory Board, see chapter 6 remuneration report in the combined management report.**

51. Auditor's fees for the financial year pursuant to § 314 Section 1 No. 9 of the German Commercial Code (HGB)

KPMG AG Wirtschaftsprüfungsgesellschaft invoiced total professional fees in the amount of €9.0 million for services rendered. Of this amount, €4.3 million was attributable to professional fees for the audit of the financial statements, €3.3 million to other assurance services, €0.5 million to tax consultation services and €0.9 million to other services.

Only services that are consistent with the task of the auditor of the annual financial statements and consolidated financial statements of METRO AG were provided.

The fees for audit services provided by KPMG AG Wirtschaftsprüfungsgesellschaft relates to the audit of the consolidated financial statements, the annual financial statements and the dependent company report of METRO AG as well as various annual audits and audits of IFRS reporting packages for inclusion in the METRO consolidated financial statements of its subsidiaries, including statutory order extensions. In addition, the audit-integrated reviews of interim financial statements as well as project-related IT audits took place.

Other confirmation services include services provided within the framework of the demerger of the former METRO GROUP (issuing of a comfort letter, review of the combined financial statements of the MWFS Group as of 30 September 2016, founding audit, post-establishment audit, non-cash contribution assessment and impairment certificates). In addition, the other assurance services include contracted audit activities (e.g. Sales Lease Agreements, Compliance Certificates, Comfort Letter), an ICS audit of selected ISAE 3000 operational processes and the voluntary business review of the CSR report.
The tax consultation services include assistance in the preparation of tax returns and VAT activity statements and advisory services related to the settlement processes for the transfer pricing system, value added tax and in relation to the secondment of employees to foreign countries.

The other services include fees for project management support in the context of the demerger as well as in other change management processes (each without a management function), for financial due diligences and support in the area of sustainability.

52. Declaration of compliance with the German Corporate Governance Code

In September 2017, the Management Board and the Supervisory Board issued the annual declaration of compliance pursuant to § 161 of the German Stock Corporation Act (AktG) concerning the recommendations of the Government Commission on the German Corporate Governance Code and updated it in November 2017. Both statements are published permanently on the homepage of METRO AG (www.metroag.de).

53. Election to be exempt from §§ 264 Section 3 and 264 b of the German Commercial Code

The following domestic subsidiaries in the legal form of stock corporations or partnerships will use the exemption provisions according to § 264 Section 3 and § 264b of the German Commercial Code, and will thus refrain from preparing their annual financial statements for 2016 as well as mostly from preparing their notes to the financial statements and management report (according to the German Commercial Code).

a) Operating companies and service entities	
MIP METRO Group Intellectual Property Management GmbH	Düsseldorf
N & NF Trading GmbH	Düsseldorf
METRO Siebte Gesellschaft für Vermögensverwaltung mbH	Düsseldorf
real,- Handels GmbH	Düsseldorf
HoReCa Digital GmbH	Düsseldorf
METRO GROUP Accounting Center GmbH	Wörrstadt
METRO Innovations Holding GmbH	Düsseldorf
METRO LOGISTICS Services GmbH	Düsseldorf
METRO Groß- und Lebensmitteleinzelhandel Holding GmbH	Düsseldorf
MGL METRO Group Logistics Warehousing Beteiligungs GmbH	Düsseldorf
METRO LOGISTICS Germany GmbH	Düsseldorf
real,- Group Holding GmbH	Düsseldorf
MGC METRO Group Clearing GmbH	Düsseldorf
Metro Finanzdienstleistungs Pensionen GmbH	Düsseldorf
real,- Digital Services GmbH	Düsseldorf
DAYCONOMY GmbH	Düsseldorf
Fulltrade International GmbH	Düsseldorf
METRO Beteiligungsmanagement Düsseldorf GmbH & Co. KG	Düsseldorf
MIP METRO Group Intellectual Property GmbH & Co. KG	Düsseldorf
METRO Dienstleistungs-Holding GmbH	Düsseldorf
MGP METRO Group Account Processing GmbH	Kehl
METRO Re AG	Düsseldorf
METRO Advertising GmbH	Düsseldorf
real,- Holding GmbH	Düsseldorf
real,- Digital Fulfillment GmbH	Düsseldorf
METRO Travel Services GmbH	Düsseldorf
METRO Insurance Broker GmbH	Düsseldorf
METRO SYSTEMS GmbH	Düsseldorf
Metro SB-Großmärkte GmbH & Co. Kommanditgesellschaft	Esslingen am Neckar
Metro SB-Großmärkte GmbH & Co. Kommanditgesellschaft	Linden
NordRhein Trading GmbH	Düsseldorf
METRO Großhandelsgesellschaft mbH	Düsseldorf
Metro International Beteiligungs GmbH	Düsseldorf
MGE Warenhandelsgesellschaft mbH	Düsseldorf
MGL METRO Group Logistics GmbH	Düsseldorf
real,- SB-Warenhaus GmbH	Düsseldorf
MCC Trading International GmbH	Düsseldorf
METRO Cash & Carry International GmbH	Düsseldorf
Meister feines Fleisch – feine Wurst GmbH	Gäufelden
Multi-Center Warenvertriebs GmbH	Düsseldorf
METRO Erste Erwerbsgesellschaft mbH	Düsseldorf
MCC Trading Deutschland GmbH	Düsseldorf
Goldhand Lebensmittel- u. Verbrauchsgüter- Vertriebsgesellschaft mit beschränkter Haftung	Düsseldorf
Liqueur & Wine Trade GmbH	Düsseldorf
Johannes Berg GmbH, Weinkellerei	Düsseldorf
Weinkellerei Thomas Rath GmbH	Düsseldorf
METRO INTERNATIONAL SUPPLY GmbH	Düsseldorf
METRO FSD Holding GmbH	Düsseldorf
RUNGIS express GmbH	Meckenheim
Petit RUNGIS express GmbH	Meckenheim
CCG DE GmbH	Kelsterbach
cc delivery gmbh	Meckenheim
HoReCa Investment Management GmbH	Düsseldorf
HoReCa Services GmbH	Düsseldorf
HoReCa Komplementär GmbH	Düsseldorf
HoReCa Innovation I GmbH & Co. KG	Düsseldorf
HoReCa Investment I GmbH & Co. KG	Düsseldorf

HoReCa Strategic I GmbH & Co. KG	Düsseldorf
METRO Wholesale & Food Services Vermögensverwaltung Management GmbH	Düsseldorf
MIP METRO Holding Management GmbH	Düsseldorf
METRO Wholesale & Food Services Vermögensverwaltung GmbH & Co. KG	Düsseldorf
Markthalle GmbH	Düsseldorf
METRO Erste Verwaltungs GmbH	Düsseldorf
METRO Zweite Verwaltungs GmbH	Düsseldorf
METRO Dritte Verwaltungs GmbH	Düsseldorf
METRO Vierte Verwaltungs GmbH	Düsseldorf
METRO Fünfte Verwaltungs GmbH	Düsseldorf
METRO Sechste Verwaltungs GmbH	Düsseldorf
METRO Siebte Verwaltungs GmbH	Düsseldorf
HoReCa Digital Services Germany GmbH	Düsseldorf
HoReCa Innovation I Carry GmbH & Co. KG	Düsseldorf
HoReCa Innovation I Team GmbH & Co. KG	Düsseldorf
HoReCa Investment I Carry GmbH & Co. KG	Düsseldorf
HoReCa Investment I Team GmbH & Co. KG	Düsseldorf
HoReCa Strategic I Carry GmbH & Co. KG	Düsseldorf
Hospitality.systems GmbH	Düsseldorf
b) Real estate companies	
METRO Leasing GmbH	Düsseldorf
METRO Group Asset Management Services GmbH	Düsseldorf
Immobilien-Vermietungsgesellschaft von Quistorp GmbH & Co. Objekt Altlandsberg KG	Düsseldorf
ADAGIO 3. Grundstücksverwaltungsgesellschaft mbH	Düsseldorf
ARKON Grundbesitzverwaltung GmbH	Düsseldorf
METRO PROPERTIES Holding GmbH	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bochum Otto Straße KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Rastatt KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Frankenthal KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Frankenthal-Studernheim KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Paderborn „Südring Center“ KG	Düsseldorf
RUTIL Verwaltung GmbH & Co. SB-Warenhaus Bielefeld KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hamburg-Neuwiedenthal KG	Düsseldorf
Pro. FS GmbH	Düsseldorf
GKF Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Schaper Bremen-Habenhausen KG	Düsseldorf
Blabert Grundstücksverwaltungsgesellschaft mbH	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hamm KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Oldenburg KG	Düsseldorf
Renate Grundstücksverwaltungsgesellschaft mbH	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach-Rheydt KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Emden KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Entwicklungsgrundstücke KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Arrondierungsgrundstücke KG	Düsseldorf
RUDU Verwaltungsgesellschaft mbH	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Ratingen KG	Düsseldorf
GKF Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Donaueschingen KG	Düsseldorf
GKF Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Köln-Porz KG	Düsseldorf
ASSET Zweite Immobilienbeteiligungen GmbH	Düsseldorf
AIB Verwaltungs GmbH	Düsseldorf
SIL Verwaltung GmbH & Co. Objekt Haidach KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hörselgau KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Gäufelden KG	Düsseldorf
DFI Verwaltungs GmbH	Düsseldorf
KUPINA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Düsseldorf
METRO Retail Real Estate GmbH	Düsseldorf
METRO Wholesale Real Estate GmbH	Düsseldorf
ADAGIO Grundstücksverwaltungsgesellschaft mbH	Düsseldorf

ADAGIO 2. Grundstücksverwaltungsgesellschaft mbH	Düsseldorf
2. Schaper Objekt GmbH & Co. Kiel KG	Düsseldorf
Adolf Schaper GmbH & Co. Grundbesitz-KG	Düsseldorf
ASH Grundstücksverwaltung XXX GmbH	Düsseldorf
ZARUS Verwaltung GmbH & Co. Objekte Niedersachsen KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hildesheim-Senking KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Brühl KG	Düsseldorf
ZARUS Verwaltung GmbH & Co. Objekt Osnabrück KG	Düsseldorf
ZARUS Verwaltung GmbH & Co. Objekt Mutterstadt KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Edingen-Neckarhausen KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Wiesbaden-Nordenstadt KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover / Davenstedter Straße KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover-Linden KG	Düsseldorf
GKF 6. Objekt Vermögensverwaltungsgesellschaft mbH	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. 8. Objekt – KG	Düsseldorf
METRO PROPERTIES GmbH & Co. KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. 10. Objekt-KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover Fössestraße KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Finowfurt KG	Düsseldorf
FZG Fachmarktzentrum Guben Verwaltungsgesellschaft mbH	Düsseldorf
FZG Fachmarktzentrum Guben Verwaltungsgesellschaft mbH & Co. Vermietungs-Kommanditgesellschaft	Düsseldorf
FZB Fachmarktzentrum Bous Verwaltungsgesellschaft mbH & Co. KG	Düsseldorf
Wolfgang Wirichs GmbH	Düsseldorf
Wirichs Immobilien GmbH	Düsseldorf
MTE Grundstücksverwaltung GmbH & Co. Objekt Duisburg oHG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Gewerbegrundstücke KG	Düsseldorf
BAUGRU Immobilien-Beteiligungsgesellschaft mit beschränkter Haftung & Co. Grundstücksverwaltung KG	Düsseldorf
GBS Gesellschaft für Unternehmensbeteiligungen mbH	Düsseldorf
STW Grundstücksverwaltung GmbH	Düsseldorf
PIL Grundstücksverwaltung GmbH	Düsseldorf
NIGRA Verwaltung GmbH & Co. Objekt Moers KG	Düsseldorf
NIGRA Verwaltung GmbH & Co. Objekt Detmold KG	Düsseldorf
Metro Cash & Carry Grundstücksverwaltungsgesellschaft mbH	Düsseldorf
NIGRA Verwaltung GmbH & Co. Objekt Eschweiler KG	Düsseldorf
NIGRA Verwaltung GmbH & Co. Objekt Langendreer KG	Düsseldorf
NIGRA Verwaltung GmbH & Co. Objekt Rendsburg KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. 25. Objekt-KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Herten KG	Düsseldorf
NIGRA Verwaltung GmbH & Co. Objekt Neunkirchen KG	Düsseldorf
Deutsche SB-Kauf GmbH & Co. KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Saar-Grund KG	Düsseldorf
Schaper Grundbesitz-Verwaltungsgesellschaft mbH	Düsseldorf
MDH Secundus GmbH & Co. KG	Düsseldorf
NIGRA Verwaltung GmbH & Co. Objekt Germersheim KG	Düsseldorf
Kaufhalle GmbH & Co. Objekt Lager Apfelstädt KG	Düsseldorf
Kaufhof Warenhaus Neubrandenburg GmbH	Düsseldorf
Kaufhalle GmbH	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Espelkamp KG	Düsseldorf
ASSET Immobilienbeteiligungen GmbH	Düsseldorf
ASSET Köln-Kalk GmbH	Düsseldorf
Horten Nürnberg GmbH	Düsseldorf
Metro International Beteiligungs GmbH	Düsseldorf
METRO Services GmbH	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Duisburg KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Heinsberg KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Braunschweig Hamburger Straße KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Wülfrath KG	Düsseldorf

GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Münster-Kinderhaus KG	Düsseldorf
GKF Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Wolfenbüttel KG	Düsseldorf
GKF Grundstücksverwaltung GmbH & Co. Objekt Bremen-Vahr KG	Düsseldorf
GKF Grundstücksverwaltung GmbH & Co. Objekt Emden KG	Düsseldorf
GKF Grundstücksverwaltung GmbH & Co. Objekt Groß-Zimmern KG	Düsseldorf
GKF Grundstücksverwaltung GmbH & Co. Objekt Norden KG	Düsseldorf
TIMUG Verwaltung GmbH	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach ZV II KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekte Amberg und Landshut KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Göttingen KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Kulmbach KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Regensburg KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Pfarrkirchen KG	Düsseldorf
METRO Leasing Objekt Schwerin GmbH	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Kassel KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bannewitz KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach ZV I KG	Düsseldorf
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hürth KG	Düsseldorf
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Porta-Westfalica KG	Düsseldorf
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt München-Pasing KG	Düsseldorf
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Schwelm KG	Düsseldorf
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Berlin-Friedrichshain KG	Düsseldorf
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Hamburg-Altona KG	Düsseldorf

54. Overview of the major fully consolidated group companies

Name	Registered office	Group stake in %	Sales[1] in € million
Holding companies			
METRO AG	Düsseldorf, Germany		0
METRO Cash & Carry International GmbH	Düsseldorf, Germany	100.00	0
METRO Wholesale			
METRO Cash & Carry Deutschland GmbH	Düsseldorf, Germany	100.00	4,442
METRO Cash & Carry France S.A.S.	Nanterre, France	100.00	4,165
METRO Cash & Carry OOO	Moscow, Russia	100.00	3,411
METRO Jinjiang Cash & Carry Co., Ltd.	Shanghai, China	90.00	2,672
METRO Italia Cash and Carry S. p. A	San Donato Milanese, Italy	100.00	1,760
Makro Cash and Carry Polska S.A.	Warsaw, Poland	100.00	1,415
Makro Autoservicio Mayorista S. A. U.	Madrid, Spain	100.00	1,242
Metro Grosmarket Bakirköy Alisveris Hizmetleri Ticaret Ltd. Sirketi	Istanbul, Turkey	100.00	1,122
MAKRO Cash & Carry CR s.r.o.	Prague, Czech Republic	100.00	1,048
METRO CASH & CARRY ROMANIA SRL	Bucharest, Romania	100.00	974
MAKRO Cash & Carry Belgium NV	Wommelgem, Belgium	100.00	846
METRO Distributie Nederland B. V.	Amsterdam, Netherlands	100.00	814
METRO Cash & Carry India Private Limited	Bangalore, India	100.00	798
Real			
real,- SB-Warenhaus GmbH	Düsseldorf, Germany	100.00	7,256
Other companies			
METRO Sourcing International Limited	Hong Kong, China	100.00	28
METRO LOGISTICS Germany GmbH	Düsseldorf, Germany	100.00	0
METRO PROPERTIES GmbH & Co. KG	Düsseldorf, Germany	92.90	0
METRO SYSTEMS GmbH	Düsseldorf, Germany	100.00	0
MIAG Commanditaire Vennootschap	Amsterdam, Netherlands	100.00	0

[1] Including consolidated national subsidiaries.

55. Corporate Boards of METRO AG and their mandates

Members of the Supervisory Board[1]

Jürgen B. Steinemann (Chairman, from 2 March to 23 August 2017 and since 29 August 2017)
Member of the Supervisory Board since 21 February 2017
CEO of JBS Holding GmbH
a) Big Dutchman AG (Vice Chairman)
Ewald Dörken AG, until 7 August 2017
b) Bankiva B.V., Wezep, Netherlands – Supervisory Board (Chairman), since 16 February 2017
Barry Callebaut AG, Zurich, Switzerland – Board of Directors
Lonza Group AG, Basle, Switzerland – Board of Directors

Werner Klockhaus (Vice Chairman, from 2 March to 23 August 2017 and again since 29 August 2017)
Member of the Supervisory Board since 21 February 2017
Chairman of the Group Works Council of METRO AG
Chairman of the General Works Council of Real SB-Warenhaus GmbH
a) Hamburger Pensionskasse von 1905 Versicherungsverein auf Gegenseitigkeit (a German pension fund)
Real SB-Warenhaus GmbH (Vice Chairman)
b) None

Michael Bouscheljong
Member and Vice Chairman of the Supervisory Board from 8 November 2016 to 21 February 2017
Global Director Corporate Controlling & Finance of METRO AG
a) METRO SYSTEMS GmbH
Real SB-Warenhaus GmbH
b) None

Gwyn Burr
Member of the Supervisory Board since 21 February 2017
Member of the Board of Directors of Hammerson plc, London, United Kingdom
a) None
b) DFS Furniture plc, Doncaster, South Yorkshire, United Kingdom – Board of Directors
Hammerson plc, London, United Kingdom – Board of Directors
Ingleby Farms & Forests ApS, Køge, Denmark – Board of Directors, since 8 December 2016
Just Eat plc, London, United Kindgom– Board of Directors
Sainsbury's Bank plc, London, United Kingdom – Board of Directors

Thomas Dommel
Member of the Supervisory Board since 21 February 2017
Chairman of the General Works Council of METRO LOGISTICS Germany GmbH
a) METRO LOGISTICS Germany GmbH (Vice Chairman)
b) None

Prof. Dr Edgar Ernst
Member of the Supervisory Board since 21 February 2017
President of the German Financial Reporting Enforcement Panel (DPR)
a) Deutsche Postbank AG
TUI AG
Vonovia SE (Chairman, since 7 September 2017)
b) None

[1] Mandates as of: 30 November 2017
a) Membership of other supervisory boards to be legally disclosed within the meaning of § 125 Section 1 sentence 5, 1. AktG (superseded version)
b) Membership of other comparable German and international controlling bodies and economic enterprises

Dr Florian Funck
Member of the Supervisory Board since 21 February 2017
Member of the Management Board of Franz Haniel & Cie. GmbH
a) CECONOMY AG
TAKKT AG
Vonovia SE
c) None

Michael Heider
Member of the Supervisory Board since 21 February 2017
Vice Chairman of the General Works Council of METRO Cash & Carry Deutschland GmbH
Chairman of the Works Council of the METRO Cash & Carry store in Schwelm
a) Metro Großhandelsgesellschaft mbH
b) None

Andreas Herwarth
Member of the Supervisory Board since 21 February 2017
Vice Chairman of the Works Council of METRO AG
a) None
b) None

Hans-Dieter Hinker
Member of the Supervisory Board from 8 November 2016 to 21 February 2017
Global Director Corporate Treasury of METRO AG
a) Metro Großhandelsgesellschaft mbH, since 1 October 2017
b) METRO Finance B.V., Venlo, Netherlands – Supervisory Board, since 1 April 2017

Peter Küpfer
Member of the Supervisory Board since 21 February 2017
Self-employed business consultant
a) CECONOMY AG
b) AHRB AG, Zurich, Switzerland – Board of Directors (President)
ARH Resort Holding AG, Zurich, Switzerland – Board of Directors (President)
Breda Consulting AG, Zurich, Switzerland – Board of Directors (President)
Cambiata Ltd, Road Town, Tortola, British Virgin Islands – Board of Directors
Cambiata Schweiz AG, Zurich, Switzerland – Board of Directors
Gebr. Schmidt GmbH & Co. KG – Advisory Council
Lake Zurich Fund Exempt Company, George Town, Grand Cayman, Cayman Islands – Board of Directors
Supra Holding AG, Zug, Switzerland – Board of Directors
Travel Charme Hotels & Resorts Holding AG, Zurich, Switzerland – Board of Directors (President)

Susanne Meister
Member of the Supervisory Board since 21 February 2017
Member of the General Works Council of Real SB-Warenhaus GmbH
a) None
b) None

Dr Angela Pilkmann
Member of the Supervisory Board since 21 February 2017
Category Manager Food at Real SB-Warenhaus GmbH
a) None
b) None

Mattheus P. M. (Theo) de Raad
Member of the Supervisory Board since
21 February 2017
Member of the Supervisory Board of HAL Holding N.V., Willemstad, Curaçao, Netherlands Antilles
a) None
b) HAL Holding N.V., Willemstad, Curaçao, Netherlands Antilles – Supervisory Board

Dr Fredy Raas
Member of the Supervisory Board since
21 February 2017
Managing Director of Beisheim Holding GmbH, Baar, Switzerland,
and Beisheim Group GmbH & Co. KG
a) CECONOMY AG
b) ARISCO Holding AG, Baar, Switzerland – Board of Directors
Montana Capital Partners AG, Baar, Switzerland – Board of Directors

Harald Sachs
Member and Chairman of the Supervisory Board
from 8 November 2016 to 21 February 2017
Global Director Corporate Accounting of METRO AG
a) Real SB-Warenhaus GmbH
b) METRO Finance B.V., Venlo, Netherlands – Supervisory Board
METRO International AG, Baar, Switzerland – Supervisory Board

Xaver Schiller
Member of the Supervisory Board since
21 February 2017
Vice Chairman of the General Works Council of METRO Cash & Carry Deutschland GmbH
Chairman of the Works Council of the METRO Cash & Carry store in Munich-Brunnthal
a) Metro Großhandelsgesellschaft mbH (Vice Chairman)
b) None

Eva-Lotta Sjöstedt
Member of the Supervisory Board since
21 February 2017
Independent Business Consultant
a) None
b) None

Dr Liliana Solomon
Member of the Supervisory Board since
21 February 2017
Chief Financial Officer of Arqiva Group Ltd., London, United Kingdom
a) Scout24 AG
b) None

Alexandra Soto
Member of the Supervisory Board since
21 February 2017
Managing Director of Lazard & Co., Limited, London, United Kingdom
Chief Operating Officer of Lazard Europe
a) None
b) None

Angelika Will
Member of the Supervisory Board since
21 February 2017
Honorary Judge at the Federal Labour Court
Secretary of the Regional Association Board North Rhine-Westphalia of DHV – Die Berufsgewerkschaft e.V. (federal specialist group on trade)
a) CECONOMY AG
b) None

Manfred Wirsch
Member of the Supervisory Board since
21 February 2017
Secretary of the National Executive Board of the ver.di trade union
Vereinte Dienstleistungsgewerkschaft e.V.
a) Metro Großhandelsgesellschaft mbH
b) None

Silke Zimmer
Member of the Supervisory Board since
21 February 2017
Secretary of the National Executive Board of the ver.di trade union
Vereinte Dienstleistungsgewerkschaft e.V.
a) None
b) None

Committees of the Supervisory Board and their mandates

Presidential Committee
Jürgen B. Steinemann (Chairman)
Werner Klockhaus (Vice Chairman)
Xaver Schiller
Dr Liliana Solomon

Audit Committee
Prof. Dr Edgar Ernst (Chairman)
Werner Klockhaus (Vice Chairman)
Dr Florian Funck
Andreas Herwarth
Dr Fredy Raas
Xaver Schiller

Nomination Committee
Jürgen B. Steinemann (Chairman)
Gwyn Burr
Professor Dr Edgar Ernst

Mediation Committee pursuant to § 27 Section 3 of the German Co-determination Act
Jürgen B. Steinemann (Chairman)
Werner Klockhaus (Vice Chairman)
Prof. Dr Edgar Ernst
Xaver Schiller

Members of the Management Board[1]

Olaf Koch (Chairman, since 2 March 2017)
Member of the Management Board since 2 March 2017
Corporate Communications and Public Policy,
Investor Relations and Corporate M&A,
Corporate Legal Affairs & Compliance, Corporate Office,
Corporate Strategy, HoReCa Digital, Real
a) Real SB-Warenhaus GmbH (Chairman)
b) HoReCa Digital GmbH – Advisory Board (Chairman)

Christian Baier (Chief Financial Officer)
Member of the Management Board since
11 November 2016
Corporate Accounting, Corporate Controlling & Finance,
Corporate Risk Management, Corporate Tax,
Corporate Treasury, METRO Insurance Broker,
MIAG, METRO LOGISTICS, METRO PROPERTIES
a) Metro Großhandelsgesellschaft mbH
b) HoReCa Digital GmbH – Advisory Board
METRO Cash & Carry International Holding GmbH,
Vösendorf, Austria – Supervisory Board
(Chairman, since 9 September 2017)
METRO RE AG, Supervisory Board, since 6 June 2017
(Chairman since 23 June 2017)

Pieter C. Boone (Chief Operating Officer)
Member of the Management Board since 2 March 2017
METRO Cash & Carry (MCC) Operating Board (Operations, Expansion & Investment MCC, Food Service Distribution MCC, Global Food & Non-Food Sourcing, Global Business & Supplier Management, Marketing MCC, Quality Assurance MCC, Supply Chain / Logistics, Trader Franchise MCC), METRO ADVERTISING, METRO SOURCING International, Classic Fine Foods, Pro à Pro, Rungis Express
a) None
b) None

Heiko Hutmacher (Chief Human Resources Officer,
since 31 August 2017)
Member of the Management Board since 2 March 2017
Human Resources (HR Campus, Compensation & HR Processes, Global Talent Management & Recruitment, HR Operations & Leadership, Labour Relations Germany & Labour Law), Corporate
Responsibility, Global Business Services, Group Internal Audit, Information & Technology, METRO SYSTEMS, METRO SERVICES
a) Metro Großhandelsgesellschaft mbH
Real SB-Warenhaus GmbH
METRO SYSTEMS GmbH (Chairman)
b) None

Dr Christoph Kämper
Member of the Management Board from
8 November 2016 to 2 March 2017
a) Metro Großhandelsgesellschaft mbH,
Real SB-Warenhaus GmbH, since 26 January 2017
b) HoReCa Digital GmbH – Advisory Board
METRO Cash & Carry International Holding GmbH,
Vösendorf, Austria – Supervisory Board,
since 1 September 2017

Christian Ziggel
Member of the Management Board from
8 November 2016 to 2 March 2017
a) None
b) None

[1] Mandates as of: 30 November 2017
a) Membership of other supervisory boards to be legally disclosed within the meaning of § 125 Section 1 sentence 5, 1. AktG (superseded version)
b) Membership of other comparable German and international controlling bodies and economic enterprises

56. Affiliated companies of METRO AG as of 30 September 2017 pursuant to § 313 of the German Commercial Code

Name	Registered office	Country	Share in capital in %
Consolidated subsidiaries			
2. Schaper Objekt GmbH & Co. Kiel KG	Düsseldorf	Germany	100.00
ADAGIO 2. Grundstücksverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
ADAGIO 3. Grundstücksverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
ADAGIO Grundstücksverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
Adolf Schaper GmbH & Co. Grundbesitz-KG	Düsseldorf	Germany	100.00
AIB Verwaltungs GmbH	Düsseldorf	Germany	100.00
Alberto Polo Distribuciones S.A.	Zaragoza	Spain	100.00
ARKON Grundbesitzverwaltung GmbH	Düsseldorf	Germany	100.00
ASH Grundstücksverwaltung XXX GmbH	Düsseldorf	Germany	100.00
ASSET Immobilienbeteiligungen GmbH	Düsseldorf	Germany	100.00
ASSET Köln-Kalk GmbH	Düsseldorf	Germany	100.00
ASSET Zweite Immobilienbeteiligungen GmbH	Düsseldorf	Germany	100.00
Assevermag AG	Baar	Switzerland	79.20
Aubepine SARL	Chalette sur Loing	France	100.00
Avilo Marketing Gesellschaft m. b. H.	Vösendorf	Austria	100.00
BAUGRU Immobilien – Beteiligungsgesellschaft mit beschränkter Haftung & Co. Grundstücksverwaltung KG	Düsseldorf	Germany	100.00
Beijing Weifa Trading & Commerce Co. Ltd.	Beijing	China	100.00
Blabert Grundstücksverwaltungsgesellschaft mbH	Düsseldorf	Germany	94.00
Carns Vila S.L.	Cornellà del Terri	Spain	70.00
cc delivery gmbh	Meckenheim	Germany	100.00
CCG DE GmbH	Kelsterbach	Germany	100.00
CJSC METRO Management Ukraine	Kiev	Ukraine	100.00
Classic Alimentos (Macau) Limitada	Macao	China	99.00
Classic Coffee & Beverage Sdn Bhd	Kuala Lumpur	Malaysia	100.00
Classic Fine Foods (Hong Kong) Limited	Hong Kong	China	100.00
Classic Fine Foods (Macau) Ltd	Macao	China	99.80
Classic Fine Foods (Singapore) Private Limited	Singapore	Singapore	100.00
Classic Fine Foods (Thailand) Company Limited	Bangkok	Thailand	100.00
Classic Fine Foods (Thailand) Holding Company Limited	Bangkok	Thailand	49.00
Classic Fine Foods (Vietnam) Limited	Ho Chi Minh City	Vietnam	100.00
Classic Fine Foods China Holdings Limited	Hong Kong	China	100.00
Classic Fine Foods China Trading Limited	Hong Kong	China	100.00
Classic Fine Foods EM LLC	Abu Dhabi	United Arab Emirates	50.00
Classic Fine Foods group Limited	London	United Kingdom	100.00
Classic Fine Foods Holdings Limited	London	United Kingdom	100.00
Classic Fine Foods Japan Holdings	Tokyo	Japan	100.00
Classic Fine Foods Macau Holding Limited	Hong Kong	China	100.00
Classic Fine Foods Netherlands BV	Schiphol	Netherlands	100.00
Classic Fine Foods Philippines Inc.	Makati	Philippines	100.00
Classic Fine Foods Rungis SAS	Rungis	France	100.00
Classic Fine Foods Sdn Bhd	Kuala Lumpur	Malaysia	100.00
Classic Fine Foods UK Limited	London	United Kingdom	100.00
Classic Fine Foodstuff Trading LLC	Abu Dhabi	United Arab Emirates	49.00
Comercial Ulzama S.L.	Abanto	Spain	100.00
Concarneau Trading Office SAS	Concarneau	France	100.00
Congelados Romero S.A.	Reus	Spain	90.00
COOL CHAIN GROUP PL Sp. z o.o.	Cracow	Poland	100.00
Culinary Agents Italia s.r.l.	San Donato Milanese	Italy	100.00
Dalian Metro Warehouse Management Co., Ltd.	Dalian	China	100.00
DAYCONOMY GmbH	Düsseldorf	Germany	100.00

Name	Registered office	Country	Share in capital in %
Deelnemingsmaatschappij Arodema B.V.	Amsterdam	Netherlands	100.00
Deutsche SB-Kauf GmbH & Co. KG	Düsseldorf	Germany	100.00
DFI Verwaltungs GmbH	Düsseldorf	Germany	100.00
Dinghao Foods (Shanghai) Co. Ltd.	Shanghai	China	100.00
Distribución de Alimentación Horeca S.L.	Sant Boi de Llobregat	Spain	80.00
Distribuciones d'Aliments JG S.L.	Reus	Spain	100.00
Doxa Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach KG	Mainz	Germany	0.00[1]
Etablissements Blin SAS	Saint Gilles	France	100.00
Fideco AG	Courgevaux	Switzerland	100.00
French F&B (Japan) Co., Ltd.	Tokyo	Japan	93.83
Freshly CR s.r.o.	Prague	Czech Republic	100.00
Fulltrade International GmbH	Düsseldorf	Germany	100.00
FZB Fachmarktzentrum Bous Verwaltungsgesellschaft mbH & Co. KG	Düsseldorf	Germany	100.00
FZG Fachmarktzentrum Guben Verwaltungsgesellschaft mbH	Düsseldorf	Germany	50.00
FZG Fachmarktzentrum Guben Verwaltungsgesellschaft mbH & Co. Vermietungs-Kommanditgesellschaft	Düsseldorf	Germany	50.00
GBS Gesellschaft für Unternehmensbeteiligungen mbH	Düsseldorf	Germany	100.00
GKF 6. Objekt Vermögensverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
GKF Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Donaueschingen KG	Düsseldorf	Germany	100.00
GKF Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Köln-Porz KG	Düsseldorf	Germany	100.00
GKF Grundstücksverwaltung GmbH & Co. Objekt Bremen-Vahr KG	Düsseldorf	Germany	94.90
GKF Grundstücksverwaltung GmbH & Co. Objekt Emden KG	Düsseldorf	Germany	94.90
GKF Grundstücksverwaltung GmbH & Co. Objekt Groß-Zimmern KG	Düsseldorf	Germany	94.90
GKF Grundstücksverwaltung GmbH & Co. Objekt Norden KG	Düsseldorf	Germany	94.90
GKF Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Schaper Bremen-Habenhausen KG	Düsseldorf	Germany	94.00
GKF Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Wolfenbüttel KG	Düsseldorf	Germany	94.00
GKF Vermögensverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. 10. Objekt-KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. 25. Objekt-KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. 8. Objekt – KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Arrondierungsgrundstücke KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Entwicklungsgrundstücke KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Gewerbegrundstücke KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bannewitz KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Bochum Otto Straße KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Braunschweig Hamburger Straße KG	Düsseldorf	Germany	94.90
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Brühl KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Duisburg KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Edingen-Neckarhausen KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Emden KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Espelkamp KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Finowfurt KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Frankenthal KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Frankenthal-Studernheim KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Gäufelden KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Göttingen KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hamburg-Neuwiedenthal KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hamm KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover / Davenstedter Straße KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover Fössestraße KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hannover-Linden KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Heinsberg KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Herten KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hildesheim-Senking KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Hürth KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Kassel KG	Düsseldorf	Germany	100.00

Name	Registered office	Country	Share in capital in %
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Kulmbach KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach ZV I KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach ZV II KG	Düsseldorf	Germany	94.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Mönchengladbach-Rheydt KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Münster-Kinderhaus KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Oldenburg KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Paderborn „Südring Center“ KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Pfarrkirchen KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Rastatt KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Ratingen KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Regensburg KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Saar-Grund KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Wiesbaden-Nordenstadt KG	Düsseldorf	Germany	100.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekt Wülfrath KG	Düsseldorf	Germany	94.00
GKF Vermögensverwaltungsgesellschaft mbH & Co. Objekte Amberg und Landshut KG	Düsseldorf	Germany	94.90
Goldhand Lebensmittel- u. Verbrauchsgüter- Vertriebsgesellschaft mit beschränkter Haftung	Düsseldorf	Germany	100.00
GrandPari Limited Liability Company	Moscow	Russia	100.00
HoReCa Digital France S.A.S.	Nanterre Cedex	France	100.00
HoReCa Digital GmbH	Düsseldorf	Germany	100.00
HoReCa Digital Services Austria GmbH	Vienna	Austria	100.00
HoReCa Digital Services Germany GmbH	Düsseldorf	Germany	100.00
HoReCa Innovation I Carry GmbH & Co. KG	Düsseldorf	Germany	100.00
HoReCa Innovation I GmbH & Co. KG	Düsseldorf	Germany	100.00
HoReCa Innovation I Team GmbH & Co. KG	Düsseldorf	Germany	100.00
HoReCa Investment I Carry GmbH & Co. KG	Düsseldorf	Germany	100.00
HoReCa Investment I GmbH & Co. KG	Düsseldorf	Germany	100.00
HoReCa Investment I Team GmbH & Co. KG	Düsseldorf	Germany	100.00
HoReCa Investment Management GmbH	Düsseldorf	Germany	100.00
HoReCa Komplementär GmbH	Düsseldorf	Germany	100.00
HoReCa Services GmbH	Düsseldorf	Germany	100.00
HoReCa Strategic I Carry GmbH & Co. KG	Düsseldorf	Germany	100.00
HoReCa Strategic I GmbH & Co. KG	Düsseldorf	Germany	100.00
Horten Nürnberg GmbH	Düsseldorf	Germany	100.00
Hospitality.systems GmbH	Düsseldorf	Germany	100.00
ICS METRO Cash & Carry Moldova S.R.L.	Chisinau	Moldova	100.00
Immobilien-Vermietungsgesellschaft von Quistorp GmbH & Co. Objekt Altlandsberg KG	Düsseldorf	Germany	90.24
Inpakcentrale ICN B.V.	Duiven	Netherlands	100.00
Johannes Berg GmbH, Weinkellerei	Düsseldorf	Germany	100.00
Kaufhalle GmbH	Düsseldorf	Germany	100.00
Kaufhalle GmbH & Co. Objekt Lager Apfelstädt KG	Düsseldorf	Germany	100.00
Kaufhof Warenhaus Neubrandenburg GmbH	Düsseldorf	Germany	100.00
Klassisk Group (S) Pte. Ltd.	Singapore	Singapore	100.00
Klassisk Investment Limited	Hong Kong	China	97.07
KUPINA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG	Düsseldorf	Germany	100.00
Liqueur & Wine Trade GmbH	Düsseldorf	Germany	100.00
LLC Ukrainian Wholesale Trade Company	Kiev	Ukraine	100.00
Makro Autoservicio Mayorista S. A. U.	Madrid	Spain	100.00
MAKRO Cash & Carry Belgium NV	Wommelgem	Belgium	100.00
MAKRO Cash & Carry CR s.r.o.	Prague	Czech Republic	100.00
Makro Cash & Carry Egypt LLC	Cairo	Egypt	100.00
Makro Cash & Carry Portugal S.A.	Lisbon	Portugal	100.00
Makro Cash & Carry UK Holding Limited	Manchester	United Kingdom	100.00
Makro Cash and Carry Polska S.A.	Warsaw	Poland	100.00
Makro Ltd.	Manchester	United Kingdom	100.00
Makro Pension Trustees Ltd.	Manchester	United Kingdom	100.00
MAR MENOR DISTRIBUCIONES ALIMENTARIAS, S.L.	San Pedro del Pinatar	Spain	80.00

Name	Registered office	Country	Share in capital in %
Markthalle GmbH	Düsseldorf	Germany	100.00
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Berlin-Friedrichshain KG	Düsseldorf	Germany	100.00
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Hamburg-Altona KG	Düsseldorf	Germany	100.00
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt München-Pasing KG	Düsseldorf	Germany	100.00
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Porta-Westfalica KG	Düsseldorf	Germany	100.00
MCC Grundstücksverwaltungsgesellschaft mbH & Co. Objekt Schwelm KG	Düsseldorf	Germany	100.00
MCC Trading Deutschland GmbH	Düsseldorf	Germany	100.00
MCC Trading International GmbH	Düsseldorf	Germany	100.00
MCCI Asia Pte. Ltd.	Singapore	Singapore	100.00
MDH Secundus GmbH & Co. KG	Düsseldorf	Germany	100.00
Meister feines Fleisch – feine Wurst GmbH	Gäufelden	Germany	100.00
METRO (Changchun) Property Service Co. Ltd.	Changchun	China	100.00
METRO Advertising GmbH	Düsseldorf	Germany	100.00
METRO Beteiligungsmanagement Düsseldorf GmbH & Co. KG	Düsseldorf	Germany	100.00
METRO Cash & Carry Asia Pacific Holding GmbH	Vienna	Austria	100.00
METRO Cash & Carry Bulgaria EOOD	Sofia	Bulgaria	100.00
METRO Cash & Carry Central Asia Holding GmbH	Vienna	Austria	100.00
METRO Cash & Carry d.o.o.	Zagreb	Croatia	100.00
METRO Cash & Carry d.o.o.	Belgrade	Serbia	100.00
Metro Cash & Carry Danmark ApS	Glostrup	Denmark	100.00
METRO Cash & Carry Deutschland GmbH	Düsseldorf	Germany	100.00
Metro Cash & Carry France et Cie	Monaco	Monaco	100.00
METRO Cash & Carry France S.A.S.	Nanterre	France	100.00
Metro Cash & Carry Grundstücksverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
METRO Cash & Carry Import Limited Liability Company	Noginsk	Russia	100.00
METRO Cash & Carry India Private Limited	Bangalore	India	100.00
METRO Cash & Carry International GmbH	Düsseldorf	Germany	100.00
METRO Cash & Carry International Holding B. V.	Amsterdam	Netherlands	100.00
METRO Cash & Carry International Holding GmbH	Vienna	Austria	100.00
METRO Cash & Carry Japan KK	Tokyo	Japan	100.00
METRO Cash & Carry Myanmar Holding GmbH	Vienna	Austria	100.00
Metro Cash & Carry Nederland B.V.	Amsterdam	Netherlands	100.00
METRO Cash & Carry OOO	Moscow	Russia	100.00
METRO Cash & Carry Österreich GmbH	Vösendorf	Austria	73.00
METRO CASH & CARRY ROMANIA SRL	Bucharest	Romania	100.00
METRO Cash & Carry Russia N.V.	Amsterdam	Netherlands	100.00
METRO Cash & Carry SR s.r.o.	Ivanka pri Dunaji	Slovakia	100.00
METRO Cash & Carry TOO	Almaty	Kazakhstan	100.00
METRO Cash & Carry Ukraine Ltd.	Kiev	Ukraine	100.00
Metro Cash & Carry Wines	Hyderabad	India	99.99
METRO Central East Europe GmbH	Vienna	Austria	100.00
METRO Delivery service NV	Puurs	Belgium	100.00
METRO Dienstleistungs-Holding GmbH	Düsseldorf	Germany	100.00
METRO Distributie Nederland B. V.	Amsterdam	Netherlands	100.00
METRO DOLOMITI S.p.A.	San Donato Milanese	Italy	100.00
METRO Dritte Verwaltungs GmbH	Düsseldorf	Germany	100.00
METRO Erste Erwerbsgesellschaft mbH	Düsseldorf	Germany	100.00
METRO Erste Verwaltungs GmbH	Düsseldorf	Germany	100.00
METRO FIM S.p.A.	Cinisello Balsamo	Italy	100.00
METRO Finance B. V.	Venlo	Netherlands	100.00
Metro Finanzdienstleistungs Pensionen GmbH	Düsseldorf	Germany	100.00
Metro France Immobiliere S. a. r. l.	Nanterre	France	100.00
METRO FSD France S.A.S.	Rungis	France	100.00
METRO FSD Holding GmbH	Düsseldorf	Germany	100.00
METRO Fünfte Verwaltungs GmbH	Düsseldorf	Germany	100.00
Metro Global Business Services Private Limited	Pune	India	100.00

Name	Registered office	Country	Share in capital in %
Metro Grosmarket Bakirköy Alisveris Hizmetleri Ticaret Ltd. Sirketi	Istanbul	Turkey	100.00
METRO Groß- und Lebensmitteleinzelhandel Holding GmbH	Düsseldorf	Germany	100.00
METRO Großhandelsgesellschaft mbH	Düsseldorf	Germany	100.00
METRO GROUP Accounting Center GmbH	Wörrstadt	Germany	100.00
METRO Group Asset Management B.V.	Amsterdam	Netherlands	100.00
METRO Group Asset Management Ingatlan Kft.	Budaörs	Hungary	100.00
METRO Group Asset Management Services GmbH	Düsseldorf	Germany	100.00
METRO Group Asset Management Ukraine, Limited Liability Company	Kiev	Ukraine	100.00
METRO Group Commerce (Shanghai) Co., Ltd.	Shanghai	China	100.00
METRO GROUP COMMERCE LIMITED	Hong Kong	China	100.00
METRO Group Properties SR s.r.o.	Ivanka pri Dunaji	Slovakia	100.00
Metro Group Real Estate Private Limited Company	Karachi	Pakistan	99.75
METRO Group Retail Real Estate Romania S.R.L.	Voluntari	Romania	100.00
METRO Group Wholesale Real Estate Bulgaria EOOD	Sofia	Bulgaria	100.00
METRO Habib Cash & Carry Pakistan (Private) Limited	Karachi	Pakistan	100.00
Metro Holding France S. A.	Vitry-sur-Seine	France	100.00
METRO Innovations Holding GmbH	Düsseldorf	Germany	100.00
METRO Insurance Broker GmbH	Düsseldorf	Germany	100.00
METRO International AG	Baar	Switzerland	100.00
Metro International Beteiligungs GmbH	Düsseldorf	Germany	100.00
METRO INTERNATIONAL SUPPLY GmbH	Düsseldorf	Germany	100.00
METRO Italia Cash and Carry S. p. A	San Donato Milanese	Italy	100.00
METRO Jinjiang Cash & Carry Co., Ltd.	Shanghai	China	90.00
METRO Kereskedelmi Kft.	Budaörs	Hungary	100.00
METRO Leasing GmbH	Düsseldorf	Germany	100.00
METRO Leasing Objekt Schwerin GmbH	Düsseldorf	Germany	100.00
METRO LOGISTICS Germany GmbH	Düsseldorf	Germany	100.00
METRO LOGISTICS Services GmbH	Düsseldorf	Germany	100.00
METRO Management EOOD	Sofia	Bulgaria	100.00
METRO North Warehouse Management (Chongqing) Co. Ltd.	Chongqing	China	100.00
Metro Properties B.V.	Amsterdam	Netherlands	100.00
METRO Properties CR s.r.o.	Prague	Czech Republic	100.00
METRO Properties Enterprise Management Consulting (Shanghai) Co., Ltd.	Shanghai	China	100.00
METRO PROPERTIES France SAS	Nanterre	France	100.00
Metro Properties Gayrimenkul Yatirim A.Ş.	Istanbul	Turkey	100.00
METRO PROPERTIES GmbH & Co. KG	Düsseldorf	Germany	92.90
METRO PROPERTIES Holding GmbH	Düsseldorf	Germany	100.00
METRO PROPERTIES Management GmbH	Düsseldorf	Germany	66.67
METRO Properties Real Estate Management Spółka z ograniczoną odpowiedzialnością	Warsaw	Poland	100.00
METRO PROPERTIES Sp. z o.o.	Warsaw	Poland	100.00
Metro Property Management (Changsha) Co., Ltd.	Changsha	China	100.00
METRO Property Management (Changshu) Co. Ltd.	Changshu	China	100.00
Metro Property Management (Changzhou) Co. Ltd.	Changzhou	China	100.00
METRO Property Management (Chongqing) Co. Ltd.	Chongqing	China	100.00
Metro Property Management (Cixi) Co., Limited	Cixi	China	100.00
Metro Property Management (Dongguan) Co. Ltd.	Dongguan	China	100.00
Metro Property Management (Hangzhou) Company Limited	Hangzhou	China	100.00
METRO Property Management (Harbin) Co. Ltd.	Harbin	China	100.00
METRO Property Management (Huai'an) Co., Ltd.	Huai'an	China	100.00
Metro Property Management (Jiangyin) Company Limited	Jiangyin	China	100.00
Metro Property Management (Jiaxing) Co. Ltd.	Jiaxing	China	100.00
Metro Property Management (Kunshan) Co. Ltd.	Suzhou	China	100.00
METRO Property Management (Nanchang Qingshanhu) Co. Ltd.	Nanchang	China	100.00
Metro Property Management (Nantong) Co. Ltd.	Nantong	China	100.00
Metro Property Management (Qingdao) Company Limited	Qingdao	China	100.00
METRO Property Management (Shenyang) Co. Ltd.	Shenyang	China	100.00

Name	Registered office	Country	Share in capital in %
METRO Property Management (Shenzhen) Co. Ltd.	Shenzhen	China	100.00
Metro Property Management (Suzhou) Co., Ltd.	Suzhou	China	100.00
METRO Property Management (Tianjin Hongqiao) Co., Ltd.	Tianjin	China	100.00
METRO Property Management (Weifang) Co. Ltd.	Weifang	China	100.00
METRO Property Management (Wuhu) Co. Ltd.	Wuhu	China	100.00
METRO Property Management (Xi'an) Co., Ltd.	Xi'an	China	100.00
METRO Property Management (Xiamen) Co., Ltd.	Xiamen	China	100.00
METRO Property Management (Xiangyang) Co. Ltd.	Xiangyang	China	100.00
METRO Property Management (Zhangjiagang) Co. Ltd.	Zhangjiagang	China	100.00
Metro Property Management (Zhengzhou) Co., Ltd.	Zhengzhou	China	100.00
METRO Property Management (Zhongshan) Co. Limited	Zhongshan	China	100.00
METRO Property Management Wuxi Co. Ltd.	Wuxi	China	100.00
METRO Re AG	Düsseldorf	Germany	100.00
METRO Real Estate Ltd.	Zagreb	Croatia	100.00
METRO Retail Real Estate GmbH	Düsseldorf	Germany	100.00
Metro SB-Großmärkte GmbH & Co. Kommanditgesellschaft	Esslingen am Neckar	Germany	100.00
Metro SB-Großmärkte GmbH & Co. Kommanditgesellschaft	Linden	Germany	100.00
METRO Sechste Verwaltungs GmbH	Düsseldorf	Germany	100.00
METRO Services GmbH	Düsseldorf	Germany	100.00
METRO Services PL spółka z ograniczoną odpowiedzialnością	Szczecin	Poland	100.00
METRO Siebte Gesellschaft für Vermögensverwaltung mbH	Düsseldorf	Germany	100.00
METRO Siebte Verwaltungs GmbH	Düsseldorf	Germany	100.00
METRO Sourcing (Shanghai) Co., Ltd.	Shanghai	China	100.00
METRO Sourcing International Limited	Hong Kong	China	100.00
METRO South East Asia Holding GmbH	Vienna	Austria	100.00
METRO SYSTEMS GmbH	Düsseldorf	Germany	100.00
Metro Systems Romania S.R.L.	Bucharest	Romania	100.00
METRO Systems Ukraine LLC	Kiev	Ukraine	100.00
METRO Travel Services GmbH	Düsseldorf	Germany	100.00
METRO Vierte Verwaltungs GmbH	Düsseldorf	Germany	100.00
METRO Warehouse Management (Chongqing) Co. Ltd.	Chongqing	China	100.00
Metro Warehouse Management (Hangzhou) Co. Ltd.	Hangzhou	China	100.00
METRO Warehouse Management (Suzhou) Co. Ltd.	Suzhou	China	100.00
Metro Warehouse Management (Taizhou) Co. Ltd	Taizhou	China	100.00
Metro Warehouse Management (Wuhan) Co. Ltd.	Wuhan	China	100.00
Metro Warehouse Management (Yantai) Co., Limited	Yantai	China	100.00
METRO Warehouse Management (Zibo) Co., Ltd.	Zibo	China	100.00
Metro Warehouse Noginsk Limited Liability Company	Noginsk	Russia	100.00
METRO Wholesale & Food Services Vermögensverwaltung GmbH & Co. KG	Düsseldorf	Germany	100.00
METRO Wholesale & Food Services Vermögensverwaltung Management GmbH	Düsseldorf	Germany	100.00
Metro Wholesale Myanmar Ltd.	Yangon	Myanmar	100.00
METRO Wholesale Real Estate GmbH	Düsseldorf	Germany	100.00
METRO Zweite Verwaltungs GmbH	Düsseldorf	Germany	100.00
MGA METRO Group Advertising Spolka z ograniczona odpowiedzialnoscia	Warsaw	Poland	100.00
MGB Metro Group Buying Romania SRL	Bucharest	Romania	100.00
MGB METRO Group Buying RUS OOO	Moscow	Russia	100.00
MGB METRO Group Buying TR Satinalma Ticaret Limited Sirketi	Istanbul	Turkey	100.00
MGC METRO Group Clearing GmbH	Düsseldorf	Germany	100.00
MGE Warenhandelsgesellschaft mbH	Düsseldorf	Germany	100.00
MGL METRO Group Logistics Bulgaria LTD	Sofia	Bulgaria	100.00
MGL METRO Group Logistics GmbH	Düsseldorf	Germany	100.00
MGL METRO Group Logistics Limited Liability Company	Noginsk	Russia	100.00
MGL METRO Group Logistics Polska Sp. z o.o.	Warsaw	Poland	100.00
MGL METRO Group Logistics Polska Sp. z o.o. i Spólka Sp.k.	Warsaw	Poland	99.83
MGL METRO GROUP LOGISTICS UKRAINE LLC	Kiev	Ukraine	100.00
MGL METRO Group Logistics Warehousing Beteiligungs GmbH	Düsseldorf	Germany	100.00

Name	Registered office	Country	Share in capital in %
MGP METRO Group Account Processing GmbH	Kehl	Germany	100.00
MGP METRO Group Account Processing International AG	Baar	Switzerland	100.00
MIAG Asia Co. Ltd.	Hong Kong	China	100.00
MIAG Commanditaire Vennootschap	Amsterdam	Netherlands	100.00
MIDBAN ESOLUTIONS S.L.	Barcelona	Spain	100.00
MIP METRO Group Intellectual Property GmbH & Co. KG	Düsseldorf	Germany	100.00
MIP METRO Group Intellectual Property Management GmbH	Düsseldorf	Germany	100.00
MIP METRO Holding Management GmbH	Düsseldorf	Germany	100.00
MP Gayrimenkul Yönetim Hizmetleri Anonim Şirketi	Istanbul	Turkey	100.00
MTE Grundstücksverwaltung GmbH & Co. Objekt Duisburg oHG	Düsseldorf	Germany	100.00
Multi-Center Warenvertriebs GmbH	Düsseldorf	Germany	100.00
My Mart (China) Trading Co., Ltd.	Guangzhou	China	100.00
My Mart (Shanghai) Trading Co. Ltd.	Shanghai	China	100.00
N & NF Trading GmbH	Düsseldorf	Germany	100.00
NIGRA Verwaltung GmbH & Co. Objekt Detmold KG	Düsseldorf	Germany	100.00
NIGRA Verwaltung GmbH & Co. Objekt Eschweiler KG	Düsseldorf	Germany	100.00
NIGRA Verwaltung GmbH & Co. Objekt Germersheim KG	Düsseldorf	Germany	100.00
NIGRA Verwaltung GmbH & Co. Objekt Langendreer KG	Düsseldorf	Germany	100.00
NIGRA Verwaltung GmbH & Co. Objekt Ludwigshafen KG	Pullach im Isartal	Germany	49.00 [1]
NIGRA Verwaltung GmbH & Co. Objekt Moers KG	Düsseldorf	Germany	100.00
NIGRA Verwaltung GmbH & Co. Objekt Neunkirchen KG	Düsseldorf	Germany	100.00
NIGRA Verwaltung GmbH & Co. Objekt Rendsburg KG	Düsseldorf	Germany	100.00
NordRhein Trading GmbH	Düsseldorf	Germany	100.00
OSKUS Verwaltung GmbH & Co. Objekt Aachen SB-Warenhaus KG	Pullach im Isartal	Germany	0.00[1]
OSKUS Verwaltung GmbH & Co. Objekt Krefeld KG	Pullach im Isartal	Germany	0.00[1]
OSKUS Verwaltung GmbH & Co. Objekt Nettetal KG	Pullach im Isartal	Germany	0.00[1]
PAROS Verwaltung GmbH & Co. Objekt Bitterfeld KG	Pullach im Isartal	Germany	10.00[1]
PAROS Verwaltung GmbH & Co. Objekt Stralsund KG	Pullach im Isartal	Germany	10.00[1]
Petit RUNGIS express GmbH	Meckenheim	Germany	100.00
PIL Grundstücksverwaltung GmbH	Düsseldorf	Germany	100.00
Pro à Pro Distribution Export SAS	Montauban	France	100.00
Pro à Pro Distribution Nord SAS	Chalette sur Loing	France	100.00
Pro à Pro Distribution SAS	Montauban	France	100.00
Pro à Pro Distribution Sud SAS	Montauban	France	100.00
Pro. FS GmbH	Düsseldorf	Germany	100.00
PT Classic Fine Foods Indonesia	North Jakarta	Indonesia	100.00
PT Paserda Indonesia	Jakarta	Indonesia	100.00
Qingdao Metro Warehouse Management Co. Ltd.	Qingdao	China	100.00
Real Estate Management Misr Limited Liability Company	Cairo	Egypt	100.00
real,- Digital Fulfillment GmbH	Düsseldorf	Germany	100.00
real,- Digital Services GmbH	Düsseldorf	Germany	100.00
real,- Group Holding GmbH	Düsseldorf	Germany	100.00
real,- Handels GmbH	Düsseldorf	Germany	100.00
real,- Holding GmbH	Düsseldorf	Germany	100.00
real,- SB-Warenhaus GmbH	Düsseldorf	Germany	100.00
Remo Zaandam B.V.	Zaandam	Netherlands	100.00
Renate Grundstücksverwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
Retail Property 5 Limited Liability Company	Moscow	Russia	100.00
Retail Property 6 Limited Liability Company	Moscow	Russia	100.00
Retail Real Estate Limited Liability Company	Moscow	Russia	100.00
R'express Alimentos Unipersonal LDA	Lisbon	Portugal	100.00
ROSARIA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Gerlingen KG	Düsseldorf	Germany	94.00[1]
Rotterdam Trading Office B.V.	Amsterdam	Netherlands	100.00
RUDU Verwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
RUNGIS express GmbH	Meckenheim	Germany	100.00
RUNGIS express Gourmet Service Ges.m.b.H.	Salzburg	Austria	100.00

Name	Registered office	Country	Share in capital in %
RUNGIS express SPAIN SL	Palma de Mallorca	Spain	100.00
RUNGIS express Suisse Holding AG	Courgevaux	Switzerland	100.00
RUTIL Verwaltung GmbH & Co. SB-Warenhaus Bielefeld KG	Düsseldorf	Germany	100.00
Schaper Grundbesitz-Verwaltungsgesellschaft mbH	Düsseldorf	Germany	100.00
Sentinel GCC Holdings Limited	Tortola	British Virgin Islands	100.00
Sezam XVI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	Warsaw	Poland	100.00
Shenzhen Hemaijia Trading Co. Ltd.	Shenzhen	China	100.00
SIL Verwaltung GmbH & Co. Objekt Haidach KG	Düsseldorf	Germany	92.00
Sinco Großhandelsgesellschaft m. b. H.	Vösendorf	Austria	73.00
Sociedad Ibérica Restaurantes de Tecnología Avanzada S. A. U.	Madrid	Spain	100.00
Sodeger SAS	Chateau-Gontier	France	100.00
Star Farm (Shanghai) Agriculture Information Consulting Company Limited	Shanghai	China	100.00
Star Farm Pakistan Pvt. Ltd.	Lahore	Pakistan	100.00
STW Grundstücksverwaltung GmbH	Düsseldorf	Germany	100.00
TIMUG GmbH & Co. Objekt Homburg KG	Düsseldorf	Germany	0.00[1]
TIMUG Verwaltung GmbH	Düsseldorf	Germany	100.00
Transpro France SARL	Montauban	France	100.00
Transpro SAS	La Possession	France	100.00
UCGA Unifrais SAS	Montauban	France	98.99
VALENCIA TRADING OFFICE, S.L.	Madrid	Spain	100.00
Vallesmar Peixos S.L.	Reus	Spain	100.00
Weinkellerei Thomas Rath GmbH	Düsseldorf	Germany	100.00
Western United Finance Company Limited	London	United Kingdom	100.00
Wholesale Real Estate Belgium N.V.	Wommelgem	Belgium	100.00
Wholesale Real Estate Poland Sp. z o.o.	Warsaw	Poland	100.00
Wirichs Immobilien GmbH	Düsseldorf	Germany	100.00
Wolfgang Wirichs GmbH	Düsseldorf	Germany	100.00
WRE Real Estate Limited Liability Partnership	Almaty	Kazakhstan	100.00
Xi'an METRO Commercial and Trading Company Limited	Xi'an	China	100.00
Yugengaisha MIAG Japan	Tokyo	Japan	100.00
ZARUS Verwaltung GmbH & Co. Objekt Mutterstadt KG	Düsseldorf	Germany	100.00
ZARUS Verwaltung GmbH & Co. Objekt Osnabrück KG	Düsseldorf	Germany	100.00
ZARUS Verwaltung GmbH & Co. Objekte Niedersachsen KG	Düsseldorf	Germany	100.00
Joint ventures			
Intercompra LDA	Lisbon	Portugal	50.00
MAXXAM B.V.	Ede	Netherlands	16.67
MAXXAM C.V.	Ede	Netherlands	16.67
MEC METRO-ECE Centermanagement GmbH & Co. KG	Düsseldorf	Germany	50.00
MEC METRO-ECE Centermanagement Verwaltungs GmbH	Düsseldorf	Germany	50.00
METSPA Beszerzési és Kereskedelmi Kft.	Budaörs	Hungary	33.33
METSPA d.o.o. za trgovinu	Zagreb	Croatia	50.00
Investments accounted for using the equity method			
European EPC Competence Center GmbH	Cologne	Germany	30.00
Fachmarktzentrum Essen GmbH & Co. KG	Pullach im Isartal	Germany	94.00[2]
Gourmet F&B Korea Ltd.	Seoul	South Korea	28.00
Habib METRO Pakistan (Pvt) Ltd	Karachi	Pakistan	40.00
Helm Wohnpark Lahnblick GmbH	Aßlar	Germany	25.00
HoReCa.digital, Inc.	Wilmington	USA	100.00[2]
Iniziative Methab s.r.l.	Bolzano	Italy	50.00
Kato S.à r.l.	Luxembourg	Luxembourg	5.10
Mayfair GP S.à r.l.	Luxembourg	Luxembourg	40.00
Mayfair Holding Company S.C.S.	Luxembourg	Luxembourg	39.99
Napier S.à r.l.	Luxembourg	Luxembourg	5.10
OPCI FRENCH WHOLESALE PROPERTIES – FWP	Paris	France	5.00

Name	Registered office	Country	Share in capital in %
OPCI FRENCH WHOLESALE STORES – FWS	Paris	France	25.00
Peter Glinicke Grundstücks-GmbH & Co. KG	Pullach im Isartal	Germany	50.00
Quadrant S.à r.l.	Luxembourg	Luxembourg	5.10
Sabra S.à r.l.	Luxembourg	Luxembourg	5.10
Tatra S.à r.l.	Luxembourg	Luxembourg	5.10
Upton S.à r.l.	Luxembourg	Luxembourg	5.10
Wilcox S.à r.l.	Luxembourg	Luxembourg	5.10
Xiali S.à r.l.	Luxembourg	Luxembourg	5.10
Zagato S.à r.l.	Luxembourg	Luxembourg	5.10
Zender S.à r.l.	Luxembourg	Luxembourg	5.10
Investments			
Culinary Agents Inc.	Wilmington	USA	18.33
Diehl & Brüser Handelskonzepte GmbH	Düsseldorf	Germany	100.00[3]
EKS Handelsgesellschaft mbH	Salzburg	Austria	15.00
EKS Handelsgesellschaft mbH & Co. KG	Salzburg	Austria	15.00
eVentures Growth, L.P.	Wilmington	USA	5.00
IFH Institut für Handelsforschung GmbH	Cologne	Germany	14.29[4]
Metro plus Grundstücks-Vermietungsgesellschaft mbH	Düsseldorf	Germany	20.00[4]
orderbird AG	Berlin	Germany	14.18
Planday A/S	Copenhagen	Denmark	11.74
QUANTIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Darmstadt KG	Schönefeld	Germany	6.00
QUANTIS Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Junior Augsburg KG	Schönefeld	Germany	6.00
real,- Digital Payment & Technology Services GmbH	Düsseldorf	Germany	100.0[3]
RTG Retail Trade Group GmbH	Hamburg	Germany	16.67
Shore GmbH	Munich	Germany	12.41
Verwaltungsgesellschaft Lebensmittelgesellschaft „GLAWA“ mbH & Co. KG	Hamburg	Germany	18.75

[1] Inclusion according to IFRS 10.
[2] No full consolidation due to minor materiality for the asset, financial and earnings position.
[3] No full consolidation and not accounted for using the equity method due to minor materiality for the asset, financial and earnings position.
[4] Not accounted for using the equity method due to minor materiality for the asset, financial and earnings position.

30 November 2017

The Management Board

OLAF KOCH **CHRISTIAN BAIER** **PIETER C. BOONE** **HEIKO HUTMACHER**