Ströer Out-of-Home Media AG
Separate financial statements for 2010

STRÖER
out of home media

Balance sheet as of 31 December 2010

Assets (in EUR)	2010	2009
Non-current assets		
Intangible assets		
Licenses and software	1,217,717.68	349,846.82
Prepayments	36,691.96	0.00
	1,254,409.64	**349,846.82**
Property, plant and equipment		
Furniture and fixtures	2,063,213.94	2,400,480.59
Prepayments	226,984.01	434,983.70
	2,290,197.95	**2,835,464.29**
Financial assets		
Shares in affiliates	329,204,189.53	183,202,051.64
Loans to affiliates	87,721,361.86	8,989,602.92
Equity investments	0.00	16,027,137.89
Other loans	469,248.94	469,248.94
	417,394,800.33	**208,688,041.39**
	420,939,407.92	**211,873,352.50**
Current assets		
Receivables and other assets		
Trade receivables	109,077.26	14,365.72
Receivables from affiliates	45,471,197.24	20,054,100.69
Receivables from other investees and investors	3,570.00	2,365,416.82
Other assets	3,952,851.00	4,073,162.26
- thereof due in more than one year: EUR 203,131.96 (prior year: EUR 215,553.77)		
	49,536,695.50	**26,507,045.49**
Cash and bank balances	42,771,973.63	740,711.27
	92,308,669.13	**27,247,756.76**
Prepaid expenses	610,502.98	152,867.75
	513,858,580.03	**239,273,977.01**

Equity and liabilities (in EUR)	2010	2009
Equity		
Subscribed capital	42,098,238.00	512,000.00
- Conditional capital: EUR 11,776,000.00 (prior year: EUR 90,353.00)		
Capital reserves	298,921,773.64	34,508,982.64
Retained earnings		
Other retained earnings	90,916.99	18,199,029.99
Accumulated profit	40,325,425.53	61,734,168.15
	381,436,354.16	**114,954,180.78**
Provisions		
Tax provisions	3,251,536,31	6,525.00
Other provisions	8,285,895.75	12,903,602.25
	11,537,432.06	**12,910,127.25**
Liabilities		
Liabilities to banks	10,844,583.75	32,985,837.63
- thereof due in up to one year: EUR 294,583.75 (prior year: EUR 1,335,837.63)		
Trade payables	1,216,189.68	980,642.88
- thereof due in up to one year: EUR 1,216,189.68 (prior year: EUR 980,642.88)		
Liabilities to affiliates	75,219,744.03	61,659,114.72
- thereof due in up to one year: EUR 75,219,744.03 (prior year: EUR 61,659,114.72)		
Liabilities to other investees and investors	224.03	27,625.67
- thereof due in up to one year: EUR 224.03 (prior year: EUR 27,625.67)		
Other liabilities	12,102,051.32	15,756,448.08
- thereof due in up to one year: EUR 1,302,051.31 (prior year: EUR 4,865,934.00)		
- thereof for taxes: EUR 241,507.20 (prior year: EUR 199,434.83)		
	99,382,792.81	**111,409,668.98**
Deferred tax liabilities		
	21,502,001.00	0.00
	513,858,580.03	**239,273,977.01**

Income statement

In EUR	2010	2009
Other operating income	18,939,869.53	11,185,857.53
Personnel expenses		
Wages and salaries	-12,424,562.17	-9,095,750.93
Social security and pension costs	-1,180,951.55	-627,245.29
- thereof for old-age pensions: EUR 21,247.18 (prior year: EUR 11,729.59)		
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	-1,339,637.88	-1,252,158.73
Other operating expenses	-20,571,177.68	-11,508,468.31
Income from equity investments	0.00	19,545,547.69
- thereof from affiliates: EUR 0.00 (prior year: EUR 19,545,547.69)		
Income from profit and loss transfer agreements	39,376,879.92	0.00
Income from loans classified as non-current financial assets	2,510,333.15	393,553.60
- thereof from affiliates: EUR 2,487,993.11 (prior year: EUR 366,510.13)		
Other interest and similar income	379,887.02	171,588.68
- thereof from affiliates: EUR 33,796.30 (prior year: EUR 0.00)		
Impairment losses on financial assets	-186,585.46	-5,879,021.89
Interest and similar expenses	-5,096,222.43	-5,540,101.95
- thereof to affiliates: EUR 357,670.81 (prior year: EUR 429,061.77)		
- thereof expenses from discounting: EUR 134.73 (prior year: EUR 0.00)		
Result from ordinary activities	**20,407,832.45**	**-2,606,199.60**
Extraordinary income	8,652.28	0.00
Extraordinary expenses	-16,225.320.10	0.00
Extraordinary result	**-16,216,667.82**	**0.00**
Income taxes	-24,814,544.88	-60,180.74
- thereof expenses from the change in deferred tax liabilities: EUR 21,502,001.00 (prior year: EUR 0.00)		
Other taxes	-34,252.05	-32,775.53
Income from loss absorption	0.00	154,647.93
Profits transferred under a partial profit and loss transfer agreement	-748,038.32	0.00
Loss for the period	**-21,405,670.62**	**-2,544,507.94**
Profit carryforward from the prior year	61,731,096.15	64,278,676.09
Accumulated profit	**40,325,425.53**	**61,734,168.15**

Notes to the financial statements

A. General

These financial statements were prepared in accordance with Sec. 242 et seq. and Sec. 264 et seq. HGB ["Handelsgesetzbuch": German Commercial Code] as well as in accordance with the relevant provisions of the HGB and the AktG ["Aktiengesetz": German Stock Corporation Act]. The Company is subject to the requirements for large corporations.
The Company is entered in the commercial register of Cologne Local Court under HRB no. 41548.
The income statement is classified using the nature of expense method.
The Company was restructured as follows in the fiscal year:
Ströer Deutsche Aussenwerbung GmbH, Cologne, was merged into Ströer Out-of-Home Media AG (SOH) effective 31 March 2010. This restructuring measure did not have a significant effect on the composition of the Company's net assets, equity and liabilities.

B. Accounting and valuation methods

The following accounting and valuation methods, which essentially remained unchanged in comparison to the prior year, were used to prepare the financial statements. Changes arose due to the first-time application of the BilMoG ["Bilanzrechtsmodernisierungsgesetz": German Accounting Law Modernization Act] in fiscal year 2010.
Intangible assets and **property**, **plant and equipment** are recognized at acquisition or production cost and are written off on a straight-line basis over their useful lives if they have a limited life.

Amortization/depreciation is based on the following useful lives:

■ Licenses and software	3 years
■ Furniture and fixtures	3 to 13 years

Low-value assets with an individual net value not exceeding EUR 150.00 are fully expensed in the year of acquisition. For convenience, the collective item procedure applied for tax purposes to assets with an individual net value of more than EUR 150.00 but no greater than EUR 1,000.00 is also used in the statutory balance sheet. The collective item is depreciated by 20% in the year of acquisition and in each of the following four years. All other depreciation on additions to property, plant and equipment is charged pro rata temporis. Depreciation of the collective item amounted to EUR 34k (prior year: EUR 24k).
With regard to **financial assets**, equity investments are recognized at the lower of cost or net realizable value, while loans are disclosed at nominal value. Interest-free or low-interest loans are discounted to their present value.
Receivables and other assets are stated at their nominal value. Specific bad debt allowances provide for all foreseeable valuation risks. The general credit risk is provided for by a general bad debt allowance. Non-interest bearing or low-interest receivables due in more than one year are discounted.
Payments made before the balance sheet date which constitute expenses for a certain period after this date are recognized as **prepaid expenses**.
Tax provisions and **other provisions** account for all uncertain liabilities and onerous contracts. They are recognized at the settlement value deemed necessary according to prudent business judgment (i.e., including future cost and price increases). Provisions with a residual term of more than one year were discounted.
Liabilities are recorded at the settlement value.
To determine **deferred taxes** arising due to timing or temporary (quasi-permanent) differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the statutory accounts and their tax carrying amounts or due to tax loss carryforwards, the resulting tax burden and relief are valued using the company-specific tax rates at the time the differences reverse; these amounts are not discounted. Deferred tax assets and liabilities are offset.

Foreign currency assets and liabilities were translated using the average spot rate on the balance sheet date. If they had residual terms of more than one year, the realization principle (Sec. 252 (1) No. 4 Clause 2 HGB) and the historical cost principle (Sec. 253 (1) Sentence 1 HGB) were applied.
All entities which are fully consolidated in the consolidated financial statements of Ströer Out-of-Home Media AG, Cologne, are classified as **affiliates.**
In accordance with Art. 67 (8) Sentence 2 EGHGB ["Einführungsgesetz zum Handelsgesetzbuch": Introductory Law of the German Commercial Code], the **prior-year figures** were not restated as a result of the changes to the accounting and valuation methods due to the BilMoG.

C. Notes to the balance sheet

1. Non-current assets

The development of the individual non-current asset items, including amortization, depreciation and impairment for the fiscal year, is shown in the statement of changes in non-current assets.

	Acquisition and production cost				
In EUR	**1 Jan 2010**	**Additions**	**Reclassifications**	**Disposals**	**31 Dec 2010**
Intangible assets					
Licenses and software	2,513,144.26	1,459,737.75	68,380.12	139,169.77	3,902,092.36
Prepayments	0.00	111,075.95	-68,380.12	6,003.87	36,691.96
	2,513,144.26	**1,570,813.70**	**0.00**	**145,173.64**	**3,938,784.32**
Property, plant and equipment					
Furniture and fixtures	4,702,890.69	386,648.52	0.00	115,351.69	4,974,187.52
Prepayments	434,983.70	10,127.15	0.00	218,126.84	226,984.01
	5,137,874.39	**396,775.67**	**0.00**	**333,478.53**	**5,201,171.53**
Financial assets					
Shares in affiliates	183,765,915.71	130,000,000.00	16.027,137.89	25,000.00	329,768,053.60
Loans to affiliates	8,989,602.92	78,731,758.94	0.00	0.00	87,721,361.86
Equity investments	23,158,365.97	186,585.46	-16,027,137.89	0.00	7,317,813.54
Loans to other investees and investors	66,667.00	0.00	0.00	0.00	66,667.00
Other loans	469,248.94	0.00	0.00	0.00	469,248.94
	216,449,800.54	**208,918,344.40**	**0.00**	**25,000.00**	**425,343,144.94**
	224,100,819.19	**210,885,933.77**	**0.00**	**503,652.17**	**434,483,100.79**

Accumulated amortization, depreciation and impairment					Carrying amounts	
1 Jan 2010	Additions	Reclassifications	Reversals	31 Dec 2010	31 Dec 2010	31 Dec 2009
2,163,297.44	659,371.23	0.00	138,293.99	2,684,374.68	1,217,717.68	349,846.82
0.00	0.00	0.00	0.00	0.00	36,691.96	0.00
2,163,297.44	**659,371.23**	**0.00**	**138,293.99**	**2,684,374.68**	**1,254,409.64**	**349,846.82**
2,302,410.10	680,266.65	0.00	71,703.17	2,910,973.58	2,063,213.94	2,400,480.59
0.00	0.00	0.00	0.00	0.00	226,984.01	434,983.70
2,302,410.10	**680,266.65**	**0.00**	**71,703.17**	**2,910,973.58**	**2,290,197.95**	**2,835,464.29**
563,864.07	0.00	0.00	0.00	563,864.07	329,204,189.53	183,202,051.64
0.00	0.00	0.00	0.00	0.00	87,721,361.86	8,989,602.92
7,131,228.08	186,585.46	0.00	0.00	7,317,813.54	0.00	16,027,137.89
66,667,00	0,00	0.00	0.00	66,667.00	0.00	0.00
0,00	0,00	0.00	0.00	0.00	469,248.94	469,248.94
7,761,759.15	**186,585.46**	**0.00**	**0.00**	**7,948,344.61**	**417,394,800.33**	**208,688,041.39**
12,227,466.69	**1,526,223.34**	**0.00**	**209,997.16**	**13,543,692.87**	**420,939,407.92**	**211,873,352.50**

2. Financial assets

The increase in shares in affiliates is due to the increase of EUR 75,000k in the carrying amount of the investment in Ströer Media Deutschland GmbH, Cologne (SMD), due to a contribution to its capital reserves by SOH. Furthermore, the carrying amount of the investment in Ströer Kentvizyon Reklam Pazarlama A.S. (Ströer Kentvizyon), Istanbul, Turkey, increased by EUR 55,000k to EUR 71,027k following the acquisition of an additional 40% of its shares. Due to the share acquisition, the 50% stake in Ströer Kentvizyon which was reported under equity investments in the prior year was reclassified to shares in affiliates. The merger of Ströer Deutsche Aussenwerbung GmbH, Cologne, into SOH reduced financial assets by EUR 25k.

Loans to affiliates increased following the disbursement of loans to Ströer Kentvizyon of EUR 52,558k and Ströer Polska Sp. z.o.o., Warsaw, Poland, of EUR 26,173k.

3. Receivables and other assets

In EUR k	31 Dec 2010	31 Dec 2009
Trade receivables	109	14
thereof due in more than one year	(0)	(0)
Receivables from affiliates	45,471	20,054
thereof due in more than one year	(0)	(0)
Receivables from other investees and investors	4	2,366
thereof due in more than one year	(0)	(0)
Other assets	3,953	4,073
thereof due in more than one year	(203)	(216)
	49,537	**26,507**

Receivables from affiliates include trade receivables of EUR 55k (prior year: EUR 142k). The year-on-year increase in receivables from affiliates is largely due to the absorption of Ströer Media Deutschland GmbH's profit for the period (EUR 39,377k; prior year: EUR 19,546k).

Other assets primarily include tax assets of EUR 3,126k and deposits amounting to EUR 339k.

4. Subscribed capital

Subscribed capital increased by EUR 41,586k from EUR 512k to EUR 42,098k.

The capital increase is attributable to the following measures taken:

On 25 June 2010, the Company carried out a capital increase using company funds by transferring EUR 14,043k from retained earnings and EUR 8,997k from the capital reserves to subscribed capital. Conditional capital was simultaneously increased from EUR 90k to EUR 4,156k.

On 12 July 2010, the conditional capital of EUR 4,156k was exercised in return for payment of EUR 90k. The difference between the capital increase and capital contribution was appropriated from retained earnings. Conditional capital I was forfeited after all associated shares had been issued.

By resolution of the shareholder meeting on 13 July 2010, the preferred shares previously issued were converted into common shares.

On 14 July 2010, subscribed capital was increased by EUR 13,750k as part of a capital increase in return for cash contributions.

On 17 August 2010, the greenshoe option was exercised for EUR 640k of the approved capital II created by resolution of the shareholder meeting on 13 July 2010.

Subscribed capital is split into 42,098,238 bearer shares of no par value. They have a nominal value of EUR 1 and are fully paid in.

Subscribed capital	EUR/no. of shares
Shares outstanding on 1 Jan 2010	512,000
Capital increase using company funds	23,040,000
Exercising of conditional capital I	4,156,238
Capital increase in return for cash contributions	13,750,000
Capital increase from approved capital II (greenshoe)	640,000
Shares outstanding on 31 Dec 2010	42,098,238

Approved capital I

By resolution of the shareholder meeting on 13 July 2010, the board of management is authorized, subject to the approval of the supervisory board, to increase the Company's capital stock once or several times until 12 July 2015 by a maximum of EUR 18,938k in total by issuing new bearer shares of no par value for contributions in cash or in kind (approved capital I).

The shareholders must be granted a subscription right. The legal subscription right may also be granted such that the new shares are acquired by a bank or an entity active in accordance with Sec. 53 (1) Sentence 1 or Sec. 53b (1) Sentence 1 or (7) KWG ["Kreditwesengesetz": German Banking Act] subject to the requirement that they are offered indirectly to shareholders for subscription in accordance with Sec. 186 (5) AktG. However, the board of management is authorized, with the approval of the supervisory board, to exclude the shareholders' legal subscription right for one or several capital increases within the scope of approved capital I

(i) in order to exclude fractional amounts from the shareholders' subscription rights
(ii) if the capital increase is made in return for non-cash contributions, especially for – but not limited to – the purpose of acquiring entities, parts of entities or investments in entities
(iii) if the capital increase is made in return for cash contributions and the issue price of the new shares is not significantly below the market price of shares of the same class and voting rights already listed on the stock market on the date the final issue price is determined in accordance with Sec. 203 (1) and (2) and Sec. 186 (3) Sentence 4 AktG and the portion of capital stock allocable to the new shares issued in accordance with this section (iii) subject to the exclusion of subscription rights pursuant to Sec. 186 (3) Sentence 4 AktG does not exceed 10% of the total capital stock at the time that such authorization becomes effective or is exercised. The portion of capital stock must be credited to this maximum amount, which is attributable to new or treasury shares issued or sold since 13 July 2010 and subject to the simplified exclusion of subscription rights pursuant to or by analogy to Sec. 186 (3) Sentence 4 AktG, as well as the portion of capital stock which is attributable to shares with attaching option and/or convertible bond rights/obligations from debt securities or participation certificates issued since 13 July 2010 applying Sec. 186 (3) Sentence 4 AktG as appropriate; and/or

(iv) to the extent necessary to issue subscription rights for new shares to owners of warrants or to creditors of convertible bonds or participation certificates with conversion or option rights that are issued by the Company or those entities it controls or majority owns in the scope to which they would be entitled after exercising the option or conversion rights or after fulfillment of the conversion obligation

The board of management decides on the content of the respective share rights, the issue price, the consideration to be paid for the new shares and the other conditions of share issue with the approval of the supervisory board.

Approved capital II

By resolution of the shareholder meeting on 13 July 2010, the board of management is authorized, subject to the approval of the supervisory board, to increase the Company's capital stock once or several times until 31 December 2010 by a maximum of EUR 1,791k in total by issuing a maximum of 1,790,624 new bearer shares of no par value for contributions in cash and/or in kind.

New shares may only be issued to fulfill the greenshoe option agreed with the issuing banks at the time of the Company's IPO. The shareholders' right to subscribe is excluded. The supervisory board is authorized to amend the wording of the articles of incorporation and bylaws as appropriate after the approved capital has been utilized or the deadline for utilizing the approved capital has expired.

On 17 August 2010, the greenshoe option was exercised for EUR 640k of the approved capital II with EUR 1,151k remaining.

Conditional capital 2010

The Company's capital stock has been increased conditionally by a maximum of EUR 11,776k by issuing a maximum of 11,776,000 new bearer shares of no par value (conditional capital 2010). The purpose of the conditional capital increase is to grant bearer shares of no par value to owners/creditors of convertible bonds and/or bonds with warrants which are being issued by the Company or an investee as a result of the authorization granted by the shareholder meeting of 13 July 2010. New bearer shares of no par value are issued at particular conversion and option prices determined by the abovementioned authorization resolution. Conditional capital is only to be increased to the extent that conversion or option rights are exercised or owners/creditors fulfill their obligation to exercise their conversion rights and provided that a cash settlement is not granted or use is not made of treasury shares or new shares from utilizing approved capital. The new bearer shares of no par value participate in profit from the beginning of the fiscal year in which they result through the exercise of options or conversion rights or the fulfillment of conversion obligations. The board of management, having obtained the approval of the supervisory board, is authorized to determine the further details of the conditional capital increase.

5. Capital reserves

As of the balance sheet date, the Company had capital reserves of EUR 298,922k (of which EUR 264,471k pursuant to Sec. 272 (2) No. 1 HGB and EUR 34,451k pursuant to Sec. 272 (2) No. 2 HGB), which exceeds 10% of capital stock.

6. Retained earnings

The capital increase using company funds increased retained earnings by EUR 14,043k to EUR 91k on 25 June 2010.

7. Accumulated profit

It was resolved within the scope of the appropriation of profit for fiscal year 2009 to distribute a dividend of EUR 3k on preferred shares. The accumulated profit for the year was carried forward to new account.

8. Provisions for pensions

The Company agreed on a retirement benefit plan for one member of the board of management in fiscal year 2010. However, these benefit obligations will be fully financed by the member of the board of management as part of a deferred compensation scheme, such that the Company does not incur any additional expenses. The amount of the pension provision corresponds in full to the amount of the employer's pension liability insurance. The value of the employer's pension liability insurance came to EUR 502k as of 31 December 2010.

9. Tax provisions

Tax provisions break down as follows:

In EUR k	2010	2009
Trade tax 2010	2,150	0
Corporate income tax 2010	1,101	0
Other tax provisions	1	7
	3,252	**7**

10. Other provisions

Other provisions break down as follows:

In EUR k	2010	2009
Potential losses from interest rate hedges	3,790	3,599
Personnel provisions	2,824	8,224
Provision for potential claims for damages	500	500
Outstanding invoices	850	287
Financial statement and audit fees	317	289
Other provisions	5	5
	8,286	**12,904**

11. Liabilities

The remaining terms and collateral provided for the Company's liabilities are disclosed separately in the statement of liabilities.

In EUR k	Total amount	Thereof due in: up to one year	one to five years	more than five years	Secured amounts
Liabilities to banks	10,845	295	10,550	0	0
Trade payables	1,216	1,216	0	0	0
Liabilities to affiliates	75,220	75,220	0	0	0
Other liabilities	12,102	1,302	10,800	0	0
	99,383	**78,033**	**21,350**	**0**	**0**

12. Liabilities to banks

Liabilities to banks (EUR 10,550k) relate to a loan from NRW.BANK, Düsseldorf, which matures on 30 December 2014 and short-term interest liabilities stemming from the loan of EUR 295k.

13. Liabilities to affiliates

EUR 74,241k (prior year: EUR 59,988k) of liabilities to affiliates is attributable to cash pooling, EUR 979k (prior year: EUR 1,671k) to trade.

14. Other liabilities

This item includes a loan of EUR 10,800k from SKB Kapitalbeteiligungsgesellschaft KölnBonn mbH, Cologne, which matures on 30 December 2014. In addition, the Company disclosed interest liabilities of EUR 1,055k, of which EUR 727k relates to interest rate swaps. The silent investments disclosed under other liabilities in the prior year were terminated in fiscal year 2010.

D. Notes to the income statement

1. Other operating income

Other operating income mainly comprises the following:

In EUR k	2010	2009
Income from commercial and technical services	15,081	7,503
Income from cost allocations	3,520	3,282
Income from the reversal of provisions	132	256
Other income	207	145
	18,940	**11,186**

The rise in income from commercial and technical services is largely due to the service allocations by the IT department of Ströer Media Deutschland GmbH, which was transferred to SOH in fiscal year 2010.

2. Other operating expenses

Other operating expenses mainly contain expenses charged on to affiliates, legal and consulting fees, rent and other administrative expenses, product development costs and travel expenses. The rise in other operating expenses is largely attributable to consulting fees from the IPO and the costs incurred by SOH for the first time for the IT department (which was transferred from SMD to SOH in 2010 and whose expenses are charged on to affiliates).

3. Income from profit and loss transfer agreements

Income from profit and loss transfer agreements stems from absorption of SMD's profit for the period. The Company entered into a profit and loss transfer agreement with SMD effective 1 January 2010 following SMD's change in legal form from a GmbH & Co. KG [German limited commercial partnership with a GmbH as general partner] to a GmbH [German limited liability company]. For this reason the income received from SMD was disclosed under income from equity investments in the prior year.

4. Impairment losses on financial assets

Impairment losses on financial assets relate to shares in XOREX Beteiligungs GmbH, Cologne, and XOREX GmbH, Cologne.

5. Extraordinary income

Extraordinary income of EUR 9k stems from the merger of Ströer Deutsche Aussenwerbung GmbH, Cologne, into SOH effective 31 March 2010.

6. Extraordinary expenses

Extraordinary expenses of EUR 16,225k relate to the cost of the IPO.

7. Income taxes

EUR 3,313k of income taxes relates to the result from ordinary activities and EUR 21,502k to deferred tax liabilities.

Due to the Company's function as tax group parent, all of the tax bases of the subsidiaries in the tax group are transferred to the Company. This leads to trade tax add-backs, restrictions on deduction of interest expenses and rules on minimum taxation for taxable profit.

Deferred tax liabilities of EUR 21,502k were recognized, which is the amount by which they exceeded deferred tax assets. This excess is chiefly due to the transfer of the tax group subsidiaries' tax bases to the Company and to the carrying amount of an investment in a subsidiary which was different for tax purposes. The deferred tax assets used for offsetting are mainly due to deferred tax assets on unused tax losses and the interest carryforward as of 31 December 2010.

For this reason, despite the loss for the period under German commercial law, a tax expense is reported which is attributable to current income taxes and the recognition of deferred tax liabilities.

8. Profits transferred under a partial profit and loss transfer agreement

The compensation paid on the contributions of the silent partners until the silent investments were terminated in October 2010 is disclosed under this item in the income statement.

E. Other notes

1. Cash flow statement

In EUR k	2010	2009
1. Cash flows from operating activities		
Loss for the period before extraordinary items and before profit/loss transfer to silent partners	-4,441	-2,699
Write-downs (+)/write-ups (-) of non-current assets	1,526	7,131
Increase (+)/decrease (-) in provisions	-1,240	2,206
Other non-cash expenses (+)/income (-)	-18,016	1,528
Gain (-)/loss (+) on the disposal of non-current assets	100	308
Increase (-)/decrease (+) in inventories, trade receivables and other assets	15,890	-19,729
Increase (+)/decrease (-) in trade payables and other liabilities	-374	1,268
Cash receives from (+)/cash paid for (-) extraordinary items	-13,784	0
Cash flows from operating activities	-20,339	-9,987
2. Cash flows from investing activities		
Cash received (+) from the disposal of property, plant and equipment	162	61
Cash paid (-) for investments in property, plant and equipment	-372	-432
Cash received (+) from the disposal of intangible assets	7	7
Cash paid (-) for investments in intangible assets	-1,571	-53
Cash paid (-) for investments in non-current financial assets	-208,918	-4,045
Cash flows from investing activities	-210,692	-4,462
3. Cash flows from financing activities		
Dividends (-)	-3	0
Cash received (+) from equity contributions	287,891	0
Cash paid (-) to silent partners	-748	-5,443
Cash paid (-) for raising equity	-2,425	0
Cash received (+)from/cash paid (-) for cash pool financing	14,253	19,751
Cash repayments (-) of borrowings	-25,906	-18
Cash flows from financing activities	273,062	14,290
4. Cash at the end of the period		
Change in cash (subtotal of 1 to 3)	42,031	-159
Cash at the beginnng of the period	741	900
Cash at the end of the period	42,772	741
5. Composition of cash		
Cash	42,772	741
Cash at the end of the period	42,772	741

2. Contingent liabilities

Under the facility agreement between SOH, SMD and other entities of the Ströer Group (guarantors), and the lending syndicate, the Company, as contracting party (guarantor) to the facility agreement, as evidenced by an independent guarantee, has joint and several liability for liabilities of EUR 395,000k owed by SMD.

The Company assigned all its trade receivables, loan receivables from affiliates and rights and receivables from claims on insurers as collateral for the above liabilities under a global assignment agreement.

Under an account pledge agreement, all the Company's credit bank balances were pledged as collateral for SMD's liabilities.

In addition, under an intellectual property rights security assignment agreement, all industrial rights and rights of use were assigned as collateral.

Furthermore, all the shares in Ströer Media Deutschland GmbH and Ströer Polska Sp. z.o.o. were assigned as collateral for the liabilities.

In connection with the acquisition of Ströer DERG Media GmbH, Kassel, Ströer Out-of-Home Media AG issued an indefinite guarantee to Deutsche Bahn AG for the obligations of Ströer DERG Media GmbH under the advertising space agreement. These relate principally to expenses for advertising media intended for the installation and operation of digital real-time systems for information and entertainment and the upgrading of existing advertising media. Over the life of the long-term agreement, the investment volume comes to roughly EUR 20m plus ongoing operating and maintenance expenses and overheads. The volume of ongoing costs depends, on the one hand, on the scope and duration of implementation and, on the other, on the use of existing digital media structures within the Ströer Group.

3. Other financial obligations

Financial obligations from leases and rent existed as of 31 December 2010. The amount and terms are as follows:

Lease payments	Up to one year	EUR 1,965k
	One to five years	EUR 7,323k
	More than five years	EUR 11,771k
Rent expenses	Up to one year	EUR 839k
	One to five years	EUR 2,113k
	More than five years	EUR 0k

The lease payments mainly relate to the Company's administrative building. The building was leased to avoid cash outflows and financing which would have been required if the building had been purchased. These benefits are contrasted by fixed and contractually agreed payment obligations over the term of the lease.

There are also obligations to minority shareholders from put options for which the vesting conditions had not been met as of 31 December 2010. The current value of potential liabilities under these options comes to EUR 17,109k. It is not possible to say when these obligations will fall due as the Company does not have any control over the vesting conditions.

4. Off-balance sheet transactions

The Company uses services provided by the subsidiary Ströer Media Deutschland GmbH, reimbursing the latter's costs, in order to leverage synergy effects by centralizing and standardizing processes, leading to quantitative and qualitative advantages. In fiscal year 2010, this led to expenses totaling EUR 401k for SOH.

5. Derivative financial instruments

In order to hedge the interest obligations arising from the floating-rate loans of EUR 42,541k granted by NRW.BANK and SKB Kapitalbeteiligungsgesellschaft KölnBonn mbH with effect as of 1 January 2009, the Company entered into two interest rate swap contracts totaling EUR 40,000k in fiscal year 2008.

Notes on financial instruments:

Category	Type	Amount	Fair value, including accrued interest	Carrying amount of the balance sheet item	Maturity
Interest-linked	Swap	EUR 20.000k	EUR -2.398k	EUR 380k, other liabilities	1 January 2015
				EUR 2,018k, other provisions	
Interest-linked	Swap	EUR 20.000k	EUR -2.032k	EUR 347k, other liabilities	1 January 2015
				EUR 1,772k, other provisions	

The above fair values were calculated using a discounted cash flow method based on the relevant market data (yield curves) as of 31 December 2010.

6. Employees

An average of 124 staff were employed in fiscal year 2010 (prior year: 66).

7. Board of management and supervisory board

The composition of the board of management and the supervisory board as well as membership of statutory supervisory boards and other oversight bodies comparable with a supervisory board is shown in the table below:

Name	Membership of statutory supervisory boards	Membership of other oversight bodies comparable with a supervisory board
Board of management		
Udo Müller (Chairman)		Ströer Kentvizyon Reklam Pazarlama A.S., Istanbul (Turkey)
Alfried Bührdel (Deputy chairman since 1 May 2010)		Ströer Kentvizyon Reklam Pazarlama A.S., Istanbul (Turkey) Kölner Aussenwerbung GmbH, Cologne
Dirk Wiedenmann (since 1 May 2010), Member of the board of management		Kölner Aussenwerbung GmbH, Cologne
Supervisory board		
Dr. Wolfgang Bornheim (Chairman), Tax advisor	LVS Beratungs- und Vertriebs AG, Bruchsal	Karl Storz GmbH & Co. KG, Tuttlingen Rickmers Reederei GmbH & Co. KG, Hamburg Mayersche Buchhandlung GmbH & Co. KG, Aachen
Prof. Dr. h.c. Dieter Stolte (Deputy chairman), Member of the board of management of Axel Springer Foundation, Berlin		ZDF Enterprises GmbH, Mainz
Dirk Ströer, Managing director of Ströer Aussenwerbung GmbH & Co. KG, Cologne		sevenload GmbH, Cologne (until 26 November 2010)
Dietmar Peter Binkowska, Chairman of the board of management of NRW.BANK AöR, Düsseldorf	GALERIA Kaufhof GmbH, Cologne InCity Immobilien AG, Munich WestLB AG, Düsseldorf	BVT Equity Holdings, Inc., Atlanta (USA) Deka (Swiss) Privatbank AG, Zurich (Switzerland) Fiege Logistik AG, Münchenstein (Switzerland) Investitionsbank des Landes Brandenburg AöR, Potsdam
Dieter Keller, Auditor and tax advisor		
Martin Diederichs, Lawyer (since 14 May 2010)		DSD Steel Group GmbH, Saarlouis
Dr. Ihno Schneevoigt, Business consultant (until 14 May 2010)		

The members of the board of management exercise their functions on a full-time basis.

Total remuneration paid to the board of management in fiscal year 2010 was EUR 5,137k (prior year: EUR 3,426k). EUR 1,465k thereof relates to new vesting conditions granted for share-based payments.

The total remuneration paid to the supervisory board members in fiscal year 2010 was EUR 190k.

8. Related party transactions

The following significant transactions with related parties were conducted:

Type of relationship	Subsidiaries	Associates	Other related parties
Type of transaction (in EUR k)			
Purchases	1,617	0	0
Performance of services	14,867	0	158
Provision of other services	2,232	3	0
Puchase of other services	432	0	0

9. List of shareholdings

The disclosures pursuant to Sec. 285 No. 11 HGB on entities in which the Company holds an equity interest of at least 20% are presented in the following list of shareholdings.

	Equity interest as of 31 Dec 2010 %	Equity as of 31 Dec 2010 EUR k	Profit or loss 2010 EUR k
Arge Schönefeld GbR, Berlin	50.00	48	86
blowUp Media Belgium N.V., Antwerp, Belgium	60.00	-11	-19
blowUp Media Benelux B.V., Amsterdam, Netherlands	80.00	-147	260
blowUp Media Espana S.A., Madrid, Spain	70.00	-681	451
blowUp Media France SAS, Paris, France	82.14	233	-12
blowUp Media GmbH, Cologne	75.00	4,858	4
blowUp media project GmbH, Cologne	75.00	54	8
blowUp Media UK Ltd., London, UK	80.00	1,761	853
City Design Gesellschaft für Aussenwerbung mbH, Cologne	100.00	36,773	*10,240
City Lights Reklam Pazarlama Ltd. Sti., Istanbul, Turkey	89.00	4,962	547
CulturePlak Marketing GmbH, Berlin	***51.00	31	*22
DERG Vertriebs GmbH, Cologne	100.00	54	*1,172
DSM Krefeld Aussenwerbung GmbH, Krefeld	51.00	1,635	166
DSMDecaux GmbH, Munich	50.00	12,436	6,930
DSM Deutsche Städte Medien GmbH, Frankfurt am Main	100.00	15,001	*23,251
DSM Mediaposter GmbH, Cologne	100.00	209	*126
DSM Zeit und Werbung GmbH, Frankfurt am Main	100.00	1,908	*836
Dünya Tanitim Hizmetleri ve Turizm Ticaret Ltd. Sti., Istanbul, Turkey	90.00	3,846	219
Gündem Matbaacilik Organizasyon Gazetecilik Reklam San. Tic. Ltd. Sti., Antalya, Turkey	90.00	25,128	-234
GO Public! Eventmedia GmbH, Cologne	100.00	15	297
Hamburger Verkehrsmittel-Werbung GmbH, Hamburg	75.11	-1,713	37

	Equity interest as of 31 Dec 2010 %	Equity as of 31 Dec 2010 EUR k	Profit or loss for 2010 EUR k
INFOSCREEN Hamburg Gesellschaft für Stadtinformationssysteme mbH, Hamburg	75.11	-1,691	286
Ilbak Neon Kent Mobilyalari Ltd. Sti., Istanbul, Turkey	90.00	16,430	4,250
Inter Tanitim Hizmetleri San ve Ticaret Anonim Sti., Istanbul, Turkey	60.00	2,340	-2,037
Kölner Aussenwerbung Gesellschaft mit beschränkter Haftung, Cologne	51.00	4,263	3,429
Konya Inter Tanitim ve Reklam Hizmetleri Anonim Sti., Istanbul, Turkey	30.00	496	3
Kultur-Medien Hamburg GmbH Gesellschaft für Kulturinformationsanlagen, Hamburg	51.00	461	386
mediateam Werbeagentur GmbH / Ströer Media Deutschland GmbH & Co. KG - GbR, Cologne	50.00	89	89
Megaposter UK Ltd., Brighton, UK	80.00	751	241
Medya Grup Tanitim Halkla Iliskiler Organizasyon Ltd. Sti., Istanbul, Turkey	43.00	1,074	113
Mega-Light Staudenraus & Ströer GbR, Cologne	50.00	150	-11
Meteor Advertising Ltd., London, UK	80.00	71	4
Ströer City Marketing sp. z o.o. (formerly News Outdoor Poland sp. z o.o.), Warsaw, Poland	99.00	1,056	-1,504
Objektif Kentvizyon Reklam Pazarlama Ticaret Ltd. Sti., Istanbul, Turkey	72.00	27	13
SK Kulturwerbung Bremen-Hannover GmbH, Bremen	100.00	99	39
SK Kulturwerbung Rhein-Main GmbH, Frankfurt am Main	100.00	110	50
SMI Beteiligungsgesellschaft mbH, Berlin	49.73	10	-8
Stadtkultur Rhein-Ruhr GmbH, Büro für Kultur und Produktinformationen, Essen	100.00	230	170
Ströer Akademi Reklam Pazarlama Ltd. Sti., Istanbul, Turkey	90.00	4,421	413
Ströer DERG Media GmbH, Kassel	100.00	5,736	*10,756
Ströer Deutsche Städte Medien GmbH, Cologne	100.00	528	*-477
Ströer Infoscreen GmbH, Cologne	100.00	8,241	*7,764
Ströer Media Deutschland GmbH, Cologne	100.00	121,245	*39,377
Ströer Kentvizyon Reklam Pazarlama A.S., Istanbul, Turkey	90.00	68,918	1,981
Ströer Media Sp. z o.o. SP. k., Warsaw, Poland	99.00	-2,471	-1,103
Ströer Out-of-Home Media India Private Limited, New Dehli, India	49.73	**3	**32
Ströer Media Sp. z o.o., Warsaw, Poland	99.00	**0	**0
Ströer Sales & Services GmbH, Cologne	100.00	272	*10,250
Ströer Polska Sp. z o.o., Warsaw, Poland	99.00	23,031	8,938
Trierer Gesellschaft für Stadtmöblierung mbH, Trier	50.00	434	11
Werbering GmbH, Cologne	100.00	195	*4,164
X-City Marketing Hannover GmbH, Hanover	50.00	5,439	2,153
XOREX Beteiligungs GmbH, Berlin	49.73	-663	18,136
XOREX GmbH, Cologne	24.60	-5	-117

*Profit or loss for the period before profit and loss transfer ** Equity and profit or loss of the prior year *** 49% of the shares are held on a trustee basis

10. Notification pursuant to Sec. 20 AktG

Mr. Udo Müller, Cologne, informed the Company on 29 November 2005 that he held a majority shareholding in Ströer Out-of-Home Media AG within the meaning of Sec. 16 (1) AktG which he held until 13 July 2010.

11. Consolidated financial statements

The Company prepares the consolidated financial statements for the largest and smallest group of entities. The consolidated financial statements are available from the Company.

12. Proposal for the appropriation of profit

In fiscal year 2010, the financial statements of Ströer Out-of-Home Media AG reported a loss for the period of EUR 21,406k and accumulated profit of EUR 40,325k.

It will be proposed to the shareholder meeting on 15 June 2011 to transfer EUR 20,325k of accumulated profit to retained earnings and carry forward the remainder of EUR 20,000k to new account.

13. Audit and consulting fees

The total fees charged by the auditor for the fiscal year pursuant to Sec. 285 No. 17 HGB are included in the relevant disclosure made in the notes to the consolidated financial statements.

14. Declaration pursuant to Sec. 161 AktG on the Corporate Governance Code

The board of management and supervisory board of SOH submitted the declaration of compliance with the German Corporate Governance Code for the period from 15 July 2010 to 31 December 2010 in accordance with Sec. 161 AktG on 21 March 2011. The declaration of compliance was made permanently available to shareholders on the Company's website (www.stroeer.de).

Cologne, 25 March 2011

The Board of Management

Udo Müller

Alfried Bührdel

Dirk Wiedenmann

Combined management report

The references made in this combined management report to page numbers refer to the numbering in the annual report.

Operating environment

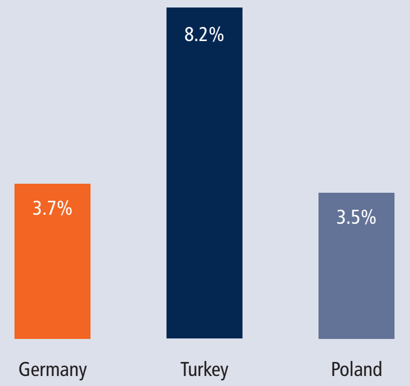
General economic conditions

In 2010, the global economy recovered considerably better than expected despite the European debt crisis. Global production returned to its pre-crisis level in the reporting period. Global trade also picked up considerably and was almost able to offset the prior year's dramatic decline. This improvement in the economy was aided greatly by expansive monetary and fiscal policies in many countries as well as stable demand from emerging economies.

Against this backdrop, Europe was also able to generate renewed growth. According to the ifo Institute, the eurozone also saw a positive trend with an increase of 1.7% in gross domestic product (GDP). Development in the individual countries varied: while Germany's GDP rose by 3.7%, the return to growth was considerably weaker in France (1.6%), the UK (1.8%) and Italy (1.1%). In Spain, GDP even fell by a slight 0.2%. Of the most densely populated EU countries, only Poland's economic development (3.5%) was similar to that of Germany. As one of our core markets, Turkey is also of special importance to us. GDP growth there came to some 8% in the fiscal year.

Anticipated real change in GDP in the key regional markets of the Ströer Group (2010)

Sources: ifo, OECD



Germany

The ongoing recovery of the world economy strengthened the German export industry considerably and helped it to overcome the crisis in the real economy. In the course of the reporting period, the economic improvement was also increasingly fuelled by domestic demand. Overall economic production rose by 3.7% in real terms in 2010 according to an estimate by the ifo Institute. This positive development is the mirror image of the slump seen in 2009.

The German labor market proved to be extremely robust throughout the crisis. Through special employment models and incentives, the number of employed was kept almost constant. New jobs were even created once more in the fiscal year. According to market research company GfK, income expectations picked up significantly during the fiscal year and were almost as high as in 2000 and 2001. German consumers are hoping for positive effects on wages and the collective bargaining agreements confirm this expectation. The favorable market environment and the growing planning certainty on the part of consumers increased the propensity to spend, which rose continuously from its already high level. The GfK consumer confidence index accordingly showed a continuous upward trend and reached a three-year high at the turn of 2010/2011.

Equally, unlike in many other industrial nations, the rise in national debt was lower in Germany and there were no significant credit squeezes in the private economy. Thus Germany was less affected by the fallout from the crisis and posted the strongest economic growth in the eurozone since the end of the crisis.

Turkey

The Turkish economy with its constant growth has experienced a remarkable development over the past six years. Thanks to a strong financial structure, the Turkish economy also proved to be robust in the face of the global economic crisis. Between 2002 and 2009, GDP almost trebled from USD 231b to USD 618b and the impressive upwards trajectory continued in the fiscal year. For 2010, the Organisation for Economic Cooperation and Development (OECD) is predicting real GDP growth of 8.2%. Having grown 8.9% in the first three quarters of 2010, Turkey ranked second in the global growth league for the first time, right behind China and ahead of India. This success stems not least from the fact that the country has a rapidly expanding population of 73 million very young, highly motivated inhabitants with an average age of 28.3 and a government that makes huge efforts to secure foreign investment. In this connection, the Turkish legislator's new medium-term economic program announced in October 2010 is aimed at boosting productivity further and creating promising new jobs.

As a result of Turkey's application to initiate the EU accession process, structural reforms are being accelerated which have leveled the way for deep-rooted changes. Through these measures Turkey hopes to strengthen the role of the private economy and enhance the efficiency and robustness of its financial sector. The reforms have already had a positive effect on the country's core macroeconomic data: inflation plummeted from 30% to 7.3% between 2002 and November 2010. Government debt has been consistently below 60% of GDP since 2004, meaning Turkey meets the Maastricht criterion for budget stability.

Poland

The impressive economic development seen by Poland over the past few years continued in the reporting period. Bolstered by strong export business, GDP grew significantly and was up 3.8% year on year at the end of 2010 according to the Statistical Office of Poland. This makes Poland one of the fastest growing economies in the EU. The rise in domestic demand from both the private and the public sector was also supported by subsidies from the EU. In addition, the forthcoming 2012 European football championship has already provided positive economic impetus. According to estimates by the Ministry of Economics, foreign direct investment came to about EUR 10b.

This ongoing positive performance is also reflected in the "2010 Foreign Direct Investment Confidence Index" by the consultancy A.T. Kearney, which cites Poland as one of the most attractive business locations worldwide. Besides its large domestic market, its well trained labor force in particular is one of the main arguments Poland has in its favor. The positive improvement in the operating environment which has been going on for many years has also increased disposable income. With the exception of the crisis year of 2009, GDP per capita has been rising continuously for a long time. The number of employed has also been constant since 2007, which can be considered a success given the years of crisis.

Development of the out-of-home advertising industry in 2010

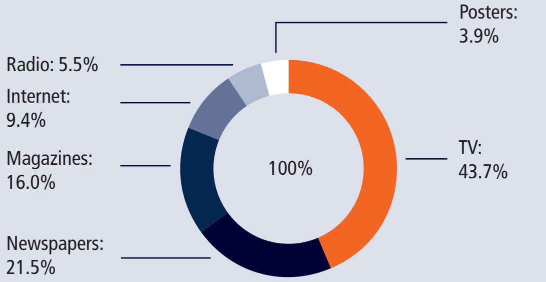
Germany

The media landscape in Germany was shaped by growing optimism in 2010. In the *Frühjahrsmonitor 2010* survey by the media agencies organization OMG, 65% of those surveyed were sure that gross advertising spending on traditional media would rise year on year. This prediction was not far off: Nielsen Media Research reported a significant increase in the gross advertising spend in 2010. For us, the market data used by Nielsen make predictions about trends but can only be used to a limited extent to draw conclusions about net figures for the media market due to differing definitions and market territories. The Central Association of the German Advertising Industry ["Zentralverband der deutschen Werbewirtschaft": ZAW] will not publish the official net revenue figures for 2010 until May 2011. According to ZAW, the out-of-home industry reported advertising revenue of EUR 738m in 2009. Ströer expects stable growth for the industry in 2010 and assumes that net market growth will be around the mid-single-digit mark.

Based on the gross figures available to date from Nielsen, the drivers of the dynamic development in 2010 were mainly advertising investment in online and TV advertising. The share of online advertising in total advertising spending exceeded that of newspapers for the first time according to statistics gathered by the online marketer's association, BVDW. Out-of-home media saw gross advertising revenue rise by 6.4% in the fiscal year, which was the third strongest growth experienced. A comparison of the last two years confirms the attractiveness of our medium: the cumulative gross spend on out-of-home media rose from 2008 to 2010 by 21.9%, while that of TV and print fell by 19.6% and 2.7%, respectively.

Market share of advertising media in Germany (2010)

Source: Nielsen Media Research



Turkey

The Turkish out-of-home market made a significant recovery in 2010 and should already have a higher overall volume of net advertising spending than before the economic crisis. The results of the Zenith study put the increase – adjusted for currency effects – at a strong 18.4% compared to 2009, which should be slightly higher than the growth for the advertising market as a whole of 17.8%. This trend is confirmed by MagnaGlobal's assessment of the market, which, however, cites overall growth of 38.0%.

Poland

The out-of-home advertising market in Poland dipped slightly in 2010 and was thus unable to make up for the losses sustained in the crisis year of 2009. According to information from the Polish Chamber of Commerce for Out-of-Home Advertising ["Izba Gospodarcza Reklamy Zewnetrznej": IGRZ], revenue was 0.7% down on the prior-year figure. Development prospects are good in Poland thanks to a change in market structure. The consolidation that has begun of the previously heavily fragmented market makes dynamic growth rates likely.

Net assets, financial position, results of operations and business performance

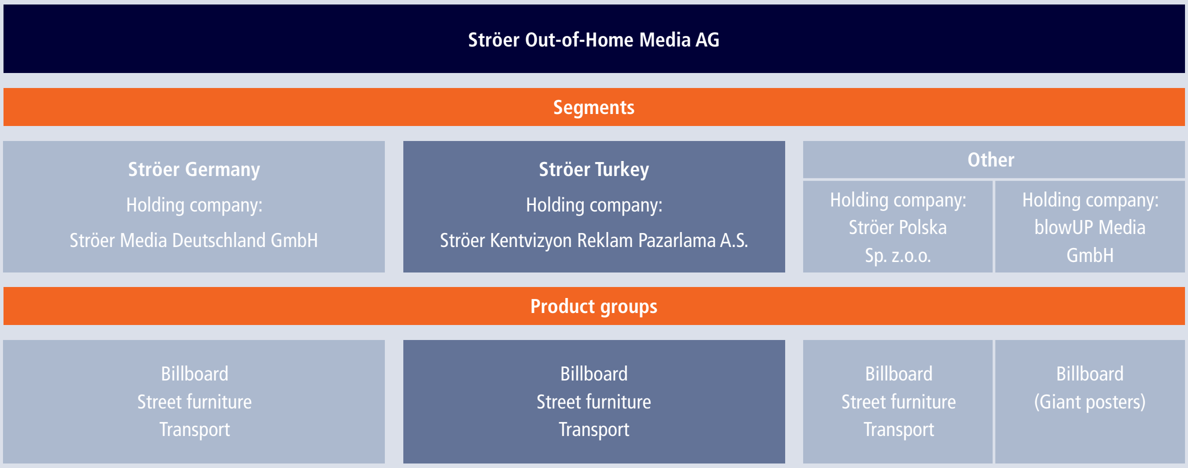
Acquisitions, investments and divestitures

The strategic focus of the Group in the reporting period lay on making business activities even more international, building on our competitive advantage and sustainably growing profitability. This also formed the strict focus of our acquisition and investing activities in the fiscal year. In this vein we expanded our stance in the rapidly growing advertising market in Turkey by topping up our previous 50% shareholding in Ströer Kentvizyon to 90%. We paid a purchase price of EUR 55m to the previous Turkish co-owner and have strengthened our important market position in Turkey in the long term by making the acquisition.

We also took over all the shares in News Outdoor Poland in October 2010 for a provisional purchase price of EUR 22.6m. The acquisition solidifies our position in the Polish out-of-home advertising market in the particularly important 18m² format segment, and sets us up for the further consolidation and professionalization to come in this major emerging advertising market.

In our core market of Germany, we invested primarily in our advertising media network portfolio, expanding our investment portfolio, and in our key out-of-home channel and premium billboards projects for the future, as well as to a smaller extent in rounding off our investment portfolio.

Organizational structure



Revenue

The Group managed to grow revenue to a record high of EUR 531.3m in 2010, which was 13.1% more than in the prior year. Revenue growth, adjusted for consolidation and currency effects, of 7.5% is primarily due to the considerable economic recovery in our core markets of Germany and Turkey and in the giant poster business.

Assuming that the Turkish subgroup had already been fully consolidated as of 1 January 2009, revenue would have come to EUR 561.8m and the comparable organic growth to 9.4%.

Revenue breaks down between the individual business segments as follows:

In EUR m	2010	2009
Ströer Germany	409.9	393.3
Ströer Turkey	68.6	33.5
Other	52.8	43.0
Total	**531.3**	**469.8**

Domestic revenue rose by 4.1% in the fiscal year to EUR 417.9m (prior year: EUR 401.5m), while foreign revenue increased to EUR 113.4m (prior year: EUR 68.3m).

More information on segment development is provided from page 41.

Results of operations

Consolidated income statement In EUR m	31 Dec 2010		31 Dec 2009		Change	
Continuing operations						
Revenue	531.3	100.0%	469.8	100.0%	61.5	13.1%
Cost of sales	-332.5	-62.6%	-300.7	-64.0%	-31.8	10.6%
Gross profit	**198.8**	**37.4%**	**169.1**	**36.0%**	**29.7**	**17.6%**
Selling expenses	-70.7	-13.3%	-67.3	-14.3%	-3.4	5.0%
Administrative expenses	-88.0	-16.6%	-64.6	-13.8%	-23.4	36.2%
Other operating income	76.8	14.5%	13.7	2.9%	63.1	>100.0%
Other operating expenses	-8.3	-1.8%	-11.9	-2.5%	3.6	-30.0%
Share in profit or loss of associates	0.0	0.0%	0.0	0.0%	0.0	-100.0%
EBIT	**108.6**	**20.4%**	**38.9**	**8.3%**	**69.6**	**>100.0%**
EBITDA	**162.5**	**30.6%**	**93.3**	**19.9%**	**69.2**	**74.2%**
Operational EBITDA	**127.3**	**24.0%**	**100.0**	**21.3%**	**27.2**	**27.2%**
Financial result	-52.8	-9.9%	-47.3	-10.1%	-5.6	11.8%
EBT	**55.7**	**10.5%**	**-8.3**	**-1.8%**	**64.1**	**n,d,**
Income taxes	0.0	0.0%	9.6	2.0%	-9.5	-99.6%
Post-tax profit from continuing operations	**55.8**	**10.5%**	**1.2**	**0.3%**	**54.5**	**>100.0%**
Post-tax profit from discontinued operations	**0.0**	**0.0%**	**-0.1**	**0.0%**	**0.1**	**-100.0%**
Profit for the period	**55.8**	**10.5%**	**1.1**	**0.2%**	**54.6**	**>100.0%**

At EUR 55.8m, the Group generated the highest profit in its history in the reporting period, which was many times higher than in the prior year (EUR 1.1m). Operational EBITDA also reached a new all-time high (up 27.2%).

Gross profit rose to EUR 198.8m, which was strikingly higher than the prior year's EUR 29.7m. The gross profit margin also rose by 1.4 percentage points to 37.4%.

The increase in the gross profit margin is due to several factors. On the one hand, there are a considerable number of fixed rental agreements in all segments which do not trigger an increase in rent if more revenue is generated. On the other hand, the development and composition of revenue in the individual product groups led to an improvement in the margins as a major share of the bookings were made for advertising media with running costs that are not linked to utilization.

The purchase price allocation for Ströer Kentvizyon had the opposite effect, leading to an additional write-down of EUR 7.1m on recognized hidden reserves, of which the lion's share related to one-time effects from 2010. Effects from the purchase price allocation for News Outdoor Poland are not yet included in these financial statements as the difference stemming from the acquisition was provisionally posted as goodwill in line with IFRS 3.

Selling expenses as a percentage of revenue fell by 1 percentage point to 13.3% in fiscal year 2010 due to a significant improvement in revenue. At the same time we reduced administrative expenses as a percentage of revenue, adjusted for the cost of the IPO, by 0.5 percentage points to 13.3%. This led in particular to a very favorable cost development in the German business. Only if special expenses from the IPO are taken into account do administrative expenses as a percentage of revenue increase to 16.6%.

The results of operations were also positively influenced by the remeasurement of the previously held equity interest in Ströer Kentvizyon as well as the effects of the IFRS 3-prescribed deconsolidation of the joint venture. This led to an effect of a total EUR 61.4m, which explains the rise in other operating income.

Other operating expenses fell by EUR 3.6m, which was mainly due to the fact that goodwill impairment of EUR 4.0m had been recognized on the Polish business in 2009. Furthermore, higher expenses for bad debt allowances were recorded in the prior year due to the repercussions of the financial crisis.

The financial result fell by EUR 5.6m to EUR 52.8m due to various special non-cash effects. Significant factors are the reclassification of hedge results previously recognized directly in equity and one-time discounting expenses in connection with the repayment of loans. These burdens were cushioned by income from changes in the present value of non-hedge interest rate swaps stemming from corresponding changes in the yield curve. Further comments on the development of the derivatives portfolio are provided on page 133 of the notes to the consolidated financial statements.

In fiscal year 2010, tax burdens and benefits almost offset each other such that the Group's tax rate amounted to 0%. For a detailed reconciliation of the expected and actual tax expense, see page 113 of the notes to the consolidated financial statements.

Net assets

Consolidated statement of financial position In EUR m	31 Dec 2010	31 Dec 2009	Change	
Assets				
Non-current assets				
Intangible assets	529.7	393.3	136.5	34.7%
Property, plant and equipment	213.0	180.9	32.1	17.8%
Tax assets	9.4	31.5	-22.2	-70.3%
Receivables and other assets	10.7	9.1	1.7	18.3%
	762.8	614.7	148.1	24.1%
Current assets				
Receivables and other assets	107.2	68.2	39.0	57.1%
Cash	106.1	57.3	48.9	85.3%
Tax assets	4.2	4.3	-0.1	-1.4%
Inventories	5.1	4.1	1.0	24.2%
	222.6	133.8	88.7	66.3%
Total assets	**985.4**	**748.6**	**236.8**	**31.6%**
Equity and liabilities				
Non-current equity and liabilities				
Equity	296.6	-48.1	344.7	>-100.0%
Debt				
Financial liabilities	426.6	555.9	-129.3	-23.3%
Deferred tax liabilities	61.6	75.6	-13.9	-18.4%
Provisions	36.8	31.9	4.9	15.5%
	525.0	663.4	-138.3	-20.9%
Current liabilities				
Trade payables	67.6	50.9	16.7	32.7%
Financial and other liabilities	70.3	52.2	18.1	34.6%
Provisions	17.5	23.6	-6.2	-26.1%
Income tax liabilities	8.4	6.5	1.9	29.1%
	163.8	133.3	30.5	22.9%
Total equity and liabilities	**985.4**	**748.6**	**236.8**	**31.6%**

Total assets of the Group increased by EUR 236.8m to approximately EUR 1.0b in the reporting period.

On the assets side, both non-current and current assets increased considerably. In terms of non-current assets, this development was driven mainly by the acquisitions in Turkey and Poland, which triggered an increase in the goodwill recognized and, in the case of Ströer Kentvizyon, capitalized advertising concessions. Current assets grew due to a marked increase in receivables and other assets. The effects from the first-time full consolidations mentioned above intermingled with higher receivables due to the leap in business volume. At the same time, cash grew as a result of improved cash flows from financing activities. Due to the equity received from the IPO, more than 100% of non-current assets are covered by non-current debt and equity with matching terms.

The public listing and the refinancing measures listed in the prospectus also shaped the development of equity and liabilities. The rise in equity is mainly attributable to the increase in capital reserves and the improvement in profit for the period. This meant that the Group disclosed a considerably higher equity ratio of 30.1% for 2010. The cash inflow from the IPO meant that much less non-current debt had to be utilized and was reduced significantly (down 20.9%) due to the repayment of loan tranches.

Financial position

In EUR m	2010	2009
Cash flows from operating activities	30.3	36.1
Cash flows from investing activities	-98.5	-19.5
Free cash flow	-68.2	16.6
Cash flows from financing activities	117.1	-1.9
Change in cash	48.9	14.8
Cash	106.1	57.3

Cash flows from operating activities adjusted for special effects from the IPO increased to EUR 57.7m and were thus 59.8% higher than the prior-year figure. The improvement reflects the marked improvement in the revenue and earnings situation of the entire Group.

Cash flows from investing activities were influenced in particular by the acquisitions in Turkey and Poland in 2010. Adjusted for these acquisition effects, cash flows from investing activities came to EUR 25.5m. Cash paid for investments in non-current assets were thus some EUR 6m higher than in the prior year and contained for the first time investment amounts for our future premium billboard and out-of-home-channel projects, as well as capacity-increasing investments in the Turkish growth market.

In June 2010 we brought the existing non-current debt financing into line with our financing needs as well as the improved state of the capital market. Overall, we were able to reduce higher interest-bearing loan tranches in Germany and Turkey by some EUR 150m. We not only repaid a tranche of EUR 75m and some 50% of our subordinated loan (EUR 21m) in Germany but also paid off Ströer Turkey's EUR 51m loan from a foreign bank.

At the same time we secured better conditions for the renegotiated syndicated loan, which comprises a EUR 395m loan and a EUR 62.5m working capital facility. Major aspects of the renegotiations were the extension of the term until 30 June 2014, less collateral, fewer loan covenants and a margin grid. This margin grid ranges from 325 basis points (bp) and 400 bp, and stood at 375 bp as of 31 December 2010. The financial covenants are common for the market and now only apply to two key performance indicators (KPIs). For a more detailed presentation of debt financing instruments, see page 128 of the notes to the consolidated financial statements for comments on financial liabilities and page 139 for comments on other financial obligations.

In EUR m		31 Dec 2010	31 Dec 2009	Change	
(1)	Non-current financial liabilities	426.6	555.9	-129.3	-23.3%
(2)	Current financial liabilities	39.2	26.5	12.7	47.8%
(1)+(2)	Total financial liabilities	465.7	582.4	-116.7	-20.0%
(3)	Derivative financial instruments	39.5	29.8	9.8	32.8%
(1)+(2)-(3)	Financial liabilities excl. derivative financial instruments	426.2	552.6	-126.4	-22.9%
(4)	Cash	106.1	57.3	48.9	85.3%
(1)+(2)-(3)-(4)	Net debt	320.1	495.4	-175.3	-35.4%

The Group's net debt fell by 35.4%. This considerable decrease is chiefly due to the repayment of individual loan tranches described above and the increase in free cash flow. The dynamic debt-to-equity ratio, defined as net debt divided by operational EBITDA, fell significantly from 5.0 to 2.5; assuming the acquisitions made in Turkey, Poland and Germany had been included in the consolidated financial statements for the whole of 2010, the ratio would fall to just 2.4.

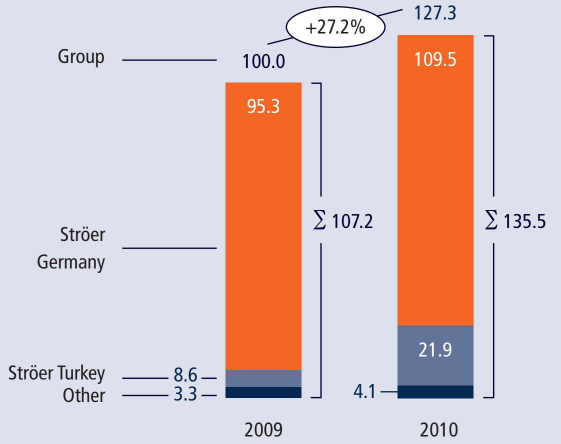
Key information for management purposes

We manage our Group using internally defined ratios to ensure sustainable development. A group-wide reporting structure at all subsidiaries ensures that we keep abreast of the value added of all group entities and of the Group. At the same time, this helps us ensure that we observe the covenants set by our lenders.

We are meeting strict capital market requirements with our detailed and transparent quarterly reports as well as through extensive reporting in the consolidated financial statements and combined management report. In this way, our owners and potential investors can find out about the Group's situation at any time.

Development of operational EBITDA

In EUR m



Key performance indicators for the Group are revenue, operational EBITDA and net debt. We believe that operational EBITDA gives the best insight into the sustainable development of earnings of our Group as it excludes one-time effects in expenses and income. The one-time effects that we eliminate to determine operational EBITDA and their impact are disclosed on page 131 of the notes to the consolidated financial statements.

Operational EBITDA of the Group and the individual segments breaks down as follows:

In EUR m	2010	2009	Change	
Group	127.3	100.0	27.2	27.2%
Ströer Germany	109.5	95.3	14.2	14.9%
Ströer Turkey	21.9	8.6	13.3	>100.0%
Other	4.1	3.3	0.8	25.4%

Results of operations of the segments

We manage our activities on the basis of the three segments, Germany, Turkey and Other, which is where our operations in Poland and the western European giant poster market are brought together. A detailed presentation of the segments and product groups is provided on page 130 of the notes to the consolidated financial statements.

Ströer Germany

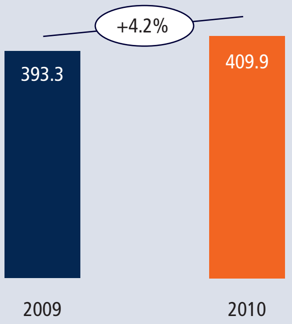
In EUR m	2010	2009	Change
Revenue	**409.9**	**393.3**	**4.2%**
Billboard	179.0	174.0	2.9%
Street furniture	113.6	108.6	4.7%
Transport	72.0	68.0	6.0%
Other	45.2	42.7	5.9%
Operational EBITDA	**109.5**	**95.3**	**14.9%**

The Ströer Germany segment closed fiscal year 2010 with a revenue gain of 4.2% year on year. All product groups contributed roughly equally to this pleasing development. Billboards, the product group with the highest share of revenue, had more premium products, such as Mega-Lights, and improved its capacity utilization of the portfolio. In the street furniture product group, we benefitted primarily from volume effects due to the increase in the number of our advertising media as well as an improvement in their utilization. The transport product group's development was driven in particular by rapidly increasing revenue from digital advertising media. The "Other" advertising media product group saw its revenue increase on the back of the higher number of nationwide campaigns using our advertising media, which were supplemented by media from other providers here and there. We disclose the margin that remained in the Group as revenue from these campaign purchases.

In 2010, we benefitted not only from our sales efforts at a national and regional level but also from strict cost management. The more intense marketing of premium and multiscreen advertising media did not increase the cost of sales to the same extent and thus formed the basis for the considerable improvement in gross profit. This effect was reinforced by the advantages of economies of scale at sites where rental payments are not linked to utilization. The expansion in business volume was achieved through the targeted use of efficiency potential without causing a notable increase in sales and administration overheads. This enabled us to boost the operational EBITDA margin by 2.5 percentage points to 26.7% (prior year: 24.2%).

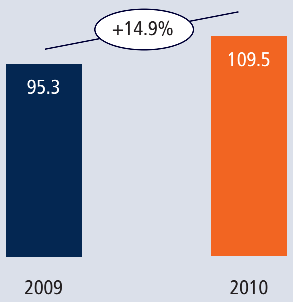
Development of revenue at Ströer Germany

In EUR m



Development of operational EBITDA at Ströer Germany

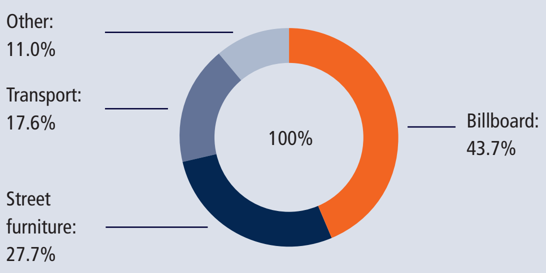
In EUR m



Investments at the start of the year were at a comparatively low level due to inventories on hand being used and the organization being focused on the IPO. In the second half of the year, by contrast, investment activity picked up, with a focus on replacement and expansion investments as well as setting our growth projects (premium billboards and out-of-home channel) into action; this saw operating investments (excluding share purchases) rise to EUR 16.9m (prior year: EUR 13.8m).

Product groups as a percentage of revenue at Ströer Germany

2010



Ströer Turkey

In EUR m	2010	2009	Change
Revenue	**68.6**	**33.5**	**> 100.0%**
Billboard	46.8	23.3	> 100.0%
Street furniture	20.5	9.2	> 100.0%
Transport	1.3	0.9	37.0%
Operational EBITDA	**21.9**	**8.6**	**> 100.0%**

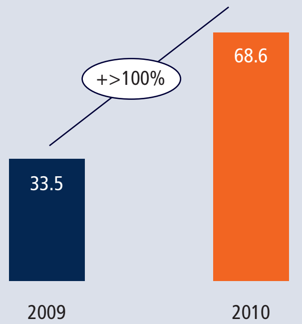
The development of the Ströer Turkey segment was mainly shaped by the strong upswing in the media industry. Additional growth was due to the first-time full consolidation of the subgroup as a result of us having increased our shareholding in Ströer Kentvizyon to 90% at the start of September 2010. To improve comparability, the table below shows revenue and earnings as if the subsidiary had already been fully consolidated as of 1 January 2009:

In EUR m	2010	2009	Change
Revenue	99.1	67.0	47.9%
Operational EBITDA	28.7	17.3	66.1%

The appreciation of the Turkish lira against the euro led to positive exchange effects in 2010. Adjusted for currency effects, revenue in the fiscal year came to EUR 91.5m, which corresponds to a rate of organic growth of 36.4%. Revenue growth was driven by considerably more lively business in the street furniture and billboard product groups (up 62% and 44%, respectively). From a regional perspective, sales focused particularly on Istanbul and the other major cities. Besides improvements in capacity utilization, some price increases were able to be made in the market for certain products and in certain regions.

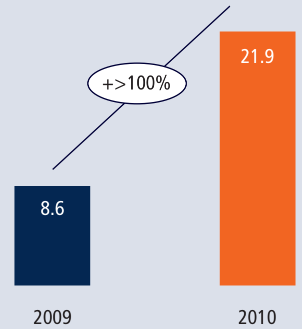
Development of revenue at Ströer Turkey

In EUR m



Development of operational EBITDA at Ströer Turkey

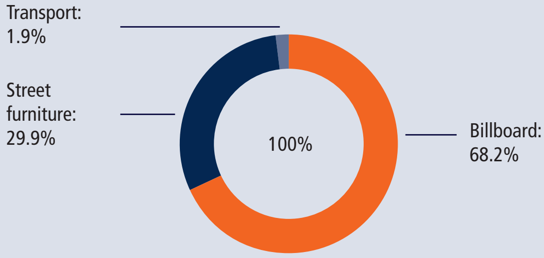
In EUR m



Positive effects from the economies of scale were also noticeable in the Turkish business and led, due among other things to the high share of sites subject to fixed rental agreements, to a steeper increase in gross profit and to a corresponding improvement in the gross profit margin as a percentage of revenue. The resulting financial advantages were only partially offset by higher overhead costs. The latter resulted from higher personnel expenses due to performance-related remuneration and the hiring of additional staff in preparation for the anticipated rise in the business volume. Overall, operational EBITDA ballooned by more than 66%, producing an operational EBITDA margin of 28.9% (prior year: 25.8%).

Product groups as a percentage of revenue at Ströer Turkey

2010



Based on the strategy of increasing the quality and extent of our reach in Turkey, we made investments in street furniture and billboards totaling EUR 12.4m (prior year: EUR 10.2m). We also benefitted in this regard from the investments made in our advertising media portfolio during the years of crisis, which, together with the considerable improvements in utilization, facilitated the revenue growth.

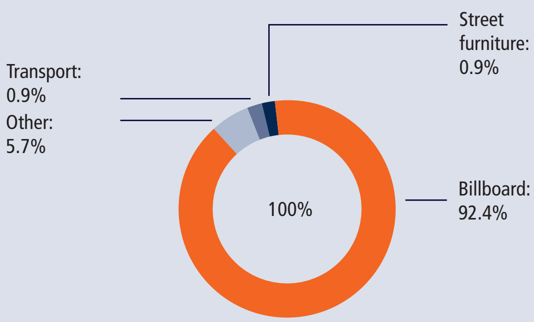
Other

In EUR m	2010	2009	Change
Revenue	**52.9**	**43.1**	**22.6%**
Billboard	48.9	41.2	18.7%
Street furniture	0.5	0.3	39.4%
Transport	0.5	0.5	1.2%
Other	3.0	1.1	>100.0%
Operational EBITDA	**4.1**	**3.3**	**25.4%**

The positive development in the "Other" segment is mainly due to the giant poster activities in the blowUP division, which resumed their growth course once the financial crisis had subsided. The subsidiaries in the UK and Spain contributed in particular to this development. Based on our calculations, the group entities' market shares were gradually expanded in all of our German and foreign markets. This led to revenue growing by almost a third and operational EBITDA even growing ahead of revenue. This earnings development was also reflected in the development of margins, which in terms of operational EBITDA were in the double-digits once again.

Product groups as a percentage of revenue in the segment Other

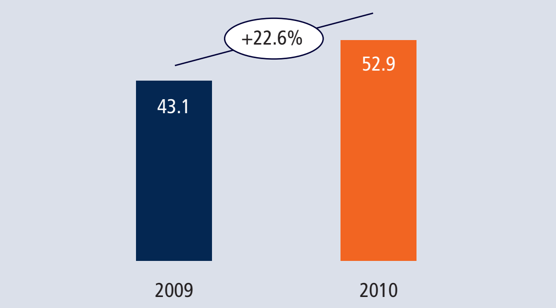
2010



The Polish business also managed to increase revenue but this was due exclusively to consolidation effects and advantageous exchange rates. The high competitive pressure triggered by the previously fragmented market continued to lead to negative price effects in the fiscal year, which were unable to be cushioned by good utilization rates. Operational EBITDA and the related return on sales therefore did not yet show any improvement.

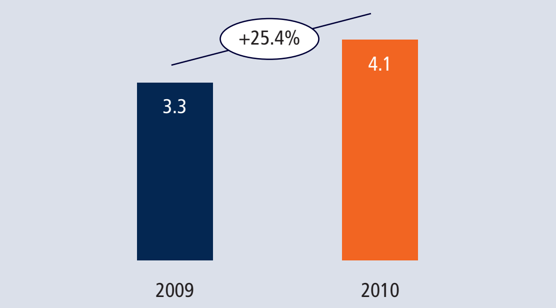
Development of revenue in the segment Other

In EUR m



Development of operational EBITDA in the segment Other

In EUR m



Our investments (excluding financial assets and share purchases) in the “Other” segment amounted to EUR 1.1m in 2010, following EUR 2.0m in the prior year.

Ströer Out-of-Home Media AG

The management report of Ströer Out-of-Home Media AG and the group management report for fiscal year 2010 have been combined pursuant to Sec. 315 (3) HGB ["Handelsgesetzbuch": German Commercial Code] in conjunction with Sec. 298 (3) HGB. The separate financial statements and the combined management report for the Company and the Group are published at the same time in the *elektronischer Bundesanzeiger* [Electronic German Federal Gazette].

The provisions of the BilMoG ["Bilanzrechtsmodernisierungsgesetz": German Accounting Law Modernization Act] were applied for the first time in fiscal year 2010. We made use of the exemption offered under the BilMoG and have not restated the prior-year figures. First-time application of the BilMoG as of 1 January 2010 affected retained earnings.

Description of the Company

Ströer Out-of-Home Media AG operates as the holding company. It exclusively performs group management duties and renders administrative and other services for the Group. These include in particular finance and group accounting, corporate and capital market communication, IT services, group financial control and risk management, research and development as well as the legal and compliance and corporate development functions.

The following figures and comments relate to the separate financial statements of Ströer Out-of-Home Media AG which were prepared in accordance with the provisions of the HGB and the AktG ["Aktiengesetz": German Stock Corporation Act].

Results of operations

In EUR k	2010	2009
Other operating income	18,940	11,186
Personnel expenses	-13,606	-9,723
Amortization, depreciation and impairment of intangible assets and property, plant and equipment	-1,340	-1,252
Other operating expenses	-20,571	-11,508
Income from equity investments	0	19,546
Income from profit and loss transfer agreements	39,377	0
Income from loans classified as non-current financial assets	2,510	393
Impairment losses on financial assets	-187	-5,879
Financial result	-4,716	-5,369
Result from ordinary activities	**20,408**	**-2,606**
Extraordinary result	-16,217	0
Income taxes	-24,815	-60
Other taxes	-34	-33
Income from loss absorption	0	155
Profits transferred under a partial profit and loss transfer agreement	-748	0
Loss for the period	**-21,406**	**-2,545**
Profit carryforward	61,731	64,279
Accumulated profit	**40,325**	**61,734**

The result from ordinary activities increased year on year by EUR 23.0m to EUR 20.4m, which was chiefly due to the increase in income from the profit and loss transfer agreement with Ströer Media Deutschland GmbH (EUR 39.4m; prior year: income from equity investments of EUR 19.5m), the increase in other operating income (EUR 7.8m), the decrease in impairment losses on financial assets (EUR 5.7m) and the increase in income from loans classified as non-current financial assets (EUR 2.1m).

This was contrasted by increases in other operating expenses (EUR 9.1m) and personnel expenses (EUR 3.9m) compared to the prior year. Due to the higher income taxes (up EUR 24.8m on the prior year) and extraordinary expenses (up EUR 16.2m on the prior year), which were incurred in connection with the IPO, the loss for the period rose by EUR 18.9m to EUR 21.4m. We have provided key explanations to the abovementioned items below.

Other operating income is largely due to income from the provision of group services. The year-on-year rise mainly stems from the fact that Ströer Media Deutschland GmbH's IT department was taken over as of fiscal year 2010 and IT service allocations of EUR 7.5m were charged on for the first time.

The rise of EUR 3.9m in personnel expenses compared with a year earlier is due, in particular, to the internal transfer of IT staff from Ströer Media Deutschland GmbH and bonuses in connection with the IPO.

Other operating expenses mainly contain expenses charged on to affiliates, legal and consulting fees, IT expenses, rent and other administrative expenses, product development costs and travel expenses. The rise in other operating expenses is largely attributable to consulting fees from the IPO in the fiscal year, the costs incurred by Ströer Out-of-Home Media AG for the first time for the IT department (which was transferred from Ströer Media Deutschland GmbH to Ströer Out-of-Home Media AG and whose expenses are charged on to affiliates) and development costs.

Income from profit and loss transfer agreements of EUR 39.4m (prior year: income from equity investments of EUR 19.5m) relates to the profit transferred by Ströer Media Deutschland GmbH for fiscal year 2010. Ströer Out-of-Home Media AG concluded a profit and loss transfer agreement with Ströer Media Deutschland GmbH effective as of 1 January 2010. Ströer Media Deutschland GmbH had previously undergone a change in legal form from a GmbH & Co. KG [German limited commercial partnership with a GmbH as general partner] to a GmbH [German limited liability company]. For this reason the income received from Ströer Media Deutschland GmbH was disclosed under income from equity investments in the prior year.

Impairment losses on financial assets relate to write-downs of equity investments. These only led to marginal expenses in the reporting period, which explains the considerable improvement by EUR 5.7m in this item compared with the prior year.

The rise of EUR 2.1m in income from loans classified as non-current financial assets is mainly due to the new loans granted to Turkish and Polish subsidiaries in fiscal year 2010.

The interest expenses of EUR 5.1m (prior year: EUR 5.5m) were largely due to the interest on two floating-rate subordinated loans, which, however, were partially repaid after the Group went public.

The rise in income taxes to EUR 24.8m (prior year: EUR 0.1m) is mainly due to the first-time recognition of a net liability position for deferred taxes. These deferred taxes stemmed from two material effects. On the one hand, due to the initial application of the BilMoG, a deferred tax liability had to be recognized for the first time on the quasi-permanent difference between the carrying amount of the investment in Ströer Media Deutschland GmbH in the commercial and the tax accounts. At the same time, Ströer Media Deutschland GmbH was transformed into a corporation effective 1 January 2010 and the portion of the deferred tax liability relating to trade tax had to be recognized in profit or loss. On the other hand, due to the tax group in place, all deferred taxes had to be recognized at the level of the tax group parent.

Extraordinary expenses of EUR 16.2m relate to the cost of the IPO.

Net assets and financial position

In EUR k	2010	2009
Assets		
Non-current assets		
Intangible assets and property, plant and equipment	3,545	3,185
Financial assets	417,395	208,688
	420,939	**211,873**
Current assets		
Receivables and other assets	49,537	26,507
Cash and bank balances	42,772	741
	92,309	**27,248**
Prepaid expenses	**611**	**153**
Total assets	**513,859**	**239,274**
Equity and liabilities		
Equity	**381,436**	**114,954**
Provisions		
Tax provisions	3,251	6
Other provisions	8,286	12,904
	11,537	**12,910**
Liabilities		
Liabilities to banks	10,845	32,986
Trade payables and other liabilities	13,318	16,765
Liabilities to affiliates	75,220	61,659
	99,383	**111,410**
Deferred tax liabilities	**21,502**	**0**
Total equity and liabilities	**513,859**	**239,274**

Ströer Out-of-Home Media AG's total assets increased by EUR 274.6m year on year, coming to EUR 513.9m at year-end (prior year: EUR 239.3m).

The rise in total assets is mainly attributable to a EUR 208.7m rise in financial assets to EUR 417.4m and to a rise in current assets of EUR 65.1m to EUR 92.3m.

The rise in financial assets is due in part to the increase in the carrying amount of the investment in Ströer Media Deutschland GmbH by EUR 75m following Ströer Out-of-Home Media AG's contribution to Ströer Media Deutschland GmbH's capital reserves. Furthermore, the carrying amount of the investment in Ströer Kentvizyon Reklam Pazarlama A.S. (Ströer Kentvizyon), Istanbul, Turkey, increased by EUR 55m to EUR 71m following the acquisition of an additional 40% of its shares. Due to the share acquisition, the 50% stake in Ströer Kentvizyon which was reported under equity investments in the prior year was reclassified to shares in affiliates. In fiscal year 2010, additional loans to finance acquisitions and repay bank loans were granted to Ströer Kentvizyon (EUR 52.5m) and Ströer Polska Sp. z.o.o., Warsaw, Poland (EUR 26.2m), respectively.

With regard to current assets, receivables from affiliates increased by EUR 25.4m to EUR 45.5m compared with the prior year, which was mainly attributable to the increase in profit to be transferred by Ströer Media Deutschland GmbH.

As a result of the cash inflow from the IPO, bank balances rose by EUR 42.0m to EUR 42.8m.

The increase in total equity and liabilities in the statement of financial position was largely due to the rise in equity of EUR 266.5m and in deferred tax liabilities of EUR 21.5m. The EUR 12.0m decrease in liabilities and the EUR 1.4m decrease in provisions had the opposite effect on total equity and liabilities.

Equity amounted to EUR 381.4m following the allocation of funds from the share placement and the deduction of the loss for the period of EUR 21.4m. This corresponds to an equity ratio of 74.2% (prior year: 48.0%).

The year-on-year decrease in provisions of EUR 1.4m is mainly due to two effects. While utilization of provisions for management bonuses led to a decrease of EUR 4.6m in other provisions, the allocation of EUR 3.2m to the tax provisions had the opposite effect on provisions.

The reduction in liabilities mainly stems from loan repayments of EUR 22.1m. By contrast, liabilities to affiliates increased by EUR 13.6m, which was due, in particular, to an increase in liabilities from the Group's cash pooling, which Ströer Out-of-Home Media AG manages.

The Company was in a position to meet its financial obligations at all times during the fiscal year.

Anticipated development of the Company

Due to its role as group parent, the anticipated development of Ströer Out-of-Home Media AG depends on the development of the Group as a whole. Based on the Group's forecast development of results of operations for 2011 and 2012 presented under "Forecast" (page 68), we assume that the subsidiaries will generate higher earnings contributions and Ströer Out-of-Home Media AG will at least break even in the years thereafter.

Other notes

The report prepared by the board of management in accordance with Sec. 312 AktG includes the legal transactions conducted between 1 January and 13 July 2010. The report concludes as follows:

"Ströer Out-of-Home Media AG received appropriate consideration for all legal transactions in the report on relationships with affiliates. This assessment is based on the circumstances known on the date the reportable transactions were conducted. No reportable measures were taken or not taken."

Share

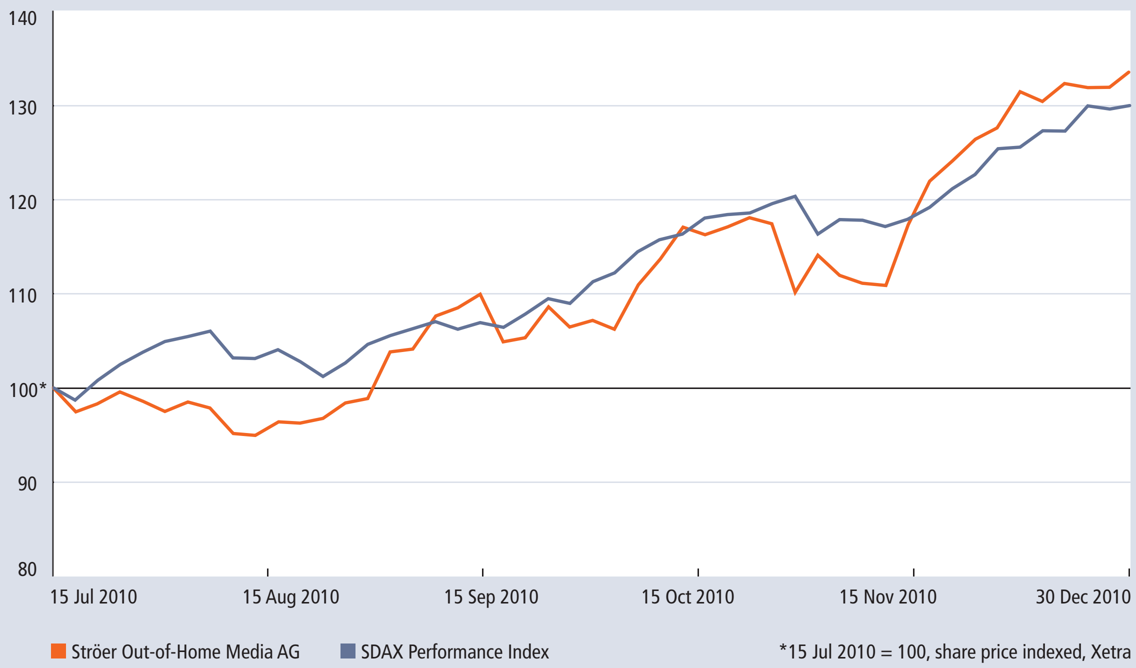
IPO and the share price

Ströer Out-of-Home Media AG went public on 15 July 2010 and was one of 14 companies to do so in Germany in 2010. Despite the capital market environment being less than easy at the time of the IPO, demand for our share exceeded the issue volume even at the upper end of the price range in the book building process. To ensure a varied and internationally balanced shareholder structure, the Company set the issue price at EUR 20.00 per share, at the approximate mid-range between EUR 17.00 and EUR 24.00. With a total issue volume of EUR 370.92m, the Ströer IPO was the third largest in Germany in 2010.

The first price set on the day Ströer stock was admitted to trading on the Frankfurt Stock Exchange stood at EUR 20.60. Following a sideward movement just under the issue price in the first few weeks after listing, the share rose continuously from the start of September 2010. On 30 December 2010, the last trading day of the year, it peaked for the year at EUR 26.74. Up almost 34% against the issue price of 15 July 2010, the share outperformed the SDAX (up 30%) in the comparative period.

The Ströer share compared with the SDAX

Source: Deutsche Börse Group



Stock exchange listing, market capitalization and trading volume

Ströer Out-of-Home Media AG meets the international transparency requirements for listing in the Prime Standard.
On 3 September 2010, Deutsche Börse's Stock Indices Working Group decided, as part of an ordinary adjustment, to include the Ströer share in the SDAX effective 20 September 2010. Based on the closing price for our share, market capitalization at year-end came to EUR 1.13b. The average trading volume was 102,665 shares per day in the reporting period, bearing in mind that the stock was very liquid in the first few days of trading after the IPO. Based on the all-important criteria for the composition of the index, Ströer Out-of-Home Media AG ranked 5th at the end of February 2011 in terms of market capitalization and 11th in terms of market turnover. It is therefore a potential candidate for inclusion in the MDAX.

Analysts' coverage

Analysts at our syndicate banks, Morgan Stanley, J.P. Morgan, West LB, Crédit Agricole Chevreux and Commerzbank, followed our progress from the time of our public offering. Coverage was increased considerably in the months to follow, with four institutions, Goldman Sachs, Berenberg Bank, BHF-Bank and Close Brothers Seydler Research, joining them. By the end of 2010, nine teams of analysts had published studies on our Company. In 2011, Deutsche Bank, LGT and Citigroup were also covering our progress. Based on current analyst assessments, ten of the analysts are giving a "buy" or "overweight" recommendation and two say "hold."

Shareholder structure

19.67 million bearer shares were placed in the IPO, of which 13.75 million were attributable to the capital increase, approximately 4.16 million to an option exercised by the financial investor Cerberus and approximately 1.79 million to shares loaned out by existing shareholders under a greenshoe option. The greenshoe was finally exercised for 640,000 shares on 12 August 2010 and, by resolution of the board of management dated 13 August 2010, these shares were issued from a capital increase using approved capital. The total number of Ströer shares issued now comes to 42,098,238.

CEO Udo Müller holds 28.12%, supervisory board member Dirk Ströer holds 28.33% and CFO Alfried Bührdel and board of management member Dirk Wiedenmann together hold around 0.1% of Ströer Out-of-Home Media AG shares. Udo Müller, Dirk Ströer and Alfried Bührdel agreed to a lock-up period of 12 months as part of the IPO. 43.44% of shares are in free float.

Institutional investors holding our shares in their funds are registered in the US, the UK and Germany. According to the information available to the Company, Franklin Templeton Group, Tiger Global, BlackRock and TIAA-CREF each hold more than 3% of the voting rights in Ströer Out-of-Home Media AG.

Investor relations

The aim of our investor relations work is to create trust and sustained shareholder value through transparent and continuous communication with the capital market. Since going public we have continuously expanded and stepped up our relationships with investors and analysts. The board of management and the investor relations team of Ströer Out-of-Home Media AG regularly present business performance and corporate strategy at roadshows and capital market conferences, which take place in Germany, the UK, France, the Benelux and Scandinavian countries, Switzerland and the US. In addition, we announce the publication of our financial reports in telephone conferences, at individual meetings at our Cologne head office and via special press releases and media work.

The internet is another mainstay of our corporate communication. At www.stroeer.de/investor relation we report promptly and extensively on developments in the Group and make all the relevant documents available there. These include financial reports, a financial calendar, press releases and ad hoc reports as well as other mandatory reports. Presentations from investor conferences or roadshows are always made available for download on the same day they take place. Conference calls in connection with the publication of our financial reports are streamed live to our website and can also be downloaded as an audio webcast.

Key data for Ströer Out-of-Home Media AG stock

Capital stock	42,098,238 EUR
Number of shares	42,098,238
Class	Bearer shares of no par value (share in capital stock of EUR 1.00 per share)
ISIN	DE0007493991
SIN	749399
Stock ticker	SAX
Reuters	SAXG.DE
Bloomberg	SAX:GR
Market segment	Regulated market
Transparency level	Prime Standard
Sector	DAXsector All Media (Performance)
Index	SDAX
First listing	15 July 2010
Designated sponsors	J.P. Morgan, Morgan Stanley
Closing price 2010 (30 December)*	26.74
Highest price 2010 (30 December)*	26.74
Lowest price 2010 (11 August)*	18.91

* Closing price in Xetra in EUR

Declaration of compliance and corporate governance report

Declaration of compliance

Corporate governance has long been of great importance for the board of management and the supervisory board of Ströer Out-of-Home Media AG. It helps us ensure responsible and transparent management and control of the Company and divisions of the Ströer Group. The board of management and supervisory board submitted the following declaration of compliance in March 2011. The declaration is permanently available to our shareholders on our website:

The board of management and the supervisory board of Ströer Out-of-Home Media AG declare pursuant to Sec. 161 AktG:

Since its initial listing on the Frankfurt Stock Exchange on 15 July 2010, Ströer Out-of-Home Media AG has complied with the recommendations made by the government commission on the German Corporate Governance Code (GCGC) as amended on 26 May 2010 and will continue to comply with them in the future with the following exceptions:

- Contrary to the recommendation in 3.8 GCGC, no deductible was agreed upon in the D&O insurance policies for the members of the board of management, the supervisory board and executive employees. In our opinion, a deductible for supervisory board members would impair the interest and willingness of suitable individuals in remaining on or becoming active for the supervisory board of Ströer Out-of-Home Media AG.
- Contrary to the recommendation in 4.2.3 (4) sentence 1 GCGC, in the context of changes to board of management contracts, payments to members of the board of management were not limited to two years' remuneration in the event of early termination without good cause of the board of management position.
- For the members of the board of management, who were all under 50 at the time of submitting the declaration, there is no age limit, contrary to the recommendation in 5.1.2 GCGC. In view of the existing age structure of our board of management and the term of their employment contracts, an age limit is not necessary at present.
- Contrary to the recommendation in 5.3.3 GCGC, the supervisory board has not established a nomination committee in addition to the existing audit committee because Ströer does not need a special committee to appoint shareholder representatives as candidates given the fact that employees are not represented on the supervisory board.
- Contrary to the recommendation in 5.4.1 GCGC, there is no age limit for members of the supervisory board because Ströer does not want to do without the experience and competence of older members of the supervisory board.
- Contrary to the recommendation in 5.4.6 GCGC, the members of the supervisory board only receive fixed remuneration and no performance-based remuneration because offering only fixed remuneration is the best way of ensuring the necessary independence for the supervisory board's control function.
- Ströer published the half-year financial report 2010 and the interim report for the third quarter of 2010 within the legally prescribed period but not within the period recommended in 7.1.2 GCGC. In view of the time required to carefully prepare the consolidated financial statements and the interim reports, Ströer was not in a position to make the publication any sooner after the IPO.
- The board of management and the supervisory board believe considering diversity when appointing the board of management, the supervisory board and executive employees to be an obligation to society, which is simultaneously in the best interests of the Company. The board of management and a working group of the supervisory board have drawn up targets and measures for diversity, which will be presented to the supervisory board at its meeting on 8 April 2011 together with a proposed resolution for their adoption. In the reporting period, however, we did not yet comply with the relevant recommendations in 5.4.1, 5.1.2 and 4.1.5 GCGC.

Cologne, 21 March 2011

On behalf of the supervisory board

Prof. Dr. h.c. Dieter Stolte

On behalf of the board of management

Udo Müller

Key corporate governance practices

Risk management

Good corporate governance involves a responsible approach to risks to the Company's business activities. Ströer identifies and regularly monitors all significant risks using a systematic risk management system and takes corrective measures where appropriate. The board of management and supervisory board receive regular reports on risk management surveys and analyses. The early warning system for the detection of risk installed by the board of management is assessed by the auditor of the financial statements within the scope of the statutory audit of the financial statements. See the opportunities and risks section for more information on the risk management system.

Internal control system

The Company ensures the appropriateness of the accounting system using an internal control system. For more information on this control system, see from page 63 in the opportunities and risks section. Compliance with the law and internal guidelines is ensured by a compliance organization under the umbrella of the central legal department. Its main focus is ensuring that data protection and antitrust regulations are adhered to and upstanding business practices observed. Preventive measures include making employees aware of these issues and providing them with information and advice.

Transparency and communication

Transparency is integral to good corporate governance. In this context, ensuring that all target groups receive the same information at the same time is vital. We use a variety of communication channels to provide detailed and up-to-date information on our Company's current situation. We publish press releases and annual and quarterly reports on our website www.stroeer.de along with our detailed financial calendar which is updated regularly as well as various other communications such as ad hoc announcements, voting right announcements and information on directors' dealings. All significant documents are available in German and English.

Audit of the financial statements and independence of the auditor

The consolidated financial statements of Ströer Out-of-Home Media AG are prepared in accordance with International Financial Reporting Standards (IFRSs); the separate financial statements of Ströer Out-of-Home Media AG are prepared in accordance with the HGB ["Handelsgesetzbuch": German Commercial Code]. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Cologne, was engaged by the Company's shareholder meeting to audit the consolidated and separate financial statements for fiscal year 2010. It was contractually agreed with Ernst & Young that the chairman of the audit committee would be informed of any possible material findings and events arising during the audit. There were no such findings or events. Before the audit work began, the supervisory board obtained a comprehensive independence declaration from the auditor. This declaration states that the auditor has no business, financial, personal or other relations that could cast doubt on its independence.

Ad hoc announcements

The ad hoc announcements published in fiscal year 2010 pursuant to Sec. 15 WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] are available on Ströer Out-of-Home Media AG's website. The annual document required by Sec. 10 WpPG ["Wertpapierprospektgesetz": German Securities Prospectus Act] contains a detailed list of all capital market-relevant information published in the reporting period and is available on our website.

Work of the board of management and supervisory board

Cooperation between the board of management and the supervisory board

Ströer Out-of-Home Media AG is registered as a corporation under German law. In the interests of the Company and its shareholders, the board of management works closely with the supervisory board to ensure sustainable added value is generated. Both bodies have separate management and monitoring functions.

Board of management

The board of management is responsible for managing the Company and currently comprises three members appointed by the supervisory board. The board of management defines the Company's goals, develops its fundamental strategy, consults on the same with the supervisory board and carries out the underlying transactions. The board of management regularly and comprehensively keeps the supervisory board informed about the Company's current situation and business performance, including all relevant developments, strategic development, business planning and risk management. It is responsible for the preparation of the quarterly financial reports, half-year financial reports and annual financial statements which it distributes to and discusses with the supervisory board prior to publication. Unless otherwise provided in the articles of incorporation and bylaws or rules of procedure, the board of management passes resolutions by simple majority of the votes cast. The board of management's rules of procedure specify certain significant transactions which require the prior approval of the supervisory board. The individual members of the board of management collectively bear overall responsibility. Within the scope of resolutions made by the board of management, the members of the board bear sole responsibility for the operations under their management. The work of the members of the board of management is coordinated by the chairman of the board.

Supervisory board

The supervisory board appoints the board of management, advises it on the management of the Company and monitors its management of the Company. The supervisory board is directly consulted on all decisions of fundamental importance for the Company. The members of the supervisory board are appointed by the shareholder meeting. The supervisory board of Ströer Out-of-Home Media AG comprises six members. The supervisory board elects a chairman and deputy chairman from among its members. The chairman of the supervisory board coordinates the work of the board. Unless otherwise provided for by law, resolutions of the supervisory board require the simple majority of the votes cast. In the event of a tied vote, the chairman casts the deciding vote. The supervisory board has a quorum if at least three of its members take part in the vote. In its routine efficiency audit, the supervisory board determined that the work of the supervisory board is organized efficiently and that collaboration between the board of management and the supervisory board works very well.

Committees

The board of management has not set up any committees. The supervisory board's rules of procedure require it to set up an audit committee. The audit committee has three members. The chairman of the audit committee, Dieter Keller, regularly reports to the supervisory board on the audit committee's work.

Avoiding conflicts of interest

The board of management and supervisory board are obliged to act in the interest of the Company. In the reporting period, there were no conflicts of interest with members of the board of management or supervisory board which would have had to have been reported immediately to the supervisory board. In the course of its routine efficiency audit, the supervisory board determined that it had a sufficient number of independent members.

D&O insurance

D&O insurance policies have been taken out for all members of the supervisory board and board of management, general managers and executive employees of the Ströer Group. A deductible was agreed upon in the D&O insurance policies for the members of the board of management within the meaning of the VorstAG ["Gesetz zur Angemessenheit der Vorstandsvergütung": German Act on the Adequacy of Management Board Remuneration].

Shareholder meeting

The shareholders exercise their voting rights at the shareholder meeting, with each share entitling the holder to one vote. The annual general meeting of Ströer Out-of-Home Media AG is held within the first six months of each fiscal year. The board of management distributes the separate and consolidated financial statements to the shareholder meeting. The shareholder meeting decides on the appropriation of profit and exoneration of the board of management and supervisory board. It appoints shareholder representatives to the supervisory board, appoints the auditor of the financial statements, resolves amendments to the articles of incorporation and bylaws and decides on significant business measures. The invitation to the annual general meeting as well as the relevant documents and agenda are also published on the Company's website. The Company has set the morning of the 21st day prior to the annual general meeting as the record date for determining those shareholders entitled to vote. Shareholders may also exercise their voting right via an authorized agent of their choice or by proxy appointed by the Company who is bound by instructions.

Shareholdings of the board of management and supervisory board

Dirk Ströer, member of the supervisory board, holds 28.33% of total stock. The other members of the supervisory board do not have any shares. The members of the board of management Udo Müller, Alfried Bührdel and Dirk Wiedenmann hold 28.12%, 0.11% and 0.01%, respectively.

Directors' dealings

In accordance with Sec. 15a WpHG, members of the board of management, supervisory board and other executive employees are required to disclose their trades in Ströer Out-of-Home Media AG stock or any related financial instruments if the value of the purchase or sale reaches or exceeds EUR 5,000 in any one calendar year. This obligation also applies to individuals closely related to the above group. The following announcements on directors' dealings were made in fiscal year 2010:

Name	Reason for announcement	Purchase/ sale/ loan	Date	Place	Number	Price in EUR	Trade volume in EUR
Müller, Udo	Managing board member	Loan	13 Jul 2010	Over the counter	895,312	0.10	89,531.20
Müller, Udo	Managing board member	Purchase	13 Jul 2010	Over the counter	62,500	20.00	1,250,000.00
Ströer, Dirk	Member of administrative or supervisory body	Loan	13 Jul 2010	Over the counter	895,312	0.10	89,531.20
Ströer, Dirk	Member of administrative or supervisory body	Purchase	13 Jul 2010	Over the counter	150,000	20.00	3,000,000.00
Bührdel, Alfried	Managing board member	Purchase	13 Jul 2010	Over the counter	46,180	20.00	923,600.00
Flemmerer, Julia	Spouse or registered partner of a managing board member	Purchase	13 Jul 2010	Over the counter	60	20.00	1,200.00
Riekemann, Dana Marie	Dependent child of a member of an administrative or supervisory body	Purchase	13 Jul 2010	Over the counter	120	20.00	2,400.00
Riekemann, Jil Anna	Dependent child of a member of an administrative or supervisory body	Purchase	13 Jul 2010	Over the counter	120	20.00	2,400.00
Riekemann, Dana Marie	Dependent child of a member of an administrative or supervisory body	Purchase	15 Jul 2010	Xetra	125	19.85	2,481.25
Riekemann, Jil Anna	Dependent child of a member of an administrative or supervisory body	Purchase	15 Jul 2010	Xetra	125	19.85	2,481.25
Wiedenmann, Dirk	Managing board member	Purchase	2 Aug 2010	Xetra	5,000	19.79	98,967.50

Remuneration report

The remuneration report provides information on the structure and amount of remuneration paid to the board of management and supervisory board. The report takes statutory regulations into account along with the recommendations of the German Corporate Governance Code and is a component of the consolidated financial statements.

Remuneration of the board of management

The remuneration of the members of the board of management is determined by the supervisory board and reviewed on a regular basis. In accordance with the provisions of the VorstAG, the supervisory board convened during the fiscal year to discuss the decisions to be made regarding the board of management's remuneration for 2010 and made appropriate resolutions.

In fiscal year 2010, the board of management's remuneration comprised two significant components:

- A fixed basic salary
- Variable compensation linked to the achievement of targets and broken down into:
  – an annual short-term incentive (STI)
  – a long-term incentive (LTI)

The fixed basic salary is a fixed monetary component and is paid out in equal monthly installments. In addition, the Company grants remuneration in kind for which individual members of the board of management are liable to tax.

The variable component for the board of management (STI and LTI) is linked to the performance of the board of management, the Company's performance and its increase in value. Variable compensation is linked to the achievement of business targets.

Business targets in fiscal year 2010 were based on the following metrics:

- Short-term incentive (STI)
  – Cash flows from operating activities
- Long-term incentive (LTI)
  – Ströer value added
  – EBITA growth
  – Share price

The supervisory board set the target for the short-term incentives in 2009 and the targets for the long-term incentives in 2010. The LTI targets span a period of three to four years and carry a greater weighting than the STI targets.

Ströer value added (SVA) (calculation: adjusted EBIT-(WACC x capital employed))

The supervisory board sets the SVA target in December of a given year for the following three fiscal years. If the actual SVA target, accumulated over the respective period of three fiscal years, exceeds the SVA target set by the supervisory board for these fiscal years, the SVA portion of the total LTI is paid out. If the SVA is below target, the LTI is adjusted by the percentage shortfall and paid out. It cannot fall below a value of EUR 0. If the SVA is above target, the LTI is adjusted by the percentage increase and paid out, but only up to a maximum of double the amount.

EBITA growth

The supervisory board sets the EBITA growth target in December of a given year for the following three fiscal years. If the EBITA growth target is achieved at the end of the three years, the EBITA growth portion of the total LTI is paid out. If EBITA growth is below target, the EBITA portion of the LTI is adjusted by the percentage shortfall and paid out. It cannot fall below a value of EUR 0. If EBITA growth is above target, the LTI is adjusted by the percentage increase and paid out, but only up to a maximum of double the amount.

Share price

This LTI component is linked to the development of the Company's share price against the reference price set.

The average price of the Company's stock in November/December of a given fiscal year is used as the reference price. If the average price of the Company's stock reaches the reference share price in the period November/December as at the end of the fourth fiscal year after the cut-off date, the share price portion of the total LTI is paid out. If the reference share price is below target, the share price portion of the LTI is adjusted by the percentage shortfall and paid out. It cannot fall below a value of EUR 0. If the share price is above target, the LTI is adjusted by the percentage increase and paid out, but only up to a maximum of double the amount. However, the Company is entitled to pay compensation for a higher share price development in exceptional cases.

The reference share price to be used as of the first cut-off date, i.e., as of 31 December 2013, is the initial listing price of the Company's stock.

If the Company's situation should deteriorate to such an extent that continuing to grant remuneration to the board of management would be unfair, the supervisory board is authorized to reduce the remuneration to an appropriate amount.

By resolution dated 14 May 2010, the shareholder meeting waived the disclosure of the remuneration paid to each member of the board of management. Total remuneration for fiscal year 2010 is presented in the table below:

In EUR k	Fixed remuneration	STI	LTI	Total
	2,089	773	810	3,672
End of the phantom stock program			1,465	1,465
Total	**2,089**	**773**	**2,275**	**5,137**

End of the phantom stock program

Since 2004, the members of the board of the management have converted a portion of their annual variable compensation into phantom stock. The phantom stock was measured as a percentage of the business value. The contractual arrangements stipulated that the phantom stock program would be terminated in the event of an IPO and the claims under the phantom stock program paid out. The business value taken from Company's initial listing was used to measure the phantom stock. Due to a contractual adjustment made to the vesting conditions in 2010, the Company incurred additional expenses of EUR 1,465k on the basis of the business value on 31 December 2009.

Post-employment benefits for members of the board of management

Benefits granted to the board of management in the event of regular termination

Retirement benefits

The Company agreed on a retirement benefit plan for one member of the board of management in fiscal year 2010. However, these benefit obligations will be fully financed by the member of the board of management as part of a deferred compensation scheme, such that the Company does not incur any additional expenses.

Severance payments

An arrangement has been agreed for two members of the board of management which stipulates that if their employment contract is not extended, they are entitled to their fixed remuneration and variable compensation pro rata temporis for a further six months as a severance payment.

Benefits granted to the board of management in the event of early termination

Severance payments

In the event of early termination, the fixed remuneration and pro rata temporis variable compensation are paid out as a severance payment for the agreed contractual term.

Non-compete clause

Non-compete clauses have been agreed with two members of the board of management. The Company undertakes to pay compensation corresponding to half of the last contract-based remuneration for each full year of the non-compete clause.

Remuneration of the supervisory board

The remuneration paid to the supervisory board is approved by the shareholder meeting. The members of the supervisory board receive fixed basic remuneration which is paid out on a quarterly basis.

Remuneration arrangements until the end of the first quarter of 2010

For the period from the start of the reporting period until the end of the first quarter of 2010, the annual remuneration of each ordinary member of the supervisory board came to EUR 20,000.00. The chairman received EUR 55,000.00.

Remuneration arrangements from the second quarter of 2010

Following a resolution adopted by the shareholder meeting on 10 July 2010, starting from the second quarter of 2010, the remuneration of the supervisory board will total EUR 20,000 p.a. for each ordinary member and EUR 24,000 p.a. for each ordinary member of the audit committee. The deputy chairman of the supervisory board and the chairman of the audit committee will receive remuneration of EUR 36,000 p.a. Following a resolution passed by the shareholder meeting on 2 November 2006, the chairman of the supervisory board receives remuneration of EUR 55,000.

Total remuneration for fiscal year 2010 came to EUR 190,000 (excluding any VAT).

Information required under takeover law

The following information required under takeover law is presented in accordance with Sec. 315 (4) HGB.

Composition of subscribed capital
The capital stock of Ströer Out-of-Home Media AG amounts to EUR 42,098,238.00 and is divided into 42,098,238 bearer shares of no par value. Each share has a nominal value of EUR 1 in capital stock.

Restrictions concerning voting rights or the transfer of shares
Shareholders are not subject to any restrictions concerning voting rights or the transfer of shares.

Investments in capital exceeding 10% of voting rights
Udo Müller holds 28.12% and Dirk Ströer 28.33% of total stock. Both shareholders are resident in Germany. The board of management has not received any notification as required by the WpHG of other investments which exceed 10% of voting rights.

Special rights granting control authority
There are no shares with special rights granting control authority.

Appointment and dismissal of members of the board of management and amendments to the articles of incorporation and bylaws
Pursuant to Sec. 84 AktG, the supervisory board is responsible for the appointment and dismissal of members of the board of management. The composition of the board of management is governed by Art. 8 of the articles of incorporation of Ströer Out-of-Home Media AG. In accordance with Sec. 119 (1) No. 5 AktG, the shareholder meeting decides on amendments to the articles of incorporation and bylaws. More information on the procedure for amendments can be found in Sec. 181 AktG in conjunction with Art. 12 of the articles of incorporation of Ströer Out-of-Home Media AG.

Authorization of the board of management to issue or reacquire shares
Under a resolution approved by the shareholder meeting on 13 July 2010, the board of management is authorized, with the approval of the supervisory board, to issue convertible bonds and/or bonds with warrants of up to a maximum of EUR 11,776k until 12 July 2015. The capital stock of Ströer Out-of-Home Media AG was increased conditionally by a maximum of EUR 11,776k by issuing 11,776,000 new bearer shares of no par value. The purpose of the conditional capital increase is to grant bearer shares of no par value to owners/creditors of convertible bonds and/or bonds with warrants which are being issued as a result of the above resolution.

According to the resolution adopted by the shareholder meeting on 10 July 2010, the board of management of Ströer Out-of-Home Media AG is authorized to acquire treasury shares of up to 10% of capital stock. The authorization expires on 9 July 2015. Use has not been made to date of the option to acquire treasury shares.

Significant agreements entered into by the Company in the event of a change in control as a result of a takeover bid and the ensuing effects
Facility agreement
A facility agreement is in place between Ströer Out-of-Home Media AG and a syndicate of various banks and credit institutions. The syndicate granted the Company a loan of EUR 457.5m and a second loan of EUR 20m which has not been issued yet. The Ströer Group provided the syndicate with collateral as security for the loan in line with market conditions.

Subordinated loans
NRW.Bank AöR and SKB Kapitalbeteiligungsgesellschaft KölnBonn mbH granted the Company subordinated loans of approximately EUR 21m in total.

The provisions in both agreements in the event of a change in control are typical for the market. They do not result in automatic termination but grant the contracting partners the option to terminate in the event of a change in control or trigger the obligation to acquire shares in Ströer Kentvizyon Reklam Pazarlama A.S.

Employment contract for a member of the board of management
The employment contract between the board of management member Dirk Wiedenmann and Ströer Out-of-Home Media AG contains an extraordinary right to termination for Dirk Wiedenmann, under which he may terminate his employment contract giving notice of 12 months in the event of a change in control.

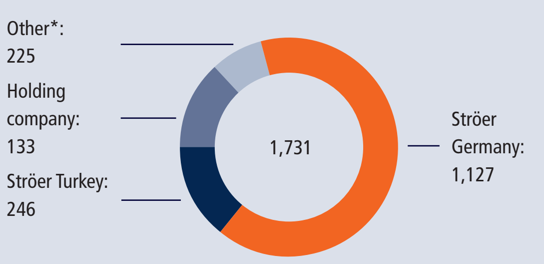
Employees

Ströer pursues sustainable HR policies aligned to the growth strategy of the entire Group. Personnel management tools from talent, performance, training and retention management are based on the employee life cycle (ELC) model. This means that staff can systematically develop their skills and meet the requirements of the Ströer organization and the various markets. Ströer's action and performance-based corporate culture fosters this approach as it is based on equal opportunities and goal achievement and thus creates the right conditions for development.

Headcount
As of 31 December 2010, the Ströer Group had 1,731 employees, including trainees (prior year: 1,587). Headcount increased primarily due to the increase in our shareholding in Turkey and the takeover of News Outdoor Poland in Poland.

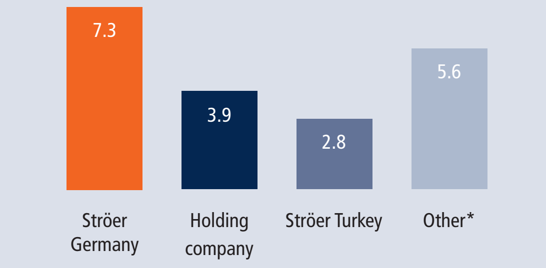
Length of service
As of the reporting date, the employees had been working for an average of 6.2 years for the Ströer Group (Ströer Media Deutschland division: 7.3 years, the holding company: 3.9 years, blowUP Germany: 6.4 years, foreign blowUP entities: 5.3 years, Ströer Poland: 5.2 years, Ströer Turkey: 2.8 years).

Employees by segment
As of 31 Dec 2010



* Other: blowUP and Poland

Average length of service in years
2010



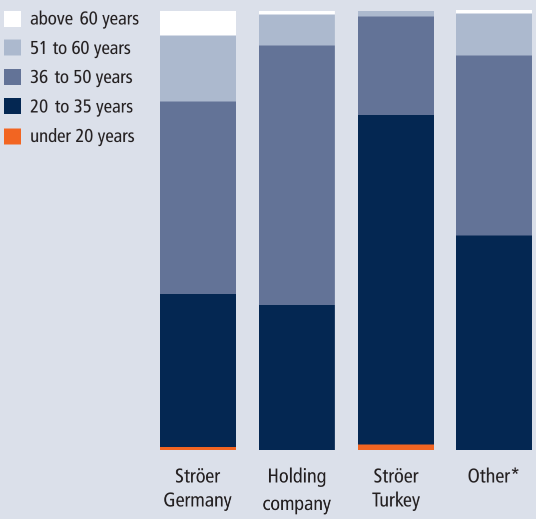
* Other: blowUP and Poland

Age structure

The Ströer Media Deutschland division and the holding company in Germany have a balanced age structure, with one third of staff under the age of 35, one third under 50 and a slightly smaller proportion over 51. blowUP, a relatively new entity, pushes the age structure clearly in favor of the younger generation. In the growth markets Poland and Turkey, the percentage of young employees is over 50%. While around 52% are under 35 in Poland, a good 10% are over 50. The percentage of young employees in Turkey exceeds this value by far and reflects the demographic structure of the country. At Ströer Kentvizyon, more than 75% of employees are under 35 and just 1% over 51. In Turkey, we have a young team working in a young market, which gives the team a special advantage when dealing with our customers' ideas and requests and implementing them.

Age structure

2010 (in %)



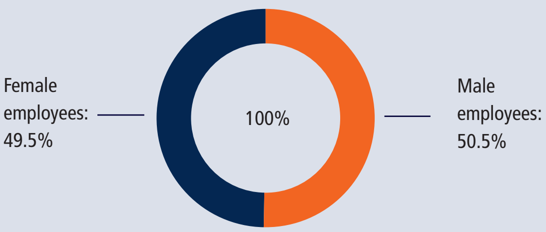
* Other: blowUP and Poland

Gender structure

The percentage of female employees largely reflects the demographic structure. The percentage of women in executive positions across all management levels is over 30%. We will be looking to increase this percentage in the coming years, in particular for higher-level management functions. As regards management development, in particular for higher-level management positions, the percentage of women is already above 40%.

Gender structure

2010



Vocational training

Ongoing training for young people is a firm element of our forward-looking HR policies. In 2010, Ströer provided a total of 30 young talents with qualified training as office assistants, office communication assistants and marketing communications assistants. Nine of these talents completed their vocational training in 2010, of which eight were taken on.

We support student trainees through our cooperations with vocational colleges, subject-specific trainee programs for college graduates and our systematic internship program. Furthermore, many Ströer employees make use of our support services for combined work and study programs.

Further training

The strategic objective of personnel development is to prepare employees for the challenges that lie ahead. Hence, we look to strengthen and extend our employees' range of competencies. Focus here is placed on gearing qualifications to the individual needs of employees and executives. The company-specific competency management system is the basis for this and defines the training building blocks linked to the career paths. Function-specific onboarding programs are a key element in this context. These enable both internal and external employees to gain a swift understanding of specific subject areas.

The process chain requirements analysis, training planning and implementation followed by the transfer of knowledge is based on a combination of an internal trainer team and e-learning building blocks. Executives can also take part in practical training programs designed to transfer the skills required for successful management at each individual level of the hierarchy. Specialist seminars geared toward building on the specialist subject knowledge required round off the further training program. Overall, around 850 training events were initiated in the reporting period. These included seminars, web-based learning along with workshops, coaching sessions and presentation rehearsals. As part of its training strategy, Ströer cooperates with a number of colleges and universities to ensure the transfer of knowledge from colleges.

Research and development

Our research and development (R&D) work is based on the basic idea of designing highly attractive, innovative and production-effective street furniture and advertising media. Ströer AG has its own R&D operations where it builds its own prototypes and develops advertising media. Our ultimate goal is to align our claim to high quality, high-performance and design-oriented products and technologies with the advantages of the best possible cost structure.

As a leading provider of out-of-home advertising, we are constantly striving to develop modern designs and exhaust the optimization potential of existing products. By extending our product range with digital and interactive media, we can take the needs of qualified mobile target groups into account. In order to achieve cross-product standardization for the construction parts and construction groups used in street furniture, we rely on a critical assessment of the production and process costs as well as stringent complexity management. Internationally networked developer teams (including a development office in China) with wide-ranging specialist knowledge and local market expertise work closely together on the development of innovative products and communications solutions.

Within the Ströer Group, R&D costs are seen as the supporting pillar of our operating activities and as an investment in the future. R&D activities are the key building blocks which will enable us to maintain our innovation leadership in the long term.

R&D activities are broken down into two segments, products and systems. For the products segment, R&D activities in 2010 continued to focus on the optimization of existing products in the area of street furniture and on the expansion of the product portfolio with advertising media for attractive and highly frequented sites. We focused in particular on enhancing our premium billboard products, with the development of the new high-quality $9m^2$ format which can be individually booked at highly frequented billboard sites. The product was developed in line with the new European directive on machinery which became applicable on 29 December 2009. Hence, it meets European standards in terms of product safety and guarantees a high level of technological quality.

At the start of December 2010, the systems segment and Ströer Infoscreen launched a new digital out-of-home format: the out-of-home channel. 1,000 screens are due to be installed by the end of 2011. With 60 to 82 inch displays, full HD resolution, outstanding picture quality and dominance through the synchronized operation of several screens, the new digital format combines all the advantages of out-of-home, TV and online advertising – a major step toward digitalizing out-of-home media and a technical quantum leap in our product offering.

Our supply chain management operations support our R&D activities in a variety of ways, in particular in the planning and management of supplier selection, procurement and conversion as well as all logistics tasks. The aim is to optimize effectiveness in terms of warehouse and inventory management but also to ensure that all necessary resources and competencies are internally available for our service organization.

Our advertising media and street furniture set the benchmark when it comes to design for the public sphere. We have been awarded several design prizes for our products over the years.

Opportunities and risks

Opportunities and risks are closely interlinked, which is why the willingness to take appropriate risks always plays a key role in determining business success. Our group-wide opportunity and risk management system assists us in seizing the opportunities that present themselves the best we can and effectively minimizing risk – all as part of increasing the Company's value in the long term.

Opportunities

Opportunity management system

The Ströer Group defines the term opportunity as the possibility of a favorable deviation from expected developments. To ensure a balanced combination of opportunities and risks across the Group, conceivable/arising opportunities are identified, analyzed and assessed in conjunction with the risk management system on an ongoing basis. Opportunity management thereby focuses on the sales-oriented, technical/operative and administrative targets under the corporate strategy. The operational management of each business division is mainly responsible for opportunity management in close cooperation with the Group's board of management. In order to recognize opportunities early on, opportunity management is directly embedded in the planning and management systems, and involves us observing and analyzing our markets, the industry, competition and individual strategic success factors as well as our key performance indicators. We use the knowledge gained here to identify suitable opportunities and come up with realistic plans of action.

General economic opportunities

General economic opportunities are primarily associated with an increase in the net advertising volume in those markets relevant for Ströer. Such growth could be the result of significantly improved macroeconomic conditions, for example an improvement in the general employment situation, greater consumer confidence or a rise in consumer spending. Opportunities can also arise from companies looking to advertise having bigger budgets at their disposal for communication purposes as part of intensified sales and marketing activities or relying on out-of-home media more heavily than previously expected.

Industry-specific opportunities

With digitalization of media content and fragmentation of advertising channels on the rise, out-of-home media is taking large, memorable images and using them to create long-term message and brand visibility. This applies in particular to the media industry's core target group of 14 to 49-year-olds, which is characterized by its rapidly increasing mobility, different approach to media use and more time spent away from home than in the home. This gives the out-of-home industry the opportunity to develop competitive communications solutions with excellent reach that can reach attractive target groups on the move. The expressed aim of out-of-home media is to gradually increase its total advertising volume. Unlike content-driven media, digitalization does not pose a threat to out-of-home media but rather an opportunity as it can benefit from the inevitable fragmentation of traditional media. The population's increasing level of mobility is having a positive impact on out-of-home media, which can continue to expand its market share in the future by introducing innovative and advertising media with excellent reach, such as the out-of-home channel.

In Germany in particular, we are confident that out-of-home media will increase its share of total advertising spending to between 6% and 7% (currently 4%) in the medium term, thereby bringing it more in line with the European average.

We also see potential for our two other core markets of Turkey and Poland to catch up in terms of general advertising intensity. Until now, both countries' gross advertising spend per head has been significantly lower than that of similarly sized western European and certain eastern European countries. Dynamic macroeconomic and socio-demographic prospects should see Turkey and Poland close this gap further over the next few years by generating similarly high market growth. Industry measurements of the audience reach of out-of-home media in the Polish and Turkish markets will help in this regard, with results likely to be available in 2012.

Strategic and operational opportunities

Many different strategic opportunities are opening themselves up to the Ströer Group. From a geographical standpoint, this is primarily due to its clear focus on countries distinctly lagging behind in terms of spending on advertising in general and on out-of-home media in particular. In Poland, economies of scale arising from combining the business activities of News Outdoor Poland with our core business are aiding further promotion and optimization of the out-of-home advertising market. We are using the opportunities for gaining new customers in Germany primarily by means of establishing our digital moving-image platform ("out-of-home channel") nationwide and thereby targeting major advertising customers. We are also pressing ahead with our efforts to integrate out-of-home media more firmly into our customers' media mix by means of validated and accepted audience reach measurements.

Our operational opportunities are essentially associated with increasing customer satisfaction through our communications solutions and high quality support for national and regional customers as well as agency groups. To ensure even greater flexibility and efficiency of our work processes, we are continuing to develop our IT infrastructure and optimize our structures and procedures on an ongoing basis. Our integrated personnel development concept continues to aid the motivation of our employees and promote their identification with the Company. Research and development is a key driver in terms of the Ströer Group's innovation and competitiveness. In our in-house innovation and design center, we will also continue to design new advertising media products and refine existing ones in order to secure our success rate in advertising rights tenders as well as in ongoing technical operations. Our development office in Shanghai will also ensure the high-quality procurement of various advertising media products in Asia in the future.

Risks realting to future development

Internal control and risk management system

The internal control and risk management system is not legally defined for the group financial reporting process. We understand the internal control and risk management system to be a holistic system and refer to the definitions of the Institute of Public Auditors in Germany, Düsseldorf ["Institut der Wirtschaftsprüfer in Deutschland e.V.": IDW] with regard to the accounting-related internal control system and the risk management system.

As such, Ströer's management understands an internal control system to comprise guidelines, procedures and measures that enable an organization to implement management decisions in order to ensure the effectiveness and efficiency of the business (with the measures including protecting the Company's assets through the prevention and identification of the misappropriation of assets), ensuring correct and reliable internal and external financial reporting and adhering to the laws applicable to the Company.

With regard to the group financial reporting process, the Group has the following structures and processes in place:

- The Group's board of management has overall responsibility for the internal control and risk management system in relation to the group financial reporting process.
- All entities included in the consolidated financial statements are integrated in this system by way of a defined management and reporting organization.
- The guidelines, structures and procedures and the processes of the Group's accounting-related internal control and risk management system are defined for the entire Group.

With respect to the group financial reporting process, we consider those elements of the internal control and risk management system which could have a considerable impact on the Group's financial reporting process and the overall picture conveyed by the consolidated financial statements and combined management report to be significant. These include:

- Identification of the main risks and control areas relevant for the group financial reporting process;
- Controls for overseeing the Group's financial reporting process and its results at the level of the Group's board of management and the consolidated entities;
- Preventative control measures in the finance and accounting system used by the Group and the entities included in the consolidated financial statements and in operational business processes which generate vital information for the preparation of the consolidated financial statements and combined management report, including functional segregation of predefined approval processes in relevant areas;
- Measures to ensure that group financial reporting issues and data are processed using appropriate IT systems;
- Measures to oversee the Group's accounting-related internal control and risk management system.

As an internationally oriented company, the Ströer Group is exposed to numerous risks. In order to recognize risks early on and then systematically measure, analyze in detail and actively control them, the Group has a risk management system in place which the board of management is responsible for. Such a system comprises all organizational rules and measures aimed at identifying risks and addressing risks which arise in the course of business. It is being continually developed and is in compliance with the legal requirements for an early warning system for the detection of risk pursuant to Sec. 91 (2) AktG.

Key components of our risk management system are the risk management process, reporting and the Group's internal guidelines.

Risk management is a well-established function within the Ströer Group, and is based on the risk management process, which comprises the risk strategy and the phases of identifying, evaluating, managing and monitoring risk and thereby covers the entire Group. The Ströer Group defines risks as "events, actions or inaction that result in the failure to achieve planned results of business activities or jeopardize the Company's ability to continue as a going concern." Core risks include all risks that may pose a threat to the strategic success factors. They are summarized in the Ströer risk scorecard under "Market," "Finances," "Processes" and "Employees."

Ströer's group-wide risk management system provides for the informed and timely identification of all significant risks and their quantification based on probability of occurrence and potential damage in order to ensure active, cross-divisional risk management and control. Each risk is assigned one of three risk categories (low, medium, high) according to its expected damage value, with each category having various strategic rules for how to handle the risk.

For each risk and each measure there is a designated risk officer. The risk management system is continuously adapted to the changing organizational structures. Promoting a risk culture has high priority. Comprehensive documentation ensures that the risk management system is transparent and can be understood by third parties. The central risk management department is responsible for the methods and systems in risk management. It ensures the functionality and efficiency of the system and informs the board of management and the supervisory board every quarter about significant risks the Group is exposed to as well as about changes in the assessment of identified risks. For any risks that arise unexpectedly overstepping the specific materiality thresholds, each risk owner is obligated to report to the board of management and the central group risk management department.

The detailed risk reporting system spans all group areas and levels. In a quarterly reporting process, each risk owner reports the existing and potential risks in his/her area to the central risk management department. All risks within the Group are investigated for interdependencies; risks that have been reported more than once are consolidated and the remaining risks are summarized as core risks. No risks to the Company's ability to continue as a going concern were identified. The probability of occurrence and potential damage of core risks at the time of their identification and suitable measures for managing them, taking into account the extent to which these have been implemented, are detailed in a quarterly report. The report also provides information on the changes in core risks over time. The numerous measures relating to ongoing projects for enhancing the quality of core processes have a positive influence on the core risks to operations.

The risk management policies applicable throughout the Ströer Group are documented in the group-wide risk management manual. It defines the group-wide methods for risk management, responsibilities for performing risk management activities as well as reporting and monitoring structures. This helps the central risk management function ensure that the risk management process is transparent at all times both internally and externally. Regular risk workshops also foster group-wide risk awareness.

Risk situation

Below we present the current risks, taking all identified risks into account, that could have a significant negative effect on the net assets, financial position and results of operations. Opportunities may also arise from symmetrical risks – potential events allowing the possibility of positive deviations from the plan. Such opportunities are stated in the section of the same name from page 63.

Market

In line with the forecasts of economic research institutes, the Ströer Group assumes that its core markets will continue to grow in 2011. However, the pace of growth may slow as a result of high public debt and the potential consolidation of government budgets. The aggravation of geopolitical tensions and the destabilization of political systems would also pose further risks to general economic development. If growth turns out to be lower than expected, this could see advertisers' willingness to spend wane. Business risks of an industry-specific nature could primarily be associated with procurement, marketing and the regulatory environment.

As regards procurement, there could potentially be negative deviations from plan caused by the loss of advertising concessions, inadequate profitability of contracts on advertising rights with minimum, fixed or guaranteed lease terms as well as a lack of licenses for attractive locations. The Ströer Group counters these risks by means of professional procurement management. With regard to marketing, negative deviations from plan may arise through losses in income from orders from major customer groups, the loss of customers in intra and intermedia competition or reduced margins as a result of higher discounting in the media industry. We counter these risks by continuously adjusting and developing our sales organization. Risks that cannot be ruled out completely are those arising from the regulatory environment. Depending on the issue at hand, we minimize these risks using a range of measures, primarily involving adjustments to the organization and advice from specialists, law firms or tax advisors.

Finances

Debt poses a financing risk to the Ströer Group. The level of risk essentially depends on the financial covenants agreed in the loan agreement being met. At the same time, there are a number of covenants and information duties vis-à-vis the lenders. Infringement of covenants or other duties may lead to sanctions being imposed by the lenders. The financing of the Ströer Group also incurs interest expenses. However, thanks to the capital increases performed in the reporting year and the stock exchange listing, we have lowered our debt considerably and improved the equity ratio to around 30%.

Our international activities entail currency risks, in particular a translation risk arising from translation of financial statements of foreign subsidiaries prepared in foreign currency. Additional currency risks (transaction and operational risks) are not as relevant. If the subsidiaries and other investees generate losses, the investment risk could have a negative effect on the Ströer Group's results of operations and liquidity.

For more details on financial risks, see page 133 of the notes to the consolidated financial statements.

Processes

Innovation and operating activities are the key components of our value added chain – from identifying the customer's preferences through to fully realizing them.

Over the course of the innovation process, there is the risk of current or future customer preferences not being taken sufficiently into account or estimates concerning the development of new products or services being wrong. Also a critical successful factor in the production process is close observation of patents or other industrial rights of third parties. The subsequent operating process includes all activities from receipt of the order and the delivery of the product or rendering of the service through to the after-sales service. The Ströer Group places particular focus on quality risks in connection with ensuring the quality and best management of advertising media and street furniture. The same applies to potential disruptions to the proper and efficient handling of order preparation, order processing and complaints and receivables management.

We counter these process risks by thoroughly investigating the market situation. Projects initiated to optimize core processes and the internal control system also have a positive effect. With regard to sales management, standards and systems have been developed to safeguard reporting and monitoring of performance. Management instruments such as key performance indicators standardize the work processes and create utmost transparency for setting priorities and reaching targets. These key performance indicators indicate successes and failures and make it possible for corrections to be made swiftly should targets be deviated from.

Business processes and internal and external communication are highly dependent on information technology, making IT security an important factor. Data integrity, confidentiality of information, authenticity and availability must be provided for without fail. A major disruption or system failure could in particular result in the loss of data and negatively affect IT-based business processes. We keep these risks under control using a range of suitable IT security measures.

Employees

Highly qualified employees and executives form the basis for sustainable economic success. A significant risk is posed by the turnover of key management personnel if they are not replaced or not replaced in good time. To reduce this risk, we are strengthening the reputation of Ströer as an employer by offering a performance-based remuneration system, training courses, mentoring and coaching programs as well as deputization arrangements. We also work closely with various universities and institutes, thereby helping to raise our profile as an innovative company.

Subsequent events

There were no subsequent events which would need to be reported.

Forecast

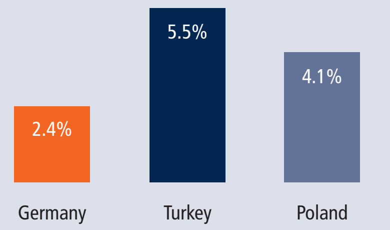
Future general economic conditions

The global economic recovery is forecast to continue in 2011. As numerous economic programs are winding up and the need to consolidate government budgets is putting national economies under pressure, however, the German Council of Economic Experts expects the global economy to grow by 3.8%, a slower rate than in the prior year.

In the eurozone, growth on the whole is expected to remain more or less the same in 2011. Germany, our most important market by far, was less affected by the fallout from the crisis and posted the strongest economic growth in the eurozone, although it must be noted that it was only by the end of 2010 that the German economy had reached production levels equal to those at the turn of the year 2006/2007.

Anticipated development of GDP in the key regional markets of the Ströer Group (2011)

Sources: ifo, Eurostat, Polish Ministry of Economics



According to current economic indicators, the German economy should continue to show recovery in 2011. However, the growth rate will not be able to be maintained as a result of the global economy growing at a slower pace and fiscal support measures coming to an end. However, recovery is likely to rest on stronger domestic demand in the current and upcoming year. According to the ifo Institute, private spending and investments in equipment will prove the main contributors to economic growth with an expected growth rate of 1.4% and 8.7%, respectively. Overall, the ifo Institute puts economic recovery for 2011 at a level slightly below that of the reporting year with a forecast GDP growth rate of 2.4%.

Turkey and Poland, our two most important foreign markets, are also continuing to post dynamic growth. The Turkish economy continues to grow at a strong pace and, according to Eurostat, is expected to record growth far above the corresponding values for the eurozone in 2011 with a 5.5% increase in GDP. The OECD also expects this strong growth to continue, with GDP even expected to increase by 6.7% on average between 2011 and 2017. This would make Turkey the most rapidly growing national economy out of all the OECD member states.

Pushing ahead with the EU accession process already under way and the structural reforms will also aid this positive development. As a result, the budget deficit, 5.5% of GDP in 2009, is expected to fall below the 3% mark in 2011. This would help Turkey to meet another EU convergence criterion under the Maastricht Treaty.

The high proportion of young and mobile population groups in Turkish society and the concentration of the population in the country's largest cities also promote favorable conditions for the Turkish economy to grow steadily. The unemployment rate is set to fall from 11.9% (2010) to 11.5% (2011). The increase in private spending by 4.6% in 2011 and 5.6% in 2012 triggered by wage increases will also drive domestic economic growth, as will the increase in government spending by 4.4% in 2011 and 4.8% in 2012.

The Turkish Central Bank will continue to endeavor to ensure the balance between strong growth and inflationary trends by pursuing a somewhat restrictive monetary policy. For 2011, the Central Bank is targeting an inflation rate of 5.5%. At 6.4%, analyses conducted by the Turkish Garanti Bank anticipate a similar rate. The inflation rate is also expected to remain at this level beyond 2011 (2012: 6.5% and 2013: 6.2%).

According to the Polish Ministry of Economics, real economic growth will amount to 4.1% in 2011, up from 3.8% in the year under review. In its current Economic Outlook No. 88, the OECD expects similar figures for Poland and is forecasting growth of 4.0% for 2011, rising to 4.3% in 2012. This will put Poland on course for one of the highest growth rates in the EU. This positive outlook is based on a significant rise in employment and growing private consumption, even though a VAT increase and rising inflation will have a somewhat dampening effect at the start of the year. According to the OECD, the unemployment rate will fall from an estimated 9.6% in 2010 to 8.9% in 2011 and 7.8% in 2012.

Furthermore, economic development will also be driven by public investments in the energy industry, transport and supply infrastructure and construction investment in the run-up to the European football championship in 2012. Poland will benefit particularly in this regard from the EU Structural Funds, which will make substantial funding available to it. Accession to the euro is not considered realistic for a couple of years yet as public debt must first be brought in line with the Maastricht convergence criteria. Its budget deficit stands at more than 7% of GDP.

Future industry performance

Across the globe, the media industry is subject to an intensive process of change in user behavior, which has become increasingly more prominent with time and noticeable in the daily lives of advertisers and consumers. The traditional media market is especially susceptible to the impact of media convergence. The ongoing digitalization process is severing the link between media content and its physical carrier more and more. Across all markets, for example, newspaper and magazine content is becoming increasingly prevalent online, i.e., consumed via the internet, thereby shrinking the reach of printed media and thus their circulation. According to the IVW ["Informationsgemeinschaft zur Feststellung der Verbreitung von Werbeträgern e.V": German Association for Verification of the Circulation of Advertising Media], circulation figures for consumer magazines fell from 130 million to 110 million copies between 2000 and 2010. According to the industry association's latest figures, the internet has even overtaken newspapers and magazines in terms of gross revenue in Germany, and is now in second place behind only TV.

The functions of individual media in the media mix are changing too. For example, the media map study of the agency group OMD indicates that digitalized out-of-home media in combination with the mobile web are also becoming a medium for dialog which intensively uses interactivity elements with digital added value. This interaction is delivering completely new data quality for the optimization of out-of-home campaigns.

The digitalization of out-of-home media is playing a considerable role in this process as these media are the only forms of media that, in their digitalized form, cannot be technically suppressed or avoided. The rapid technological development of LED and LCD systems is becoming the deciding factor in favor of the digitalization of out-of-home media. The falling prices for high-quality solutions are attracting growing demand from customers, making additional investments more cost-effective, increasing profitability and speeding up digital networking within the entire media industry.

Development of advertising spending

The global advertising market is showing recovery at a rate that is expected to continue over the next few years. ZenithOptimedia puts global growth at around 5% for 2011 and 2012, with a solid 3% forecast for western Europe and 9% for central and eastern Europe. On this basis, the advertising spend for 2012 would once again surpass the global level reached before the crisis hit. Based on this growth scenario, the German media industry ranks among the four largest advertising markets worldwide, a position it will continue to hold in the future.

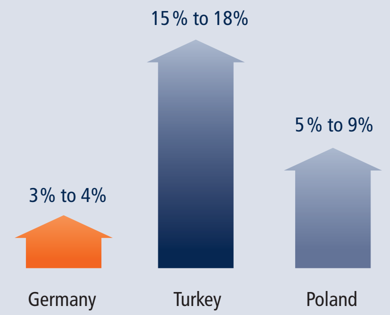
Germany – Development of the advertising market in 2011/2012

Estimates for the media market in Germany point to steady growth around the mid-single-digit mark. The advisory firm PricewaterhouseCoopers (PwC) anticipates an average increase in net advertising revenue of some 4% for all traditional media, while ZenithOptimedia puts growth at some 3% on average. In any case, both forecast growth slightly above the GDP growth corridor and anticipate revenue to reach the pre-crisis levels of 2008 or even, according to PwC, to exceed those levels by 2012 at the latest.

Both studies agree that the largest portion of media growth over the next two years will be in the area of internet advertising. This general estimation is supported by the media map of the agency group OMD as well as the *Frühjahrsmonitor 2010* survey conducted by the media organization OMG. As regards printed media, PwC forecasts only minimum growth, while ZenithOptimedia even expects another slight decline. According to the *Frühjahrsmonitor 2010* survey, aside from TV and the internet, out-of-home was the only medium with slight growth prospects for the next five years.

Anticipated development of the advertising market in the key regional markets of the Ströer Group during 2011/2012

Sources: MagnaGlobal, PriceWaterhouseCoopers, ZenithOptimedia



Forecast for out-of-home media in Germany

Various studies point to net growth in the out-of-home industry of between 2 and 4% for the next two years. PwC puts this rate of stable growth at around 3% for both 2011 and 2012 and 4% for 2013/2014. Magna Global expects net spending to increase by at least 2% in 2011. The *Frühjahrsprognose* survey also reveals that out-of-home media will become increasingly important over the next few years, with its growth most likely only being beaten by online media. We are convinced the increasing digitalization of out-of-home media will create additional revenue potential.

Turkey – Development of the advertising market

The advertising market in Turkey is developing at a dynamic rate. The pre-crisis level has most likely already been reached or even exceeded on the back of the strong growth in the reporting year. For 2011/2012, ZenithOptimedia forecasts an annual growth rate in the 16% to 18% range (in local currency), while Magna Global puts this at around 15% (net of currency effects). The key growth drivers are online, TV and out-of-home media.

The Turkish legislature is currently discussing a law prescribing new regulations for the TV advertising market. Discussions are focusing on increasing editorial content in relation to the amount of time taken up by advertisements, which would lead to a substantial decline in the amount of time television advertisements would run for. As the legislative procedure is already well under way, a decision is expected to be reached in the first half of 2011.

Development of the out-of-home market

For the Turkish out-of-home market, ZenithOptimedia forecasts a growth rate of between 12% and 19% for 2011 and 2012 based on local currency. Taking exchange rate differences into account, MagnaGlobal anticipates the industry to grow by some 15% to around USD 230m in 2012, putting the total market share of out-of-home media at 7%. We also expect additional growth potential in Turkey to be generated from the increasing digitalization of the medium and professionalism of the industry due in part to the introduction of a reach measurement system.

The dynamic development of the out-of-home market goes hand in hand with the further expansion of space capacities, also accompanied by price increases and improved utilization rates. In addition to expanding concession agreements already in place, progressively converting selected locations with non-moving advertising faces to scrolling technology is also playing its part. We also expect further volume growth as a result of additional government advertising concessions.

Poland – Development of the advertising market

ZenithOptimedia foresees stable annual growth in the Polish market (in local currency) of between 5% and 9% over the next two years. The estimation is also in line with that of MagnaGlobal, which forecasts growth of between 7% and 9% for 2011 and 2012. The Polish market too is being driven by media convergence-related changes, with growth primarily being generated from the online sector, which is forecast to grow at 15% p.a. The expansion of the Polish market is not only promoting growth in the area of online advertising, but is also fostering sustainable growth for TV and out-of-home advertising. As regards print and radio, ZenithOpimedia forecasts practically no changes in the growth rate for 2011/2012.

Development of the out-of-home market

Based on a market size of around USD 180m in 2010, ZenithOptimedia anticipates further growth for out-of-home media. While growth in 2011 is still at a below-average level, this will speed up to between 4% and 5% in 2012. By contrast, the Polish Chamber of Commerce for Out-of-Home Advertising anticipates significantly stronger growth of 6% for 2011 and the following years. Further consolidation of the out-of-home market will prove beneficial in this regard and is something that Ströer is very much backing and which led it to acquire News Outdoor Poland in 2010. Consolidation should also boost the professionalism of the medium, and will most likely not only focus on standardization of the space available and a stronger emphasis on the reach of the medium, but also on the optimized handling of market and customer needs at a national and regional level.

Future direction of Ströer Out-of-Home Media AG

Ströer Out-of-Home Media AG will continue to pursue its strategy over the next few years and only operate in those markets in which it can adopt a leading position in the out-of-home market or where there is the potential to do so. Concluding acquisitions in our foreign growth markets of Turkey and Poland in the reporting year has strengthened our market position there significantly. On top of this, we will continue to foster further organic growth in Germany and abroad and use this leading position to press ahead with ensuring our competitiveness in the out-of-home advertising industry. We are positioning ourselves as a relevant partner of advertising industries and will therefore invest in existing customer relationships as well as increase efforts to help gain new customers – primarily clients operating on a national scale.

As the largest provider of out-of-home media, we see our position in Germany, Europe's largest advertising market, as both an incentive and obligation. We are focusing in particular on the digitalization of our out-of-home products and services. In December 2010, we laid the cornerstone for the installation of the out-of-home channel at the 200 most highly frequented Deutsche Bahn train stations. By the end of 2010, our work included equipping Berlin's new main train station with more than 30 HD-ready screens. More screens have been installed since, with 800 screens expected to be installed by the second quarter of 2011 and the planned 1,000 screens by the end of the year at an investment volume in the tens of millions.

This means we are still firmly on the path to organic growth, standing to gain from the benefits that increased media content convergence will bring. In our view, there is currently nothing in our competitive environment that can compete with our digital offering for moving images in the area of out-of-home advertising. We wish to exploit this competitive advantage in the long term.

Fundamental shifts in the use of traditional media triggered by digitalization and fragmentation are giving us a strategic advantage over content-driven media. Increasing digitalization is ultimately shrinking the reach of each channel at a progressive rate. According to a study conducted by the agency Mediacom, only 10 commercials were needed in the mid-60s to reach 80% of the population. By contrast, a similar reach required over 500 in 2010.

Unlike traditional media, frequency of contact at the locations of out-of-home media in public spaces is not affected by the consequences of fragmentation and digitalization, quite the opposite, in fact – society's increasing level of mobility is actually increasing contact frequency. We expect out-of-home advertising to continue to benefit from these structural factors more and more over the next few years.

Our business process and IT systems in place are benefitting in particular from the high degree of scalability of our business model. For this reason, we are constantly working on improving the processes in all operating divisions and continuing to improve our efficiency. We will also continue with these efforts at all levels in subsequent years.

The Ströer Group does not expect to make any fundamental changes in the business policies and strategies it pursues.

Germany

The relatively late consolidation and professionalization of the German out-of-home market in comparison to the rest of Europe has meant that Germany's share of out-of-home media on the overall advertising market is still significantly below that of other European advertising markets. The top 200 advertisers, which according to Nielsen Media Research's annual report for 2010 account for a combined share of 3.4% of gross advertising spending, continue to be strongly underrepresented in the German out-of-home media sector. As the largest provider in Germany, we want to take a larger stake in this catch-up potential, as we already did in 2010, by means of targeted management of our sales activities and launching premium services such as the out-of-home channel. With our nationwide advertising media portfolio in all common out-of-home formats, we are already very well equipped for this.

The dynamic technical development of HD-ready screens is enabling us to take a pioneering step in the evolution of out-of-home media. The new out-of-home channel means we will we have a network with national coverage by the end of 2011. Our customers can now use large-format, HD-quality screens and videos "out of home" for their advertising needs with a reach comparable to that of medium-sized TV broadcasters. This opens up a complementary transfer of TV campaigns in public spaces to advertisers for the first time. With our out-of-home channel, we are reinforcing our innovative power and opening up access to advertising budgets outside of the traditional out-of-home sector.

With our five-year premium billboard program, we want to gradually expand our number of advertising faces at the most popular locations by the end of 2015 by introducing scrolling technology in the billboard segment. To this end, we will replace up to 1,000 traditional billboards at highly frequented locations every year with glazed, backlit scrolling display cases with three times the capacity. Expanding our available advertising faces in the large-format premium segment will enable us to cater to the peak-time demand which is currently not being met and continue to expand our offering for the important segment of national and regional premium accounts.

Foreign markets
In the Turkish and Polish market, we are expecting dynamic economic recovery supported by macroeconomic and socio-demographic conditions in these countries. We are also continuing in both countries to press ahead with the introduction of audience measurement systems on the basis of internationally accepted standards in consultation with our local competitors. Ströer expects to receive audience measurement results for Turkey in mid-2012 and for Poland at the end of 2012. This should help us to strengthen our position in out-of-home media, particularly against TV, radio and print, and we will effectively incorporate the results gained into our sales activities.

In the Turkish market, we intend to continue expanding our portfolio of traditional and digital advertising media, thereby reinforcing our leading position in this very dynamic economic environment. In this context, there are more and more possibilities that are presenting themselves in Turkey, in particular seeing as advertising media penetration has not yet reached western Europe levels. Additional advertising concessions on public property are also expected to be granted in the Istanbul and Anatolia regions. We will play an active role in this process, thereby strengthening our market position further.

In Poland, we experienced a surge in growth with the acquisition of News Outdoor Poland in November 2010 and are now working the market with an increased product and service offering. In the Polish out-of-home market, we expect consolidation efforts to continue in the medium term. A less fragmented market will ultimately lead to greater standardization of the advertising media formats on offer and bring them in line with western European quality standards. This development will once again provide a significant boost to the competitiveness of out-of-home media in comparison to other advertising forms in Poland. We expect government advertising concessions in the area of street furniture to become increasingly important, particularly with a view to the current tender for bus and tram shop shelters in Warsaw.

Any entry into another geographical market will primarily occur as part of the acquisition of an established target company. Our investigations in this regard are focused on the out-of-home providers in Europe. We review any takeover opportunities that arise on a case-by-case basis. In this connection, we give preference to companies that already have a critical size or those with which we can achieve a leading market position through further consolidations. The IPO in the reporting year granted us access to the capital markets. We therefore consider ourselves well prepared for any potential acquisitions. The liquidity reserves we have at our disposal allow us to carry out individual transactions for rounding off the portfolio even without direct capital market measures.

Anticipated revenue and earnings development

The Ströer Group's future revenue and earnings development depends primarily on how advertising spending develops in Germany, Turkey and Poland as well as on the total market share of out-of-home media. Forecasts must therefore pay particular attention to what degree economic fluctuations have on advertising spending and the intensity of consumer spending. Furthermore, the short-term booking behavior of advertising customers, which looks only a few months into the future at a time, also limits the reliability of any forecasts. These uncertainties, typical of the industry, prove a hindrance when determining quantified forecasts of revenue and earnings.

The Ströer Group

Revenue development in 2011 will be shaped heavily by consolidation effects stemming from the acquisitions performed in the reporting year. Based on 2010, the technical increase in revenue from the full-year consolidation of these companies for the first time will amount to EUR 43.7m. In light of the positive economic outlook in our core markets as well as favorable structural changes in media usage, we expect revenue in Germany to grow at a rate above general GDP for the full year 2011. This does not take contributions to growth from launching our out-of-home channel and premium billboard products into account. These two product initiatives will help us to generate additional positive revenue effects, with the main portion of these first-time revenue contributions being attributable to marketing the digital out-of-home channel.

In 2011, we expect Turkey to continue witnessing dynamic economic growth and significant organic revenue growth as a result, again considerably above the country's GDP growth in percent. Revenue growth could be even more dynamic in the second half of the year as the parliamentary decision on changes to television regulations due in spring as well as the presidential elections in June may slow growth during the first six months.

In 2011, our expected organic revenue growth in Poland should also move in line with the percentage change in GDP.

Overall, we expect the Group to witness revenue growth at around the mid to high-single-digit mark in 2011. For 2012, we expect revenue to increase at a similar rate with the economy continuing its upward trend.

Operating result (operational EBITDA)

As a result of the abovementioned consolidation effects, we anticipate a correspondingly higher cost base in 2011. If these effects are disregarded, we expect a revenue-driven increase in leasing and running costs, albeit at a slower pace. After several years of moderate fixed costs, we expect these to increase at a rate far above the inflation rate in 2011. In addition to wage increases and a larger portion of highly qualified employees, this will mainly be triggered by the increase in structural costs resulting from the stock exchange listing.

We anticipate the operating result before interest, depreciation and amortization (operational EBIDTA) to be noticeably higher than in the reporting year, also due in part to the consolidation effects. In order to estimate this base effect, half of Ströer Turkey's earnings contributions for the period from January to August 2010 (EUR 6.8m) can be used as the company was only consolidated on a proportionate basis during that period. Organic growth will also cause operational EBITDA to increase. Should the positive economic and industry forecasts develop as expected in 2011 and the year after, we expect to see a gradual improvement in the operational EBITDA margin for the Group in that period.

Consolidated profit
The anticipated increase in the operating result will also have a positive impact on consolidated profit after taxes. Growth in the operating result should more than compensate for the expected increase in amortization of concessions acquired as part of the acquisition of the shares in Turkey and Poland. An increase in amortization, depreciation and impairment losses is also expected as a result of higher investing activities in the reporting year. However, improvements to the debt and equity structure in the second half of 2010 mean that the interest result is expected to improve significantly in 2011.

Consolidated profit after taxes was impacted heavily by one-time effects in the reporting year. These mainly related to income from the remeasurement of the previously held equity interest in Ströer Kentvizyon pursuant to IFRS 3, the cost of the IPO as well as non-cash expenses from changes in the value of derivatives/exchange differences from intragroup loans contained in the financial result. The first two of these effects will not reoccur in subsequent years. Changes regarding the usual effects are primarily dependent on shifts in the yield curve and deviations in the exchange rate of the Polish zloty and Turkish lira from their respective reference rates as of 31 December 2010. As these latter effects are extremely difficult to predict, we believe the approximation we have at present is the best and will therefore not comment on the resulting effects on earnings in the rest of our comments on the forecast.

Overall, we expect 2011 and 2012 to bring a considerable increase in the net adjusted profit. By contrast, the reported profit expected for 2011 may be below that of the prior year as a result of the extraordinary income from remeasurement effects in the reporting year. As regards 2012, net adjusted profit and reported profit are expected to develop in tandem as a result of the absence of these effects.

Germany segment
In the German market, we anticipate further growth for out-of-home media over the next few years as a result of economically and structurally advantageous conditions. As we see it, the upheavals in the media landscape are meaning that advertisers are becoming more and more willing to reassess how they divide their media budget in their media mix. We expect to draw on our powerful German sales organization and take advantage of this opportunity and generate revenue growth around the mid-single-digit mark. This will be supported by the launch of innovative products such as the out-of-home channel and the premium billboard initiative. Despite the expected increase in fixed costs stemming from catch-up effects and inflationary and structural adjustments to overheads, we expect to see above-average growth in operational EBITDA.

Turkey segment
The Turkish company Ströer Kentvizyon, which will be consolidated for the whole of 2011, will provide a considerable boost to revenue in the Turkey segment. In the reporting year, the company was only fully consolidated for four months and proportionately consolidated for eight months. Based on 2010, the technical revenue effect year on year will amount to EUR 30.5m ceteris paribus.

We believe that Turkey is on a long-term path to growth, which is why we expect Ströer Kentvizyon to show progressive growth in subsequent years provided political or global economic factors do not hinder this.

Past experience of media experts in Turkey indicates that growth in this advertising market should continue to far exceed the growth rate of GDP. This increase in advertising spending would also subsequently be seen in a vast improvement in revenue generated by our Turkish subsidiary in 2011 and 2012.

2011 will see management focusing on securing the return on sales achieved in the prior year. To this end, we strengthened the finance and personnel side of our Turkish management team at the end of last year. On account of the measures introduced as well as the positive macroeconomic outlook, we expect the EBITDA margins of the Turkish group to expand gradually until 2012.

Other segment
Revenue development in the "Other" segment will be shaped by the effect from the first-time full-year consolidation of News Outdoor Poland. The company, since renamed Ströer City Marketing, was consolidated for the first time as of 1 November 2010. To determine the base effect on revenue year on year, the revenue generated by the company before the first-time consolidation between January and October 2010 can be used (EUR 12.6m).

The acquisition enabled us to considerably expand our position primarily in the important 18m^2 billboard segment and take a leading position. We intend to use this strengthened market position as a way of bringing our product offering further in line with the needs of our nationally operating customers by shortening sales cycles while at the same time expanding our reach. Bolstered by positive macroeconomic parameters and our abovementioned marketing efforts, we expect our Polish division to realize organic economic growth around the mid-single-digit mark. At the same time, we anticipate a considerable increase in operational EBITDA as we will be benefitting from the full effect of the cost synergies stemming from the acquisition coming into play. The combination of positive effects from the sales realignment and the achievable cost synergies is expected to contribute to a significant improvement in the EBITDA margin by 2012.

We also expect the blowUP Group to bring positive revenue and earnings contributions. The activities of blowUP continue to focus on the existing regions in Germany, the UK, Spain and the Benelux countries. Should the possibility to round off the country portfolio by means of M&A measures arise, we will review any such opportunities intensively and assess them together with our co-owners. With the exception of Spain, we expect our blowUP country portfolio to show a moderate improvement in the economic situation. However, we do not expect to see a repeat of the extraordinarily high organic growth rate experienced in the reporting year for 2011 and 2012. Instead, we expect revenue growth to normalize and at the same time the achievable EBITDA margin to grow gradually.

Expected financial position

The IPO enabled Ströer Out-of-Home Media AG to restructure its syndicated credit lines and set the final due date to June 2014. The benefit from this refinancing will first be seen in full in the interest result in 2011. Over the next three years, further improvements to the interest burden will go hand in hand with the expiration of various fixed interest derivatives that had been concluded at a comparatively high interest rate before the financial crisis hit.

Assuming the acquisitions made in Turkey, Poland and Germany had been included in the financial statements for the whole of 2010, the Group’s leverage ratio, measured as the ratio between net debt and operational EBITDA, was 2.4 as of 31 December 2010. As a result of the ever improving free cash flow, we expect the leverage ratio to continue to fall over the next few years not taking into account any potential M&A measures. Should the Group’s financial needs increase as a result of any potential M&A transactions, the leverage ratio would have to be reassessed in light of the situation on the capital markets.

In our view, our operating cash flow and liquidity give us sufficient financial headroom to take advantage of planned investment opportunities and those that present themselves as part of organic growth in 2011 and 2012.

Planned investments

Ströer will continue to invest highly in its media portfolio in the future as a way of offering its customers attractive products to reach their communication targets in public spaces. These investments will primarily be used to set up new advertising media as well as to maintain existing ones. For this and the extension of municipal contracts, we expect to make annual investments of around 4% to 5% of revenue. We will also invest in our growth projects in Germany, capacity increases in Turkey and potential portfolio optimizations in Poland. Beyond advertising media requirements, investments around the single-digit million mark will be made over the next few years for necessary maintenance and expansion of the IT environment. For 2011 and 2012, we expect the Group’s total organic investment to amount to somewhere between EUR 50m and EUR 60m.

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