

*- Non-binding English Translation -*

Mandatory Publication pursuant to Sec. 27 (3) in conjunction with Sec. 14 (3) sentence 1 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz – WpÜG*)



**Joint Reasoned Statement  
of the Executive Board and the Supervisory Board**

of

**MVV Energie AG**  
Luisenring 49  
68159 Mannheim

**pursuant to Sec. 27 (1) WpÜG**

**on the voluntary public takeover offer**

of

**FS DE Energy GmbH**  
Thurn-und-Taxis-Platz 6  
60313 Frankfurt am Main

to

**the shareholders of MVV Energie AG**

dated 7 May 2020

Shares of MVV Energie AG: ISIN DE000A0H52F5  
Tendered shares of MVV Energie AG: ISIN DE000A289AV5

TABLE OF CONTENTS

<b>TABLE OF CONTENTS</b> .....	<b>2</b>
<b>DEFINITIONS</b> .....	<b>5</b>
<b>I. GENERAL INFORMATION ABOUT THIS STATEMENT</b> .....	<b>6</b>
1. Legal and factual bases .....	6
2. Statement by the competent works council.....	7
3. Publication of statements regarding the Offer and possible amendments to the Offer .....	8
4. Individual review responsibility of MVV Shareholders.....	8
5. Information for MVV Shareholders having their place of residence, registered office or habitual abode in the USA .....	9
<b>II. GENERAL INFORMATION ABOUT MVV ENERGIE AG AND THE BIDDER</b> .....	<b>10</b>
1. <b>MVV ENERGIE AG</b> .....	<b>10</b>
1.1 Legal bases .....	10
1.2 Members of the Executive Board and the Supervisory Board.....	11
1.3 Capital and shareholder structure .....	11
1.4 Structure and business of MVV Group .....	13
1.5 Business development and selected key financial figures .....	15
1.6 Strategy of MVV Group .....	17
2. <b>Bidder</b> .....	<b>20</b>
2.1 Legal bases and shareholder structure of the Bidder .....	20
2.2 Shareholders controlling the Bidder .....	20
3. <b>Shares held in MVV Energie AG by the Bidder and persons acting jointly with the Bidder; attribution of voting rights and information about securities acquisitions</b> .....	<b>22</b>
3.1 Shares held in MVV Energie AG by the Bidder and by persons acting jointly with the Bidder and attribution of voting rights.....	22
3.2 Information about securities acquisitions .....	23
<b>III. INFORMATION ABOUT THE OFFER</b> .....	<b>24</b>
1. Execution of the Offer .....	24
2. Publication of the decision to launch the Offer .....	24
3. Review by BaFin and publication of the Offer Document.....	24
4. Acceptance of the Offer outside the Federal Republic of Germany .....	25

<b>5.</b>	<b>Background of the Offer and review by the Executive Board and the Supervisory Board .....</b>	<b>25</b>
5.1	Sale process for the MVV Shares held by EnBW and RheinEnergie.....	25
5.2	Shareholders' Agreement.....	26
5.3	Voluntary public takeover offer.....	27
<b>6.</b>	<b>Main details of the Offer .....</b>	<b>28</b>
6.1	Offer Price .....	28
6.2	Acceptance Period and Additional Acceptance Period .....	28
6.3	Rights of withdrawal .....	29
6.4	Completion Conditions and waiver of Completion Conditions.....	29
6.5	Stock-exchange trading in Tendered MVV Shares .....	29
6.6	Publications .....	30
<b>7.</b>	<b>Financing of the Offer .....</b>	<b>30</b>
<b>8.</b>	<b>Decisiveness of the Offer Document.....</b>	<b>30</b>
<b>IV.</b>	<b>TYPE AND AMOUNT OF THE CONSIDERATION OFFERED .....</b>	<b>31</b>
<b>1.</b>	<b>Type and amount of the consideration .....</b>	<b>31</b>
<b>2.</b>	<b>Statement on the minimum price determined by statute.....</b>	<b>31</b>
<b>3.</b>	<b>Assessment of the adequacy of the consideration offered.....</b>	<b>32</b>
3.1	Comparison of the Offer Price with Historical Stock Exchange Prices of MVV Shares.....	32
3.2	Analyst Valuation.....	32
3.3	Consideration of MVV Group's value creation potential as part of a discounted cash flow analysis.....	33
3.4	Fairness Opinion.....	33
3.5	Overall assessment of the adequacy of the consideration.....	35
<b>V.</b>	<b>OBJECTIVES AND INTENTIONS OF THE BIDDER AND THE FSI ACQUIRERS AS WELL AS EXPECTED CONSEQUENCES FOR MVV GROUP.....</b>	<b>38</b>
<b>1.</b>	<b>Objectives and intentions as set out in the Offer Document.....</b>	<b>38</b>
1.1	Commercial and strategic reasons of the Bidder .....	38
1.2	Future business activities, appropriation of assets and obligations of MVV Group....	38
1.3	Registered office and locations of key parts of MVV Energie AG .....	39
1.4	Executive Board and Supervisory Board of MVV Energie AG.....	39
1.5	No structural measures .....	39
1.6	Future business activities of the Bidder and the FSI Acquirers.....	40
<b>2.</b>	<b>Statement to the objectives of the Bidder.....</b>	<b>40</b>
2.1	Commercial and strategic reasons of the Bidder .....	40
2.2	Future business activities, appropriation of assets and obligations of MVV Group....	40
2.3	Registered office and location of key parts of MVV Energie AG.....	41
2.4	Executive Board and Supervisory Board.....	41

2.5	No structural measures .....	42
2.6	Future business activities of the Bidder and the FSI Acquirers.....	42
<b>3.</b>	<b>No consequences for the financing, the tax situation, the dividend policy and the business relationships of MVV Energie AG and MVV Group.....</b>	<b>42</b>
3.1	No Consequences for the financing of MVV Group .....	42
3.2	No Tax consequences for MVV Group .....	42
3.3	No consequences for the dividend policy of MVV Energie AG .....	43
3.4	No consequences for existing business relationships of MVV Group .....	43
3.5	No consequences in other segments .....	43
<b>4.</b>	<b>Consequences regarding the employees, their employment conditions and their representative bodies and regarding MVV Energie AG's and MVV Group's sites .....</b>	<b>43</b>
<b>VI.</b>	<b>POSSIBLE CONSEQUENCES FOR MVV SHAREHOLDERS .....</b>	<b>44</b>
<b>1.</b>	<b>Possible consequences upon acceptance of the Offer .....</b>	<b>44</b>
<b>2.</b>	<b>Possible consequences upon non-acceptance of the Offer.....</b>	<b>45</b>
<b>VII.</b>	<b>OFFICIAL CLEARANCE PROCEDURES.....</b>	<b>46</b>
<b>VIII.</b>	<b>INTERESTS OF THE MEMBERS OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD .....</b>	<b>47</b>
<b>1.</b>	<b>Specific interests of members of the Executive Board and the Supervisory Board.....</b>	<b>47</b>
1.1	Specific interests of members of the Executive Board.....	47
1.2	Specific interests of members of the Supervisory Board.....	47
<b>2.</b>	<b>Agreements with members of the Executive Board or of the Supervisory Board.....</b>	<b>48</b>
<b>3.</b>	<b>No non-cash or other benefits related to the Offer.....</b>	<b>48</b>
<b>IX.</b>	<b>INTENTIONS OF THE MEMBERS OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD TO ACCEPT THE OFFER.....</b>	<b>48</b>
<b>X.</b>	<b>RECOMMENDATION .....</b>	<b>48</b>

DEFINITIONS

<b>A</b>		MVV Shareholders .....6
Acceptance Period..... 28		MVV Shares.....6
Additional Acceptance Period..... 28		MVV Tendered Shares.....29
AktG..... 6		<b>O</b>
AWV ..... 46		Offer.....6
<b>B</b>		Offer Document .....6
BaFin..... 24		Offer Price.....6
Bidder..... 6		<b>R</b>
Bidder Parent Companies..... 20		RheinEnergie.....12
BMWi..... 46		<b>S</b>
<b>C</b>		Share Purchase Agreement .....12
CEST ..... 6		Shareholders' Agreement .....26
Completion Condition..... 29		Statement.....6
<b>E</b>		Supervisory Board.....6
EnBW ..... 12		<b>T</b>
EUR..... 7		Tender Offer Statement.....9
Executive Board ..... 6		Three-Months Average Price.....31
EY..... 32		Transaction.....46
<b>F</b>		<b>U</b>
Fairness Opinion ..... 33		USA.....9
FSI..... 20		<b>W</b>
FSI Acquirers ..... 22		WpHG .....23
<b>M</b>		WpÜG.....6
Merger Control Clearances ..... 29		WpÜG Offer Regulation.....24
MVV Energie AG ..... 6		<b>X</b>
MVV Group ..... 6		XETRA Trading System.....32

## I. GENERAL INFORMATION ABOUT THIS STATEMENT

On 7 May 2020, pursuant to Secs. 34 and 14 (2) and (3) of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*, "**WpÜG**"), FS DE Energy GmbH, with registered office in Frankfurt am Main, Germany (the "**Bidder**"), a limited liability company established under the laws of Germany, published the offer document within the meaning of Sec. 11 WpÜG (the "**Offer Document**") for its voluntary public takeover offer (the "**Offer**") made to all shareholders of MVV Energie AG, Mannheim, Germany, in order to acquire all of the no-par value registered shares of MVV Energie AG not directly held by the Bidder, each representing a nominal pro rata amount of EUR 2.56 in the share capital (ISIN DE000A0H52F5, WKN A0H52F) (the "**MVV Shares**"), including all ancillary rights associated with these shares at the time of the completion of the Offer, in particular the respective dividend entitlement, against payment of a cash consideration in the amount of EUR 26.99 for each MVV Share (the "**Offer Price**"). Hereinafter, MVV Energie AG will be referred to as "**MVV Energie AG**" and together with its affiliates within the meaning of Secs. 17 et seqq. of the German Stock Corporation Act (*Aktiengesetz*, "**AktG**"), referred to as the "**MVV Group**" and the shareholders of MVV Energie AG hereinafter referred to as the "**MVV Shareholders**".

The Offer Document was submitted to MVV Energie AG's executive board (the "**Executive Board**") on 7 May 2020. The Executive Board forwarded the Offer Document on the same day to MVV Energie AG's supervisory board (the "**Supervisory Board**"), to the group works council of MVV Group, the works council at the Mannheim site and MVV Energie AG's economic committee (*Wirtschaftsausschuss*).

The Executive Board and the Supervisory Board are hereby issuing this joint reasoned statement pursuant to Sec. 27 (1) WpÜG (the "**Statement**") with regard to the Bidder's Offer. The Executive Board and the Supervisory Board each resolved on this Statement on 15 May 2020. In the context of the Statement, the Executive Board and the Supervisory Board point out the following in advance:

### 1. Legal and factual bases

Under Sec. 27 (1) sentence 1 WpÜG, the Executive Board and the supervisory board of a target company shall issue a reasoned statement on a takeover offer and every modification thereof. The statement may be issued jointly by the target company's Executive Board and supervisory board. The Executive Board and the Supervisory Board have decided to issue a joint statement regarding the Bidder's Offer. This Statement is being issued solely under German law.

**GENERAL INFORMATION ABOUT THIS STATEMENT**

Time data in this Statement is indicated in Central European Summer Time ("CEST") unless explicitly stated otherwise. The currency designations "EUR" refer to the currency of the European Economic and Monetary Union pursuant to Art. 3 (4) of the Treaty on the European Union. To the extent terms such as "at this point in time", "at the date hereof", "currently", "at the moment", "now", "at present" or "today" are used, these terms refer to the time of publication of this Statement, unless explicitly stated otherwise.

All information, forecasts, assessments, value judgements, valuations, forward-looking statements and declarations of intent contained in this Statement are based on the information available to the Executive Board and the Supervisory Board at the time of publication of this Statement or reflect their assessments or intentions as at this point in time. Forward-looking statements express intentions, opinions or expectations and entail known or unknown risks and uncertainties because such statements refer to events and depend on circumstances that will occur or prevail in the future. Forward-looking statements are indicated by words and phrases such as "target", "anticipate", "expect", "plan", "will" or similar words. The Executive Board and the Supervisory Board make such forward-looking statements to the best of their knowledge and belief in the expectation that the underlying assumptions are justified and comprehensible as well as correct and complete as at the time of publication of this Statement. The underlying assumptions may, however, change after the date of publication of this Statement as a result of political, economic or legal events.

The Executive Board and the Supervisory Board do not intend to update this Statement and do not assume any obligations to update this Statement, unless they are required to do so under German law.

The information contained in this Statement about the Bidder, about the persons acting jointly with the Bidder and about the Offer is based on the information contained in the Offer Document and other publicly available information unless explicitly stated otherwise. The Executive Board and the Supervisory Board point out that they are not in a position to verify all the information contained and the intentions specified by the Bidder in the Offer Document. It cannot be ruled out that the Bidder may have changed or may yet change its stated intentions and it is not certain that the intentions published in the Offer Document will actually be implemented.

**2. Statement by the competent works council**

The competent works council of MVV Energie AG did not make use of the possibility to submit a statement on the offer to the Executive Board pursuant to Sec. 27 (2) WpÜG.

**3. Publication of statements regarding the Offer and possible amendments to the Offer**

This Statement and any supplements and/or additional statements regarding any amendments to the Offer will be published in accordance with Sec. 27 (3) and Sec. 14 (3) sentence 1 WpÜG on the Internet on the website of the company at

<https://www.mvv.de/stellungnahme>

in German and at

<https://www.mvv.de/en/statement>

in a non-binding English translation. Copies of the statements are available at MVV Energie AG, Investor Relations, Luisenring 49, 68159 Mannheim, Germany, for distribution free of charge (ordering also possible by phone at +49 (0) 621 290 3188 or by telefax to +49 (0) 621 3075 or by email to [ir@mvv.de](mailto:ir@mvv.de), in each case by providing a postal address for mailing). Both the fact of publication and availability of copies for distribution free of charge will be announced in the German Federal Gazette (*Bundesanzeiger*).

This Statement and any supplements and/or additional statements regarding any amendments to the Offer will be published, in addition to the authoritative German version, in a non-binding English translation; no liability is assumed for the correctness or completeness of the non-binding English translation.

**4. Individual review responsibility of MVV Shareholders**

The Executive Board and the Supervisory Board point out that the description of the Offer contained in this Statement does not purport to be complete and that solely the terms of the Offer Document apply to the content and the settlement of the Offer. The valuations and recommendations of the Executive Board and the Supervisory Board contained in this Statement do not bind the MVV Shareholders in any way. To the extent that this Statement makes reference to, quotes, summarises or repeats the Offer or the Offer Document, such statements are deemed to be mere references, i.e. the Executive Board and the Supervisory Board neither adopt the terms of the Offer or Offer Document as their own, nor do they assume any liability for the correctness or completeness of the Offer or Offer Document.

The Executive Board and the Supervisory Board point out that for MVV Shareholders whose place of residence, registered office or habitual abode is outside the Federal Republic of Germany, it may be difficult to enforce their rights and claims arising under the laws of a country other than their own country of residence, registered office or habitual abode, in particular, since MVV Energie AG is a



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**GENERAL INFORMATION ABOUT THIS STATEMENT**

company incorporated under German law that is registered with the commercial register in the Federal Republic of Germany and all or most of whose executive staff and board members may have their place of residence in a country other than the country of residence, registered office or habitual abode of the relevant MVV Shareholder.

It is the responsibility of each MVV Shareholder to take note of the Offer Document, to form an opinion on the Offer and, if required, to take all necessary measures. The MVV Shareholders must each reach their own individual decisions on whether and, where applicable, to what extent they wish to accept the Offer, taking into account the overall situation, their individual circumstances (including their individual tax situations) and their personal assessments of the future development of the value and share price of the MVV Shares. This Statement does not take into account individual circumstances, situations or interests that individual MVV Shareholders may have on the basis of contractual agreements, their individual tax situation, the size of their share packages or other circumstances of any kind, and which may be relevant for the assessment of the Offer in its entirety, the adequacy of the Offer Price or other aspects of the Offer. In reaching their decisions to accept or to decline the Offer, the MVV Shareholders should take into account all sources of information available to them and take sufficient account of their personal interests. The Executive Board and the Supervisory Board do not assume any responsibility for the MVV Shareholders' decisions. If the MVV Shareholders accept the Offer, they are responsible themselves for complying with the requirements and conditions described in the Offer Document.

The Executive Board and the Supervisory Board point out that MVV Shareholders, who intend to accept the Offer, must check whether this acceptance will be compliant with the legal obligations that may potentially result from their individual circumstances (e.g. security interests in the shares or sales restrictions). The Executive Board and the Supervisory Board cannot assess such individual obligations and/or consider them in their recommendation. The Executive Board and the Supervisory Board advise all persons, particularly those receiving the Offer Document outside of the Federal Republic of Germany, or those who wish to accept the Offer but are subject to the securities laws of a jurisdiction other than the Federal Republic of Germany, to inform themselves about the applicable legal regulations and to comply with them. The Executive Board and the Supervisory Board recommend that the MVV Shareholders obtain individual tax and legal advice insofar as necessary.

**5. Information for MVV Shareholders having their place of residence, registered office or habitual abode in the USA**

This Statement is issued in accordance with the statutory provisions of the Federal Republic of Germany. It does not constitute a statement pursuant to Sec. 14 (d) (1) or 13 (e) (1) of the Securities Exchange Act 1934, as amended, in conjunction with the General Rules and Regulations applicable

**GENERAL INFORMATION ABOUT MVV ENERGIE AG AND THE BIDDER**

thereunder ("**Tender Offer Statement**"). The Executive Board and the Supervisory Board also advise the MVV Shareholders whose place of residence, registered office or habitual abode is in the United States of America ("USA") of the fact that this Statement has been prepared in accordance with a format and structure customary in the Federal Republic of Germany, which differ from the format and structure customary for a Tender Offer Statement in the USA. In addition, the content of this Statement differs from the mandatory information to be provided in a Tender Offer Statement under US law. Furthermore, the Executive Board and the Supervisory Board point out that neither the US Securities and Exchange Commission nor any state securities commission in the USA have approved or disapproved this Statement or reviewed this Statement prior to its publication. For the Bidder's information to MVV Shareholders with residence, registered office or habitual abode in the USA, see Section 1.2 of the Offer Document.

**II. GENERAL INFORMATION ABOUT MVV ENERGIE AG AND THE BIDDER**

**1. MVV ENERGIE AG**

**1.1 Legal bases**

MVV Energie AG is a German listed stock corporation (*Aktiengesellschaft*) with its registered office in Mannheim, Germany, registered with the commercial register (*Handelsregister*) of the Local Court (*Amtsgericht*) of Mannheim under HRB 1780. The company's business address is Luisenring 49, 68159 Mannheim, Germany. MVV Energie AG is the parent company of MVV Group.

The corporate purpose of MVV Energie AG is the generation, trading and general supply and disposal of electricity, gas, water and heating, the utilisation of non-recyclable materials, information processing and communications technology, the planning, establishment and operation of telecommunications facilities, the acquisition, development, utilisation and management of real estate, the operation of real estate and building and facility management, as well as the advising of third parties and the provision of services in these areas. MVV Energie AG is entitled to undertake all transactions and measures required by the purpose of the company or which are directly or indirectly suited to serving such purpose. MVV Energie AG is entitled to establish branches and to establish, acquire or purchase shareholdings in other companies. It may place such companies in part or as a whole under uniform management. It may also undertake its activities by means of subsidiaries, shareholdings or joint ventures, or carve out such activities in part or as a whole to affiliated companies, or entrust such activities to affiliated companies and restrict its own activities to the management and administration of its affiliated companies. The financial year begins on 1 October and ends on 30 September of the following calendar year.

## 1.2 Members of the Executive Board and the Supervisory Board

The Executive Board currently consists of four members: Dr. Georg Müller (Chief Executive and Commercial Director), Verena Amann (HR Director), Ralf Klöpfer (Sales Director) and Dr. Hansjörg Roll (Technology Director).

Pursuant to the provisions of the German Stock Corporation Act, the German Co-Determination Act (*Mitbestimmungsgesetz*) and Sec. 9 (1) of MVV Energie AG's Articles of Association, the Supervisory Board is composed of twenty members as follows: The city of Mannheim appoints its Lord High Mayor and the relevant department head to the Supervisory Board, taking due account of the Supervisory Board members to be elected by the Annual General Meeting, provided that the city of Mannheim is a shareholder in the company and directly or indirectly holds shares amounting to more than half of its share capital. Ten Supervisory Board members are elected by the employees. The remaining Supervisory Board members are elected by the shareholders. The Supervisory Board is composed of at least 30 percent women and at least 30 percent men. The regulation affects both the shareholder representatives and the employee representatives because the overall fulfilment was contested pursuant to Sec. 96 (2) sentence 3 AktG.

The Supervisory Board currently consists of the following twenty members: Dr. Peter Kurz (Chairman of the Supervisory Board), Heike Kamradt\* (Deputy Chair of the Supervisory Board), Prof. Heinz-Werner Ufer, Johannes Böttcher\*, Timo Carstensen\*, Ralf Eisenhauer, Peter Erni\*, Detlef Falk\*, Gabriele Gröschl-Bahr\*, Dieter Hassel, Barbara Hoffmann, Prof. Dr. Heidrun Kämper, Brigitte Kemmer, Thoralf Lingnau\*, Dr. Lorenz Näger, Steffen Ratzel, Bernhard Schumacher\*, Christian Specht, Susanne Wenz\*, Jürgen Wiesner\* (employee representatives are marked with a \*).

## 1.3 Capital and shareholder structure

The share capital (*Grundkapital*) of MVV Energie AG at the time of publication of this Statement amounts to EUR 168,721,397.76 and is divided into 65,906,796 ordinary registered shares with no-par value (*Stückaktien*), each representing a nominal pro rata amount of EUR 2.56 in the share capital. All issued MVV Shares carry a voting right.

Pursuant to Sec. 5 (1) of MVV Energie AG's Articles of Association, the Executive Board is authorised, with the consent of the Supervisory Board, to increase the share capital on one or more occasions on or before 7 March 2024 by issuing of 20,000,000 new registered shares in exchange for contributions in cash or in kind up to a maximum amount of EUR 51,200,000.00 (Authorised Capital 2019). As a general rule, the MVV Shareholders shall receive subscription rights. However, the Executive Board is authorised, with the consent of the Supervisory Board, to exclude the shareholders' subscription right for up to 9,880,000 new registered shares in the cases listed in

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**GENERAL INFORMATION ABOUT MVV ENERGIE AG AND THE BIDDER**

Sec. 5 (2) of MVV Energie AG's Articles of Association. The authorised capital has not been utilised yet and there is also no intention to use the authorised capital.

By resolution of the Annual General Meeting of 13 March 2020, MVV Energie AG was authorised, in accordance with Sec. 71 (1) no. 8 AktG, to acquire its own shares until 12 March 2025 collectively representing a maximum of 10% of the share capital issued at the time the of the resolution or – if this figure is lower – at the time the authorisation is exercised. So far, MVV Energie AG has not exercised such authorisation. MVV Energie AG currently does not hold any of its MVV Shares.

The MVV Shares are listed on the stock exchange and are currently listed in the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of Deutsche Börse on the Frankfurt Stock Exchange (ISIN DE000A0H52F5). Furthermore, the MVV Shares are traded, *inter alia*, on the regulated market of the Stuttgart Stock Exchange and over the counter at the stock exchanges in Berlin, Düsseldorf and Hamburg.

According to the voting rights notifications and other information received by MVV Energie AG from its shareholders by 14 May 2020, more than 3% of the voting rights in the company are held by or to be attributed to the following persons. To MVV Energie AG's knowledge, the remaining MVV Shares are in free float.

<b>Shareholder</b>	<b>Voting rights (excluding instruments)</b>
Stadt Mannheim (direct and indirect)	50.1 %
EnBW Energie Baden-Württemberg AG	28.8 %
RheinEnergie AG	16.3 %

**Overview II.1.3: Substantial voting rights**

According to Section 6.5 of the Offer Document, the Bidder entered into a share purchase agreement for the acquisition of 18,956,892 MVV Shares (corresponding to approximately 28.8% of the share capital and voting rights of MVV Energie AG) from EnBW Baden-Württemberg AG ("**EnBW**") and additional 10,752,819 MVV Shares (corresponding to approximately 16.3% of the share capital and voting rights of MVV Energie AG) from RheinEnergie AG ("**RheinEnergie**") ("**Share Purchase Agreement**"), which is subject to certain conditions precedent (see also Section II.3.2 of this Statement).

Furthermore, on 2 April 2020, the city of Mannheim and its subsidiaries MKB Mannheimer Kommunalbeteiligungen GmbH with registered seat in Mannheim, Germany, and MV Mannheimer Verkehr GmbH with registered seat in Mannheim, Germany, as well as the Bidder, FS Energy TopCo

**GENERAL INFORMATION ABOUT MVV ENERGIE AG AND THE BIDDER**

S.à r.l. and First State Investments International Limited, entered into a Shareholders' Agreement, which is subject to certain conditions precedent (see also Section III.5.2 of this Statement).

#### **1.4 Structure and business of MVV Group**

As the parent company of MVV Group, MVV Energie AG has a central position: it directly or indirectly holds shares in the companies of the Group and is active in operations at the same time.

As of 30 September 2019 MVV Group, including MVV Energie AG, comprised a total of 165 fully consolidated companies and 36 at-equity companies. MVV Group and the MVV associated companies (i.e. including companies with non-controlling interests) include the following companies, among others: Energieversorgung Offenbach AG, juwi AG, MVV Enamic GmbH, MVV Netze GmbH, MVV Regioplan GmbH, MVV Trading GmbH, MVV Umwelt GmbH, MVV Energie CZ a.s., Soluvia Energy Services GmbH, Soluvia IT-Services GmbH, Stadtwerke Ingolstadt Beteiligungen GmbH, Stadtwerke Kiel AG and Windwärts Energie GmbH. The group's largest locations are in Mannheim, Kiel, Offenbach and Wörrstadt. MVV Group is also represented in over 20 countries. In addition to Germany, these countries include the United Kingdom and the Czech Republic.

MVV Group is managed in five reporting segments, which are also reported on externally:

The **Customer Solutions** reporting segment includes the energy and water retail businesses. MVV Group provides private, commercial and corporate customers with a broad range of products and services meeting ecological standards: these range from renewable energies through to environmentally-friendly district heating. It also includes the portfolio of solutions offered to private, commercial and corporate customers for self-generated solar power and e-mobility. E-mobility is also an integral component of the activities in the area of smart cities, where MVV Group acts as a system partner to local authorities and offers networked solutions for the city of the future. The range of energy-related services for business customers focuses on projects and measures to enhance efficiency and optimise energy use for industrial, commercial, and housing industry clients. The Customer Solutions segment also includes the commodities, service and trading business at MVV Trading GmbH, where MVV pools energy procurement, energy product trading and portfolio management for the Group. MVV Group also offers these services to third-party customers on the market. Moreover, the trading subsidiary is also responsible for the renewable energies direct marketing business.

In the **New Energies** reporting segment, MVV Group on the one hand pools its competence in making ecological use of waste and biomass. MVV Group draws on this expertise not only at its plants in Mannheim, Offenbach, Leuna, Königs Wusterhausen and Flörsheim-Wicker, but also in the United Kingdom: In Plymouth, MVV Group operates a state-of-the-art energy from waste plant with

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**GENERAL INFORMATION ABOUT MVV ENERGIE AG AND THE BIDDER**

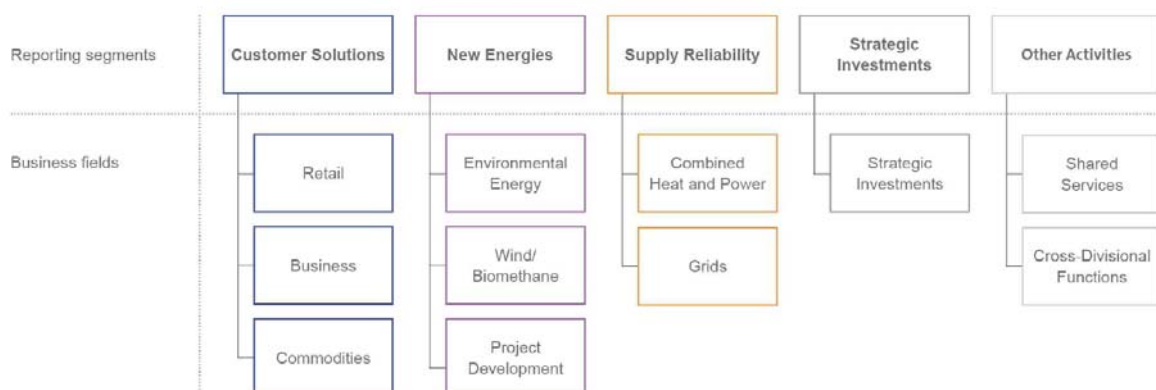
heat extraction and at Ridham Dock a biomass power plant with CHP (Combined Heat and Power) capability. In the Scottish city of Dundee, MVV Group took over an existing energy from waste plant in the 2018 financial year and is building a new, highly modernised plant in the direct vicinity. Furthermore, in Germany MVV Group also has biogas and biomethane plants. On the other hand, the New Energies segment also contains the wind turbines and photovoltaics systems of MVV Group, as well as its national and international project development business. In Germany, MVV Group focuses, in particular, on onshore wind turbines, while solar power is the focal point in the international business. MVV Group also provides operations management for windfarms and solar parks.

The **Supply Reliability** reporting segment includes the MVV generation portfolio for conventional energies with combined heat and power generation. These include Stadtwerke Kiel AG's gas-fired CHP plant commissioned in 2019, the CHP plant in Offenbach and the shareholdings in Grosskraftwerk Mannheim AG. To be able to guarantee a reliable supply of energy and water at all times, high-performing grids are crucial. For this reason, this segment also includes the grid business of the MVV distribution grid operators, *inter alia* in Mannheim, Kiel and Offenbach.

The **Strategic Investments** reporting segment mainly consists of Köthen Energie GmbH and MVV Energie CZ a.s., as well as the at-equity result of Stadtwerke Ingolstadt Beteiligungen GmbH.

The **Other Activities** reporting segment comprises the service companies and cross-divisional functions of MVV Group. The service companies Soluvia Energy Services GmbH and Soluvia IT-Services GmbH perform metering, billing and IT services for the locations of MVV Group in Mannheim, Offenbach and Kiel as well as an external service provider for several public utilities companies.

The following overview shows the structure of MVV Group in a highly simplified form:



**Overview II.1.4: Reporting segments and business areas**

## 1.5 Business development and selected key financial figures<sup>1</sup>

### 1.5.1 Investments

In the 2019 financial year, MVV Group focused on three major investments: In Kiel, a new gas-powered CHP plant as the successor solution to the joint power plant Kiel (*Gemeinschaftskraftwerk Kiel*) was completed. This will secure the supply of district heating to the city and commercial operations started in November 2019. With a volume of EUR 290 million, it represents the largest investment MVV Group has made in recent years.

In the Scottish town of Dundee, MVV Group is currently building a new thermal energy from waste plant, which is scheduled to launch operations in 2020 and will generate heating energy and electricity from waste. Overall, MVV Group is investing around EUR 135 million in Dundee.

At the Mannheim location, MVV Group has linked up its CHP plant Friesenheimer Insel to the existing district heating grid - around EUR 100 million are being invested in this location. Since February 2020, MVV Group has been using the heating from waste incineration not only to generate electricity and supply steam for the neighbouring industry, but also for the district heating supply in the region.

In the 2019 financial year, MVV Group invested a total amount of EUR 310 million.

### 1.5.2 Development of Adjusted Sales in the 2019 financial year

Adjusted Sales (excluding energy taxes)	2018	2019	Development
	(EUR million)		
Customer Solutions	2,819	2,632	-7%
New Energies	738	734	-1%
Supply Reliability	256	229	-11%
Strategic Investments	87	86	-1%
Other Activities	2	2	0%
<b>MVV Group</b>	<b>3,903</b>	<b>3,683</b>	<b>-6%</b>

#### Overview II.1.5/2: Development of Adjusted Sales in the 2019 financial year

The decline in Adjusted Sales in the reporting segments Customer Solutions and Supply Reliability is mainly the result of the netting between sales and cost of materials, which has to be performed

<sup>1</sup> In this whole Section, the 2019 financial year covers the period from 1 October 2018 to 30 September 2019 and the comparative year 2018 the period from 1 October 2017 to 30 September 2018.



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**GENERAL INFORMATION ABOUT MVV ENERGIE AG AND THE BIDDER**

since the beginning of the 2019 financial year in accordance with IFRS 15. In addition, the decline in sales in the Customer Solutions segment reflects lower electricity trading volumes.

**1.5.3 Development of Adjusted EBIT in the 2019 financial year**

<b>Adjusted EBIT</b>	<b>2018</b>	<b>2019</b>	<b>Development</b>
	<b>(EUR million)</b>		
Customer Solutions	47	26	-45%
New Energies	90	109	+21%
Supply Reliability	62	69	+11%
Strategic Investments	25	20	-20%
Other Activities	4	1	-75%
<b>MVV Group</b>	<b>228</b>	<b>225</b>	<b>-1%</b>

**Overview II.1.5/3: Development of Adjusted EBIT in the 2019 financial year**

Adjusted EBIT in the Customer Solutions reporting segment was influenced by start-up costs in connection with the development of innovative products and services and the establishment of new business activities. These could partially be compensated by positive effects in sales and energy marketing. Compared with the previous year, earnings in the Customer Solutions segment were also characterised by the fact that the previous year's result was essentially influenced by two one-time effects: the sale of assets from multi-utility contracts and unscheduled depreciation of goodwill at MVV Enamic GmbH, a subsidiary which offers energy services.

In the New Energy reporting segment, the Adjusted EBIT differs from the previous year, in particular, because the result in the previous year was affected by an unscheduled depreciation of goodwill in the Juwi sub-group. As expected, the project development business developed positively in the 2019 financial year and delivered higher earnings contributions. Turbine damage at the biomass power plant in Ridham Dock in March 2019 had led to the fact that plant availability in Great Britain in the second half of the 2019 financial year was lower than in the first half of the year. These negative effects were able to be offset, in particular, by a positive development of electricity and biomass prices.

The sale of fibre optic cables by MVV Energie AG had a one-time positive effect on Adjusted EBIT in the reporting segment Supply Reliability. In the 2019 financial year the results were affected by follow-up costs of the Kiel joint venture power plant. These effects have been overcompensated by a higher at-equity result and positive regulatory effects, resulting in an overall increase in Adjusted EBIT in the Supply Reliability reporting segment.



**GENERAL INFORMATION ABOUT MVV ENERGIE AG AND THE BIDDER**

In the 2019 financial year, the earnings performance of the Strategic Investments reporting segment was influenced, on the one hand, by start-up costs for the development of new business areas and the breakdown of a plant, and on the other hand, by changes in provisions: While provisions were released in the previous year, new provisions had to be accrued in the 2019 financial year.

**1.5.4 Outlook**

After the second quarter of the current financial year, MVV Group has adjusted its forecast for the 2020 financial year in such a way that revenues and adjusted EBIT in the 2020 financial year will be approximately at the same level as in the previous year; the report on the second quarter of the current financial year was published on 13 May 2020.

In operational terms, the development of sales is primarily dependent on trading activities and energy prices, project realisation in the renewable energy sector and sales activities, but also on the availability of the plants. Due to the Group's business model, the development of earnings is generally dependent on wind conditions, electricity and fuel prices, trading margins for conventional generation, the availability of plants and the development of the market and competitive environment. In addition, the first effects of the planned coal phase-out are expected before the end of the current fiscal year.

The effects of the Covid 19 pandemic on the 2020 financial year cannot be quantified conclusively at this stage. They depend, among other things, on the duration and extent of contact restrictions and the speed of economic recovery. Energy consumption by business and commercial customers and the development of projects or constructions may be particularly affected. Overall, it should be noted that the risk corridor of the forecast has broadened.

Additional notifications and reports of MVV Group are available on the internet at:

<https://www.mvv.de/en/investors/reports-events/publications>

**1.6 Strategy of MVV Group**

MVV Group's strategy is focused on providing environmentally and climate-friendly, reliable and economic energy. Therefore, MVV Group makes targeted investments in the five strategic directions:

1. Expansion of renewable energies,
2. Expansion of environmental activities,
3. Expansion of business models, which enable customers to achieve their own energy turnaround,

**GENERAL INFORMATION ABOUT MVV ENERGIE AG AND THE BIDDER**

4. Further development of the energy infrastructure and
5. Strengthening of innovation capability.

Further guidelines for strategic positioning are the major trends towards decarbonisation or decentralisation of energy supply as well as digitisation.

Decarbonisation stands for MVV Group's own contribution to the energy turnaround by continuously increasing the share of renewable energies in its own generation portfolio. At the same time, emissions from conventional energy production positions are to be reduced to zero by 2050 at the latest. Thus, the new gas-powered CHP plant in Kiel was commissioned at the end of November 2019 - as a successor solution to the coal powered predecessor power plant. Since February 2020, the waste heat from the waste powered Mannheim CHP plant is fed into the regional district heating network. This means that around 30 percent of annual heating requirements are covered by renewable energies. In addition, MVV Group is continuously examining further options for replacing conventional heat generation with low CO<sub>2</sub> and renewable sources.

MVV Group's offerings for decentralising energy supply are designed to enable each customer to make its own contribution to the energy turnaround. MVV Group provides the necessary solutions, products and tools in order to guarantee a successful change in technology. In addition to the products around photovoltaic systems, battery storage and heat pump, which are of interest for the B2C market, this also includes the components of the MVV solution houses developed for the B2B market, for example in the area of energy management or development of customer-specific solutions, e.g. LED lighting concepts.

MVV Group uses digitisation to further optimise processes and to develop new, innovative and individual business models and future-oriented methods of customer interaction.

The business segments bundled within MVV Group form a stable network. They complement each other in an ideal way, benefit from each other's know-how and at the same time contribute to a stabilisation of revenue streams. Asset-based, long-term business forms the foundation for the further development of the group in the areas of decentralisation and digitisation. With its solutions and products, MVV Group operates in various markets (e.g. energy, waste, services, networks), in different regions (Germany regional and nationwide, United Kingdom, Czech Republic, international) and for numerous customer groups. This reduces business risk and susceptibility to economic or legislative changes.

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**GENERAL INFORMATION ABOUT MVV ENERGIE AG AND THE BIDDER**

One investment priority is on renewable energies with a focus on wind onshore, bio-methane and (in the future) photovoltaics. In these areas, MVV Group covers the entire value creation chain from planning and implementation to production, operation and marketing. In addition to the project development of wind farms, the company will continue to increase its activities in the areas of plant renewal (so-called re-powering) and photovoltaics in Germany.

MVV Group has extensive expertise and a strong market position in the environmental segment. Against the background of an attractive market environment, MVV Group has identified further potential in Germany and abroad and has planned investments in further plants. In this context, the central business activities for thermal waste recycling will be expanded to include some activities that are closely linked to the core business, such as bio-waste fermentation or phosphorus recycling from sewage sludge. These investments open up new sources of revenue and complement the company portfolio with regard to risk-appropriate diversification.

An important basis of the grid business is, on the one hand, to secure the licenses and, on the other hand, to optimise the grids. The condition of the grids has been assessed and analysed in detail in the recent years. Hence, concrete investment and maintenance measures were derived in order to ensure their future performance. The further expansion of the district heating grids remains an integral part of the corporate strategy and is linked to opportunities, e.g. through operational optimisations, such as the reduction of flow temperatures.

Numerous new business models complement MVV Group's activities and should deliver measurable long-term contributions to earnings. These include, for example, the Smart Cities business segment, in which MVV Group will ensure the multiplication of new, pioneering approaches relating to energy and transport as well as neighbourhood solutions as a partner to local authorities and innovative public utility companies. In the field of e-mobility, MVV Group will link its B2B and B2C activities even more closely in future. The combined product consisting of a photovoltaic system, charging station and electric vehicle will be a popular choice for B2C customers. B2B customers are increasingly opting for a combination of charging infrastructure in conjunction with storage and charging management solutions.

The energy turnaround and the changes in the environment also mean that corporate structures as well as ways of working and creative processes must be adapted. MVV Energie AG is therefore working on the continuously further development of its corporate culture in order to prepare the organisation, management understanding and employees for the future requirements of markets and customers. The possibilities offered by digitisation help to optimise the cooperation between the divisions or between the business units and to streamline processes, but do not completely replace personal exchange and the experience of culture. The IT strategy focuses on the increased use of

**GENERAL INFORMATION ABOUT MVV ENERGIE AG AND THE BIDDER**

mobile devices in combination with cloud solutions in order to meet even better the requirements for flexible and future-proof software support.

Furthermore, MVV Group is continuously monitoring the development of the market, the energy political framework, competition, science and research to identify, evaluate and, if necessary, fill interesting future topics and emerging market opportunities in a timely manner.

## **2. Bidder**

The following information has been published by the Bidder in the Offer Document unless another source is stated.

### **2.1 Legal bases and shareholder structure of the Bidder**

According to the statements in Section 6.1 of the Offer Document, the Bidder, FS DE Energy GmbH, is a limited liability company under German law with registered office in Frankfurt am Main, Germany and registered in the commercial register (*Handelsregister*) of the Local Court (*Amtsgericht*) of Frankfurt am Main, Germany under HRB 116091. The Bidder is an indirect subsidiary of funds managed by First State Investments (see Sec. II.2.2 of this Statement). First State Investment consists of First Sentier Investors Holdings Pty Limited and its subsidiaries ("FSI") and is a global asset management firm focused on high quality, long-term investment opportunities for a client base that includes institutional investors, pension funds, wholesale distributors and platforms, financial advisors and their clients. With more than twenty years of experience, FSI is one of the most experienced asset managers for infrastructure investments.

The registered business address is Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main, Germany. The share capital (*Stammkapital*) amounts to EUR 25,000 and is divided into 25,000 shares with a nominal value of EUR 1.00 each. The Bidder was founded on 18 June 2019. The Bidder's financial year begins on 1 October and ends on 30 September of the following year. Due to a modification of the articles of association, the financial year until 30 September 2020 is short financial year. The sole managing director (*Geschäftsführer*) of the Bidder is Johannes Schönfeldt.

### **2.2 Shareholders controlling the Bidder**

The following companies directly or indirectly hold participations in the Bidder (the "**Bidder Parent Companies**") (see Section 6.2 of the Offer Document and the chart in Annex 1 to the Offer Document):

- The sole shareholder of the Bidder is FS Energy Holdco S.à r.l., a limited liability company (*Société à responsabilité limitée*) under the laws of the Grand Duchy of Luxembourg, with

**- Non-binding English Translation -**

**GENERAL INFORMATION ABOUT MVV ENERGIE AG AND THE BIDDER**

its registered seat in Luxembourg, Grand Duchy of Luxembourg, registered in the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) under B243078.

- The sole shareholder of FS Energy Holdco S.à r.l. is FS Energy TopCo S.à r.l., a limited liability company (*Société à responsabilité limitée*) under the laws of the Grand Duchy of Luxembourg, registered in the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) under B242993.
- The sole shareholder of FS Energy TopCo S.à r.l. is Infrastructure Holding (Lux) S.à r.l., a limited liability company (*Société à responsabilité limitée*) under the laws of the Grand Duchy of Luxembourg, registered in the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) under B208371.
- The sole shareholder of Infrastructure Holding (Lux) S.à r.l. is European Diversified Infrastructure Fund II SCSp, a limited commercial partnership (*Société en commandite spéciale*) under the laws of the Grand Duchy of Luxembourg, registered in the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) under B204484.
- The general partner of the European Diversified Infrastructure Fund II SCSp is EDIF II GP S.à r.l., a limited liability company (*Société à responsabilité limitée*) under the laws of the Grand Duchy of Luxembourg, registered in the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) under B204413. All limited partners in the European Diversified Infrastructure Fund II SCSp are excluded from the management of the EDIF II Fund and do not hold more than 10% of the limited partnership interests in the European Diversified Infrastructure Fund II SCSp.
- The sole shareholder of EDIF II GP S.à r.l. is CFSPAI Europe Co. Limited, a limited liability company under the laws of Malta, registered in Malta business registry under company code C41267.
- With the exception of approximately 0.00026% of the shares, which are held indirectly by First Sentier Investors Holdings Pty Limited, CFSPAI Europe Holdco Limited a limited liability company under the laws of Malta, registered in the Malta business registry under company code C41260, holds all shares in CFSPAI Europe Co Limited.
- With the exception of approximately 0.00026% of the shares, which are held indirectly by First Sentier Investors Holdings Pty Limited, First Sentier Investors (Australia) Infrastructure Holding Ltd., a limited liability company under the laws of Australia, registered in the

*- Non-binding English Translation -*

**GENERAL INFORMATION ABOUT MVV ENERGIE AG AND THE BIDDER**

Australian trade register under ACN 085 313 926, holds all shares in CFSPAI Europe Holdco Limited.

- The sole shareholder of First Sentier Investors (Australia) Infrastructure Holding Ltd. is First Sentier Investors Holdings Pty Limited, a limited liability company under the laws of Australia, registered in the Australian trade register under ACN 630 725 558.
- The sole shareholder of First Sentier Investor Holdings Pty Limited is Mitsubishi UFJ Trust and Banking Corporation, a corporation under the laws of Japan, registered in Japan under company number 0100-01-008770.
- The sole shareholder of Mitsubishi UFJ Trust and Banking Corporation is Mitsubishi UFJ Financial Group, Inc., a corporation under the laws of Japan, registered in Japan under company number 0100-01-073486.

According to information provided by the Bidder, EDIF II GP S.à r.l., an FSI company, manages the business of European Diversified Infrastructure Fund II SCSp as its general partner whereby it has delegated various tasks to its investment manager, First State Investment International Limited with registered seat in Edinburgh, United Kingdom, which also belongs to FSI. The Bidder, the Bidder Parent Companies, First State Investments International Limited and its controlling shareholders are hereinafter jointly referred to as the "**FSI Acquirers**".

**3. Shares held in MVV Energie AG by the Bidder and persons acting jointly with the Bidder; attribution of voting rights and information about securities acquisitions**

**3.1 Shares held in MVV Energie AG by the Bidder and by persons acting jointly with the Bidder and attribution of voting rights**

According to the information provided by the Bidder in Section 6.6 of the Offer Document, the Bidder did not directly or indirectly hold any MVV Shares as at the date of publication of the Offer Document and persons acting in concert with the Bidder under takeover law within the meaning of Sec. 2 (5) WpÜG held the following MVV Shares:

- MV Mannheimer Verkehr GmbH holds 33,019,463 MVV Shares (corresponding to approximately 50.1% of the share capital and voting rights of MVV Energie AG). These voting rights are attributed to MKB Mannheimer Kommunalbeteiligungen GmbH and the city of Mannheim as parent companies of MV Mannheimer Verkehr GmbH pursuant to Sec. 30 (1) sentence 1 no. 1 and sentence 3 WpÜG.

**GENERAL INFORMATION ABOUT MVV ENERGIE AG AND THE BIDDER**

- In addition, the city of Mannheim directly holds 872 MVV Shares (corresponding to approximately 0.001% of the share capital and voting rights of MVV Energie AG).

The Executive Board and the Supervisory Board point out that, in their view, the classification of the city of Mannheim, MV Mannheimer Verkehr GmbH and MKB Mannheimer Kommunalbeteiligungen GmbH as persons acting jointly with the Bidder under takeover law within the meaning of Sec. 2 (5) WpÜG does not alter the fact that the city of Mannheim remains the sole controlling company within the meaning of Sec. 17 (1) AktG and that, in their view, the Shareholders' Agreement (see Section. III.5.2 of this Statement) does not constitute joint control of MVV Energie AG by the Bidder and the city of Mannheim within the meaning of the German stock corporation law.

On 2 April 2020, the Bidder, EnBW and RheinEnergie entered into a Share Purchase Agreement for the acquisition of 18,956,892 MVV Shares (corresponding to approximately 28.8% of the share capital and voting rights of MVV Energie AG) from EnBW and 10,752,819 MVV Shares (corresponding to approximately 16.3% of the share capital and voting rights of MVV Energie AG) from RheinEnergie, which is subject to conditions precedent (see Section II.3.2 of this Statement). According to the information provided in Section 6.6 of the Offer Document, the resulting conditional rights to transfer a total of 29,709,711 MVV Shares (corresponding to approximately 45.1% of the share capital and voting rights of MVV Energie AG) constitute for the Bidder a directly held instrument within the meaning of Sec. 38 (1) sentence 1 no. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz*, "WpHG") and for the Bidder Parent Companies an indirectly held instrument within this meaning.

According to the information provided by the Bidder in the Offer Document, apart from the foregoing, neither the Bidder nor persons acting jointly with the Bidder within the meaning of Sec. 2 (5) WpÜG nor their subsidiaries at the time of the publication of the Offer Document held directly or indirectly any financial instruments or voting rights to be notified with respect to MVV Energie AG pursuant to Secs. 38 and 39 WpHG nor are voting rights from MVV Shares attributable to them in accordance with Sec. 30 WpÜG.

### **3.2 Information about securities acquisitions**

According to the information provided by the Bidder in Section 6.5 of the Offer Document, the Bidder acquired by Share Purchase Agreement, dated 2 April 2020, from EnBW 18,956,892 MVV Shares (corresponding to approximately 28.8% of the share capital and voting rights of MVV Energie AG) and from RheinEnergie 10,752,819 MVV Shares (corresponding to approximately 16.3% of the share capital and voting rights of MVV Energie AG) at a cash purchase price of EUR 25.34 per MVV Share. According to the Bidder, the closing of the Share Purchase Agreement is subject to conditions precedent, which correspond to those of the Offer. The Bidder points out in Section 6.5 of the Offer



**INFORMATION ABOUT THE OFFER**

Document that, pursuant to Sec. 35 (3) WpÜG, the Bidder and the FSI Acquirers are not obliged to make a mandatory offer to the shareholders if, as a result of the execution of the Share Purchase Agreement, they acquire control of MVV Energie AG in close connection with the Offer.

In addition, according to the information provided by the Bidder in Section 6.5 of the Offer Document, in the period beginning six months before the publication of the decision to launch the Offer and lasting until 7 May 2020, neither the Bidder itself nor any persons acting jointly with the Bidder under takeover law within the meaning of Sec. 2 (5) WpÜG nor their respective subsidiaries acquired MVV Shares or entered into agreements under which the transfer of shares may be claimed. In Section 6.5, the Bidder points out that it does not – with the exception of the Share Purchase Agreement – intend to make any acquisitions of MVV Shares outside the offer.

**III. INFORMATION ABOUT THE OFFER**

**1. Execution of the Offer**

In accordance with Sec. 29 (1) WpÜG, the Offer is implemented by the Bidder in the form of a voluntary public takeover offer (cash offer) for the acquisition of all MVV Shares under German law, in particular in accordance with the WpÜG and the Regulation Pertaining to the Content of the Offer Document, the Consideration in the Event of Takeover Offers and Mandatory Offers and the Release from the Obligation to Publish and to Make an Offer (*WpÜG-Angebotsverordnung*, "**WpÜG Offer Regulation**") and certain applicable securities law provisions of the USA (see Section 1.1 of the Offer Document).

**2. Publication of the decision to launch the Offer**

The Bidder published its decision to launch the Offer pursuant to Sec. 10 (1) sentence 1 WpÜG on 2 April 2020. This publication is available on the Internet at

[www.fsenergy-angebot.de/](http://www.fsenergy-angebot.de/)

**3. Review by BaFin and publication of the Offer Document**

According to the Bidder, the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, "**BaFin**") has reviewed the German version of the Offer Document in accordance with German law and permitted its publication on 7 May 2020. The Bidder states in the Offer Document that no registrations, authorisations or approvals of the Offer Document and/or the Offer have been granted or are intended to be applied for under any law other than the law of the



**INFORMATION ABOUT THE OFFER**

Federal Republic of Germany. The Offer Document was published by the Bidder on 7 May 2020 by way of (i) announcement on the internet at

[www.fsenergy-angebot.de](http://www.fsenergy-angebot.de)

and (ii) keeping available copies of the Offer Document at BNP Paribas Securities Services S.C.A, Zweigniederlassung Frankfurt am Main, Europa-Allee 12, 60327 Frankfurt am Main, Deutschland telefax to +49 69 1520 5277, email [frankfurt.gct.operations@bnpparibas.com](mailto:frankfurt.gct.operations@bnpparibas.com), for distribution free of charge. The notification (i) that copies of the Offer Document are available free of charge nationally and (ii) as to the internet address at which the publication of the Offer Document occurs was published on 7 May 2020 in the German Federal Gazette. Furthermore, a non-binding English translation of the Offer Document, which has not been reviewed by BaFin, was published at the aforementioned internet address on 7 May 2020. Apart from the above-mentioned publications, no further publication of the Offer Document has been made or is planned according to the information provided by the Bidder.

**4. Acceptance of the Offer outside the Federal Republic of Germany**

The Bidder also explains in Section 1.5 of the Offer Document that the acceptance of the Offer outside the Federal Republic of Germany, the Member States of the European Union, the European Economic Area or the USA may be subject to certain legal restrictions. MVV Shareholders that come into possession of the Offer Document outside the Federal Republic of Germany, the Member States of the European Union and the European Economic Area or the USA, that wish to accept the Offer outside the Federal Republic of Germany, the Member States of the European Union and of the European Economic Area or the USA and/or that are subject to statutory provisions other than those of the Federal Republic of Germany, of the Member States of the European Union and the European Economic Area or of the USA are advised by the Bidder to inform themselves of and to comply with the relevant applicable statutory provisions. The Bidder points out that it does not guarantee that the acceptance of the Offer outside the Federal Republic of Germany, the Member States of the European Union and the European Economic Area and the USA is permissible under the relevant applicable statutory provisions.

**5. Background of the Offer and review by the Executive Board and the Supervisory Board**

**5.1 Sale process for the MVV Shares held by EnBW and RheinEnergie**

In 2019, the two major shareholders EnBW and RheinEnergie, in consultation with the (directly and indirectly associated) majority shareholder, the city of Mannheim, and MVV Energie AG, initiated a process to sell their share packages in MVV Energie AG. A limited auction process was chosen as the transaction structure.

MVV Energie AG and the city of Mannheim accompanied the transaction process with the aim of a long-term stable shareholder structure and the support and continuation of the corporate strategy geared to the successful implementation of the energy turnaround. For this purpose, MVV Energie AG facilitated a so-called due diligence. The city of Mannheim spoke with selected potential buyers in order to secure the common goals for the future and maintain its own position as majority shareholder. The Executive Board has continuously dealt with the transaction process and discussed it with its legal advisors. The chairman of the Supervisory Board was in contact with the Executive Board and the full Supervisory Board was informed about the status of the process.

In March 2020, FSI was selected to exclusively conduct final negotiations. After approval by the competent bodies on 2 April 2020, *inter alia* the city of Mannheim and the Bidder entered into a Shareholders' Agreement (see below Section III.5.2 of this Statement). In addition, EnBW, RheinEnergie and the Bidder entered into a Share Purchase Agreement for the acquisition of the share packages (see Section II.3.2 of this Statement). The Bidder has announced the Offer and immediately afterwards, MVV Energie AG published an ad hoc announcement regarding the transaction. Moreover, MVV Energie AG published joint press releases with the city of Mannheim and FSI on the one hand and the city of Mannheim, EnBW and RheinEnergie on the other hand.

The sales procedure was coordinated with MVV Energie AG and the city of Mannheim, which will remain the (directly and indirectly associated) majority shareholder of MVV Energie AG. The Executive Board and Supervisory Board welcome the fact that in FSI a partner was found who is committed to the long-term strategy of sustainability, climate neutrality and digitalisation of MVV Group, who brings resources and know-how to the changing energy market and who is committed to securing the energy and water supply and the value creation stages of MVV Group.

## 5.2 Shareholders' Agreement

On 2 April 2020, the city of Mannheim and its subsidiaries, MKB Mannheimer Kommunalbeteiligungen GmbH and MV Mannheimer Verkehr GmbH, through which the city holds indirect interests in the company as well as the Bidder, FS Energy TopCo S.à r.l. and First State Investments International Limited entered into a shareholders' agreement regarding MVV Energie AG (the "**Shareholders' Agreement**", see also Section 7.4 of the Offer Document). The validity of all material provisions of the Shareholders' Agreement is subject to conditions precedent, in particular, the merger control clearance of the transaction and the closing of the Share Purchase Agreement. The Shareholders' Agreement can be terminated in the ordinary course for the first time by 31 December 2045, without prejudice to the right of extraordinary termination. In addition, certain sales of shares may lead to a unilateral termination of the Shareholders' Agreement. A resale of the MVV Shares

**INFORMATION ABOUT THE OFFER**

acquired by EnBW and RheinEnergie by the Bidder before 1 January 2029 is only possible with the consent of the city of Mannheim.

The Executive Board and Supervisory Board consider it positive that the agreement builds on MVV Group's existing business strategy and commits to MVV Group's proactive business approach in connection with the energy turnaround, in particular, the goal of generating further growth in the areas of renewable energy and digitisation and advancing decarbonisation.

In the view of the Executive Board and the Supervisory Board, it is in line with good corporate governance that the Supervisory Board shall be composed in accordance with the Shareholders' Agreement in such a way that it - in its entirety - has the necessary know-how, skills and expertise to properly perform its duties. Considering the position of the city of Mannheim as (direct and indirect) majority shareholder and the future substantial participation of the Bidder in MVV Energie AG, the provisions of the Shareholders' Agreement governing the relationship between the parties to the Shareholders' Agreement on proposals for the composition of the Supervisory Board are appropriate. The Shareholders' Agreement also rightly recognises the interests of the free float shareholders by providing for two independent shareholder representatives on the Supervisory Board in the future as well. In addition, the parties to the Shareholders' Agreement have, apart from the proposal rights for the initial composition of the Supervisory Board, excluded the possibility of voting pooling and acknowledge that MVV Energie AG shall continue to be a municipally controlled company (by the city of Mannheim).

**5.3 Voluntary public takeover offer**

According to the information provided, the Bidder is making a voluntary public takeover offer to combine this with the acquisition of the share packages from EnBW and RheinEnergie and the associated acquisition of more than 30% of the voting rights (formal acquisition of control), so that pursuant to Sec. 35 (3) WpÜG no mandatory offer will be required after closing (see Section 6.5 of the Offer Document). According to the understanding of the Executive Board and Supervisory Board, the exemption from such mandatory offer pursuant to Sec. 37 (1) WpÜG would not be achievable, irrespective of the city of Mannheim's majority shareholding, because when the substantive provisions of the Shareholders' Agreement come into effect, the voting rights from MVV Shares held by the parties to the Shareholders' Agreement will be mutually attributed to each other under takeover law in accordance with Sec. 30 (2) WpÜG, although the company continues to be controlled solely by the city of Mannheim within the meaning of Sec. 17 (1) AktG.

The purpose of the Offer is therefore to enable the acquisition in accordance with the obligations under takeover law and not to acquire as much of the free float as possible. The Executive Board and the Supervisory Board welcome this, because in their view it is in the interests of independence and

## INFORMATION ABOUT THE OFFER

transparency and thus in the corporate interest of MVV Energie AG to maintain the stock exchange listing in the Prime Standard and to maintain the free float as far as possible to the extent that it has been to date. The Executive Board and the Supervisory Board therefore consider it as positive that the parties to the Shareholders' Agreement and the Bidder in the Offer Document are both committed to a stock exchange listing in the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange.

The Executive Board and the audit committee have dealt with the Offer and the Offer Document in advance; they reported to the full Supervisory Board. On 15 May 2020, the Executive Board and the Supervisory Board held meetings, at which the financial and content assessment of the offer and EY's Fairness Opinion were explained in detail and discussed with the financial and legal advisors and this Statement was resolved.

### **6. Main details of the Offer**

#### **6.1 Offer Price**

In accordance with the terms and conditions set out in the Offer Document, the Bidder offers to the MVV Shareholders to acquire their MVV Shares at the Offer Price of EUR 26.99 per MVV Share.

#### **6.2 Acceptance Period and Additional Acceptance Period**

The period for acceptance of the Offer started upon the publication of the Offer Document on 7 May 2020 and will end on 4 June 2020, 24:00 hrs (Frankfurt a. M., Germany, local time) / 18:00 hrs (New York, USA, local time) ("**Acceptance Period**"). Information on a possible extension of the Acceptance Period is given in Section 5.2 of the Offer Document.

MVV Shareholders who have not accepted the Offer within the Acceptance Period may still accept the Offer within two weeks after publication of the results of the Offer by the Bidder pursuant to Sec. 23 (1) sentence 1 no 2 WpÜG ("**Additional Acceptance Period**"), unless one of the Completion Conditions set out in Section 13.1 of the Offer Document has definitively not occurred by expiry of the Acceptance Period and the Bidder has not previously validly waived such Completion Condition. As stated in the Offer Document, the Additional Acceptance Period will presumably begin on 10 June 2020 and end on 23 June 2020, 24:00 hrs (Frankfurt a. M., Germany, local time).

After the expiry of the Additional Acceptance Period, the Offer can in principle no longer be accepted. In this respect, there is only the theoretical special case of a tender right pursuant to Sec. 39c WpÜG from the perspective of the Executive Board and Supervisory Board, if the Bidder is to own 95% of the share capital of MVV Energie AG after the Offer, see Section 5.3 of the Offer Document. Like the Bidder, the Executive Board and Supervisory Board consider it practically impossible for

**INFORMATION ABOUT THE OFFER**

such a right to tender to arise because the city of Mannheim (directly and indirectly) will remain the majority shareholder of the MVV Energie AG and has already undertaken not to accept the Offer.

**6.3 Rights of withdrawal**

In Section 16.1 of the Offer Document, the Bidder describes the following rights of withdrawal of the shareholders that have accepted the Offer, which will be listed herein only briefly; a full description of these rights by the Bidder is included in the Offer Document:

- (i) right to withdraw in the event that the Offer is amended;
- (ii) right to withdraw in the event of a competing offer.

The Bidder describes the further details regarding the rights of withdrawal, their exercise and the consequences of their exercise in Section 16.2 of the Offer Document.

**6.4 Completion Conditions and waiver of Completion Conditions**

According to Section 13.1 of the Offer Document, the following conditions (referred to jointly as the "**Completion Conditions**" or individually as a "**Completion Condition**") will apply to the consummation of the Offer and to the agreements that will be entered into upon acceptance of the Offer. This Statement only contains a summary of the Completion Conditions. A full description of the Completion Conditions is set out in Section 13.1 of the Offer Document:

- (i) Merger control clearances in Germany and Austria ("**Merger Control Clearances**");
- (ii) Foreign investment control clearance.

For further details on the Completion Conditions, in particular relating to a possible waiver of Completion Conditions of the Bidder and the legal consequences of such waiver, as well as to the consequences in the event of non-occurrence of Completion Conditions and lapse of the Offer, reference is made to Sections 13.2 and 13.3 of the Offer Document.

The Bidder announced on 13 May 2020 that the Completion Condition in Section 13.1.1 of the Offer Document ("**Merger control Clearance – Germany**") has been fulfilled.

**6.5 Stock-exchange trading in Tendered MVV Shares**

According to Section 11.8 of the Offer Document, the Bidder intends to make the tendered MVV Shares ("**MVV Tendered Shares**") tradable under ISIN DE000A289AV5, starting on the third stock

**INFORMATION ABOUT THE OFFER**

exchange trading day after the commencement of the Acceptance Period. For further details regarding trading of the Tendered MVV Shares on the stock exchange, reference is made to Section 11.8 of the Offer Document.

**6.6 Publications**

Section 20 of the Offer Document contains information on which publications of the Bidder can be made in connection with the Offer and where these can be obtained. For publications related to Completion Conditions, see Section 13.4 of the Offer Document.

**7. Financing of the Offer**

According to Section 14.2 of the Offer Document, the Bidder has taken the measures necessary to ensure that the funds required for complete fulfilment of the Offer will be available to it in due time. According to information provided by the Bidder, the maximum costs for the Offer (including fulfilment of the payment obligations under the Offer and expected transaction costs of EUR 2,000,000) amount to EUR 87,740,482.50 for the 3,176,750 MVV Shares, which are held by MVV Shareholders who have not undertaken in advance not to accept the Offer. According to information provided by the Bidder in Section 14.2.1 of the Offer Document, EnBW, RheinEnergie, the city of Mannheim and MV Mannheimer Verkehr GmbH entered into non-tender agreements, which shall ensure that the 62,730,046 MVV Shares held by these shareholders (corresponding to approximately 95.2% of the share capital) are not tendered into the Offer.

According to information given by the Bidder in Section 14.3 of the Offer Document, BNP Paribas S.A. has confirmed in accordance with Sec. 13 (1) sentence 2 WpÜG that the Bidder has taken all necessary measures in order to ensure that the funds required for complete fulfilment of the Offer will be available to it on the due date of the claim for payment of the consideration for the Offer. The financing confirmation by BNP Paribas S.A, dated 23 April 2020 is attached to the Offer Document as Annex 4. The Executive Board and the Supervisory Board have no reason to doubt the correctness of the financing confirmation issued by BNP Paribas S.A.

**8. Decisiveness of the Offer Document**

For further information and details regarding the Offer (especially details regarding the Completion Conditions, the Acceptance Periods, the acceptance and settlement modalities and the statutory rights of withdrawal), the MVV Shareholders are referred to the statements in the Offer Document. The information above merely summarises some of the information contained in the Offer Document. Thus, the description of the Offer in this Statement does not purport to be complete and, for an assessment of the Bidder's Offer, the Statement should be read together with the Offer Document. As regards the terms and conditions of the Offer and its implementation, only the provisions of the Offer

**TYPE AND AMOUNT OF THE CONSIDERATION OFFERED**

Document are relevant. It is the responsibility of each MVV Shareholder to take note of the Offer Document, and, if required, to take all necessary measures.

**IV. TYPE AND AMOUNT OF THE CONSIDERATION OFFERED**

**1. Type and amount of the consideration**

The Bidder is offering an offer price, i.e. consideration within the meaning of Sec. 27 (1) sentence 2 no. 1 WpÜG, in an amount of EUR 26.99 for each MVV Share.

**2. Statement on the minimum price determined by statute**

The Offer Price for the MVV Shares must correspond to the provisions on the minimum price as set forth in Sec. 31 (1) WpÜG and Secs. 4 and 5 of the WpÜG Offer Regulation; the minimum price is determined based on the higher of the following two threshold values:

- In accordance with Sec. 5 of the WpÜG Offer Regulation, the consideration for purposes of Sec. 27 (1) sentence 2 no 1 WpÜG must – in the event of a takeover offer pursuant to Secs. 29 et seqq. WpÜG – be at least equivalent to the volume-weighted average domestic stock exchange price of the MVV Shares over the period of the last three months prior to the publication of the Bidder's decision to launch the Offer ("**Three-Months Average Price**"). The decision to launch the Offer was published on 2 April 2020.
- In accordance with Sec. 4 WpÜG Offer Regulation, the consideration for the shares of the target company in a takeover offer pursuant to Secs. 29 et seqq. WpÜG must be at least equal to the value of the highest consideration granted or agreed by the Bidder or a person acting jointly with the Bidder within the meaning of Sec. 2 (5) WpÜG or any of their subsidiaries for the acquisition of MVV Shares within the last six months prior to the publication of the Offer Document.

According to the Offer Document, the Three-Months Average Price for the MVV Shares as of (including) 1 April 2020 as notified by BaFin was EUR 26.99. The Offer Price equals this amount. According to the information provided by the Bidder in Section 10.1 of the Offer Document, the highest consideration agreed for a MVV Share by the Bidder, a person acting jointly with the Bidder in the meaning of Sec. 2 (5) WpÜG or any of their subsidiaries in the relevant time period is EUR 25.34. The Offer Price exceeds this amount. The Offer Price thus corresponds to the minimum consideration.



**TYPE AND AMOUNT OF THE CONSIDERATION OFFERED**

**3. Assessment of the adequacy of the consideration offered**

The Executive Board and the Supervisory Board have diligently and thoroughly analysed and assessed the financial adequacy of the consideration offered for the MVV Shares on the basis of MVV Group's current strategy and financial planning, by means of a discounted cash flow analysis, the historical prices for the MVV Shares, taking into account the target price and the underlying analysis published by an analyst in respect of MVV Energie AG, certain valuation multiples and historical reference transactions and/or takeover premiums as well as other assumptions and information. The Executive Board and the Supervisory Board have separately assessed the adequacy of Offer Price. The Executive Board and Supervisory Board were advised in their assessments by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft ("**EY**").

**3.1 Comparison of the Offer Price with Historical Stock Exchange Prices of MVV Shares**

To assess the adequacy of the offer price from a financial perspective, the Executive Board and the Supervisory Board have, among other things, taken into account the development of the stock market price of the MVV Shares. The following discounts or premiums have been calculated as compared with the Offer Price:

- The closing price of MVV Shares in XETRA trading on the Frankfurt Stock Exchange ("**XETRA Trading System**") on 2 April 2020, the day after whose close of trading the decision to submit the offer was published, was EUR 26.20 (Source: Bloomberg). The Offer Price includes a premium of EUR 0.79 (approximately 3.0 %) compared to this price.
- Compared to the Three-Months Average Price in the amount of EUR 26.99 for the MVV Shares as determined by BaFin, the Offer Price does not include a premium. Therefore, the Offer Price does not include a premium on the statutory minimum price set by the Three-Months Average Price as the relevant lower limit.

When comparing the Offer Price with the aforementioned comparison prices, it must be taken into account that the free float of 4.8% and the associated low liquidity of the share can lead to distorting price movements. Furthermore, the share price development of the MVV Shares prior to the publication of the Bidder's decision to submit the offer could have been negatively affected by the Covid-19 pandemic. This could have influenced the statutory minimum price. It is open whether such a negative influence on the performance of the MVV Share would be sustainable.

**3.2 Analyst Valuation**

To the knowledge of the Executive Board and Supervisory Board, LBBW is the only institution that has published an analyst opinion for MVV Energie AG. On 17 February 2020, and thus prior to



**TYPE AND AMOUNT OF THE CONSIDERATION OFFERED**

publication of the Bidder's decision to submit the Offer, LBBW set a price target for the MVV Shares of EUR 28.00. The offer price is approximately 3.6% below this target.

**3.3 Consideration of MVV Group's value creation potential as part of a discounted cash flow analysis**

In order to assess the adequacy of the consideration offered, the Executive Board and the Supervisory Board have also taken into account the previous development of MVV Group and the related future opportunities and risks on the basis of their knowledge at the time of the publication of this Statement. The Executive Board and the Supervisory Board believe that the Offer does not comprehensively take account of the medium to long-term potential of MVV Group's strategy and the value creation plan being pursued by it.

This is also confirmed by a discounted cash flow analysis, which is the most meaningful valuation method from the point of view of the Executive Board and Supervisory Board for determining the intrinsic value, as it is based on the medium to long-term development of expected cash flows. In order to reflect the uncertainty of future developments, the Executive Board and Supervisory Board have taken into account the long-term scenarios of the business plan and the strategic orientation for the further development of the energy turnaround in the discounted cash flow analysis, as well as premises that they consider appropriate (including risk-adjusted discounting). On this basis, the present value of the expected free cash flows (discounted cash flow) of the company was determined. Broken down to the individual MVV Share, the Offer Price is in the lower third of this bandwidth.

In addition, the Executive Board and the Supervisory Board point out that it is not certain that the intrinsic value of MVV Group is reflected in the stock market prices of the MVV Shares. The stock market price can also be affected by other factors than the intrinsic value. For example, due to the low liquidity of the MVV Shares, even relatively small trading volumes can have a significant impact on the share price performance of the MVV Share.

**3.4 Fairness Opinion**

The Executive Board and Supervisory Board have commissioned EY in its capacity as an independent and impartial expert, to prepare an opinion on the financial assessment of the adequacy of the consideration offered as a basis for information and evaluation for the Executive Board and Supervisory Board ("**Fairness Opinion** "). The core of the Fairness Opinion is the "Opinion Letter" by EY, dated 15 May, which is attached to this Statement as an Annex.

The fairness opinion was prepared in compliance with the relevant pronouncements, in particular with the standard IDW S 8 "Principles for the Preparation of Fairness Opinions" of the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW S 8).

*- Non-binding English Translation -*

**TYPE AND AMOUNT OF THE CONSIDERATION OFFERED**

The Executive Board and the Supervisory Board have conducted separate, thorough reviews of the Fairness Opinion, discussed the findings therein in detail with representatives of EY and independently subjected them to a critical appraisal.

For its assessment, EY made its own value considerations regarding MVV Energie AG and, independently of the valuation of the company, determined an indicative enterprise value or respectively corresponding value bandwidths for MVV Energie AG per MVV Share, which were compared with the Offer Price. Reference date of these value considerations was 15 May 2020. In its Fairness Opinion, EY comes to the conclusion that the consideration per share offered by the Bidder at the time the Fairness Opinion was issued is financially adequate from the perspective of the free float shareholders of MVV Energie AG. EY did not relate this statement to the Bidder, the city of Mannheim, EnBW and RheinEnergie and their respective affiliated companies, because they have waived acceptance of the Offer in advance.

EY has come to this conclusion after conducting a series of financial investigations, as carried out in comparable transactions and which appear appropriate pursuant to IDW S 8, in order to provide the Executive Board and the Supervisory Board of MVV Energie AG with a viable basis for reviewing its own assessment of the adequacy of the Offer Price from a financial perspective. From the point of view of the Executive Board and the Supervisory Board, the methods described in the Fairness Opinion are internationally customary and recognised procedures, the application of which is also appropriate for the evaluation of the offer and thus for the purposes of this Statement.

EY has compared the Offer Price with values and transaction prices, which resulted from capital value oriented as well as market price oriented analyses. In both analysis procedures, EY came to the conclusion that the Offer Price was in the lower half of the bandwidths of comparison prices considered appropriate. According to IDW S 8, an offer price is to be considered adequate, if it is within a range of comparable prices. EY makes no statement in the context of the Fairness Opinion as to whether a higher price could also be achieved.

EY's respective procedures are described in the Fairness Opinion. EY's analysis is inter alia based on the Offer Document published by the Bidder on 7 May 2020 and other publicly available information, information provided by MVV Energie AG, financial projections and explanatory materials as well as discussions with representatives of the company.

The Fairness Opinion solely refers to the financial adequacy of the Offer Price on the reference date 15 May 2020. It does not refer to other aspects of the Offer and does not make a recommendation towards whether a MVV Shareholder should tender his shares into the Offer or not.

**TYPE AND AMOUNT OF THE CONSIDERATION OFFERED**

The Fairness Opinion does not constitute a valuation report as it is typically prepared by auditors on the basis of the requirements of German company law (e.g. a company valuation in accordance with the Principles for the Performance of Business Valuations (IDW S 1) published by the Institut der Wirtschaftsprüfer (IDW)) and is not intended as such, nor should it be interpreted or regarded as such. A fairness opinion of the type issued by EY to assess financial adequacy within the meaning of IDW S 8 differs in a number of important respects from an enterprise valuation performed by an auditor and from accounting valuations in general. The Executive Board and Supervisory Board point out that they have also not carried out their own enterprise valuation of MVV Energie AG on the basis of IDW S 1.

The Fairness Opinion was prepared for the sole purpose of information and assistance of the Executive Board and Supervisory Board of MVV Energie AG in connection with the assessment of the Offer. It is not directed at third parties and does not establish any rights for third parties. Neither the fact that the Fairness Opinion has been issued to the Executive Board and the Supervisory Board nor EY's agreement to attach the Opinion Letter to this Statement as an annex entitles third parties (including the MVV Shareholders) to rely on the Fairness Opinion or to derive rights from the Fairness Opinion. Accordingly, EY is not liable to third parties for the Fairness Opinion.

Furthermore, it is pointed out that EY has neither audited nor reviewed the documents and information on which the Fairness Opinion is based and which were provided in part by MVV Energie AG.

**3.5 Overall assessment of the adequacy of the consideration**

The Executive Board and the Supervisory Board have diligently and thoroughly analysed and assessed the adequacy of the Offer Price. In doing so, they have taken note of the contents of the Fairness Opinion and other valuation considerations of EY, have verified the plausibility thereof and have taken them into account, but have also conducted their own analyses. In particular, the Executive Board and the Supervisory Board have taken the following aspects into account:

- Capital value-oriented analyses, in particular their own discounted cash flow valuations;
- Development of historical stock exchange prices;
- Valuation by an independent analyst;
- Market price oriented analyses on the basis of trading multiples as well as transaction multiples.

*- Non-binding English Translation -*

**TYPE AND AMOUNT OF THE CONSIDERATION OFFERED**

Taking into account the Fairness Opinion and other valuation considerations, the aspects set out above, the development potential of MVV Group as well as the overall situation regarding the Offer, the Offer Price per share offered by the Bidder is, analytically derived from the medium to long-term perspective, within the lower range of a bandwidth of adequate values from a financial point of view of the Executive Board and Supervisory Board.

This assessment by the Executive Board and Supervisory Board is based in particular on the following considerations, which are discussed in detail in the following sections:

- EY assesses the offer consideration in its Fairness Opinion as adequate from a financial point of view, whereby the Offer Price in the valuation methods applied is in the lower half of the bandwidths of adequate values (see for details Section IV.3.4 of this Statement). The Executive Board and the Supervisory Board have convinced themselves of the plausibility and adequacy of the procedures, methods and analyses applied by EY.
- With a premium of approximately 3.0%, the Offer Price is approximately at the same level as the closing price of MVV Shares in the XETRA Trading System on 2 April 2020, the day after whose close of trading the Bidder published its intention to submit the Offer.
- Compared to the Three-Month Average Price in the amount of EUR 26.99 for the MVV Shares as determined by BaFin, the Offer Price does not include a premium. Therefore, the Offer Price does not include a premium on the statutory minimum price set by the Three-Months Average Price as the relevant lower limit.
- It is possible that the closing price on the day of the publication of the intention to submit the Offer and the Three-Months Average Price may be affected by the Covid-19 pandemic. It is open whether such a negative price influence would be sustainable.
- The Offer Price is lower than the only performance target for the MVV Shares analysts published prior to the announcement of the Offer by the Bidder on 2 April 2020 and known to the Executive Board and the Supervisory Board.
- From the point of view of the Executive Board and the Supervisory Board, a discounted cash flow analysis is best suited to objectively reflect the long-term value creation potential of MVV Group. In this analysis, based on the business plan and the long-term strategic orientation of MVV Group and the expected development in the scenarios for the energy turnaround, the Executive Board and Supervisory Board arrive at a value bandwidth (per individual MVV Share) in which the Offer Price is in the lower third.

*- Non-binding English Translation -*

**TYPE AND AMOUNT OF THE CONSIDERATION OFFERED**

- The Executive Board and Supervisory Board have also taken into account market price-oriented analyses based on earnings-based multiples for other, in their view, comparable listed companies and reference transactions. The Offer Price is in the lower half of a value bandwidth for the MVV Shares determined on the basis of these multiples.

The Executive Board and Supervisory Board point out that the Bidder would have had to make a mandatory public takeover offer upon the closing of the acquisition of the share packages from EnBW and RheinEnergie by the Bidder, if it had not made the present voluntary public takeover offer. The Executive Board and Supervisory Board therefore assume that the Offer is not intended to induce as many shareholders as possible to accept. This is also demonstrated by the fact that the Bidder has not applied any valuation methods other than the valuation considerations required to determine the statutory minimum price, namely the share purchases of EnBW and RheinEnergie as relevant previous acquisitions and the Three-Months Average Price (see Section 10.3 of the Offer Document).

From the perspective of the Executive Board and the Supervisory Board, the price agreed between the Bidder and EnBW respectively RheinEnergie is only of limited use as an indicator for the fair market value of the MVV Shares, because the sale of the share packages can be based on special situations and motives, which may not apply in the individual situation of other shareholders. For example, due to the size of their share packages, EnBW and RheinEnergie could not sell their shares unlike other shareholders on the stock exchange at short notice. From the perspective of the Executive Board and the Supervisory Board, the purchase price paid to EnBW and RheinEnergie does not imply a control premium, since the city of Mannheim will (directly and indirectly) remain the majority shareholder with approximately 50.1% of the MVV Shares.

The Executive Board and the Supervisory Board also took into account the independent development opportunities of MVV Group and believe that the Offer Price of EUR 26.99 per MVV Share does not fully take into account the value perspective and profitability. But the Executive Board and the Supervisory Board recognise that rather short-term oriented investors might decide to accept the offer because the realisation of such potential lies in the future and is uncertain. It is also uncertain whether this potential is currently or will be in the future reflected in the market price of the MVV Shares, especially as the market is narrow and the liquidity of the MVV Share is low. The Executive Board and the Supervisory Board do not provide any assessment in accordance with the IDW S 1 valuation standard or any other standards.

The Executive Board and Supervisory Board point out that MVV Shareholders who have already tendered or will tender their MVV Shares for sale, will not participate in any possible future increases in the value of the MVV Share or dividend payments after completion of the Offer.

**OBJECTIVES AND INTENTIONS OF THE BIDDER AND THE FSI ACQUIRERS AS WELL AS EXPECTED  
CONSEQUENCES FOR MVV GROUP**

**V. OBJECTIVES AND INTENTIONS OF THE BIDDER AND THE FSI ACQUIRERS AS  
WELL AS EXPECTED CONSEQUENCES FOR MVV GROUP**

**1. Objectives and intentions as set out in the Offer Document**

In the following, the Executive Board and the Supervisory Board comment on the intentions described by the Bidder in Section 9 of the Offer Document as of the date of the publication of the Offer Document. The Bidder points out that these intentions are joint intentions of the Bidder and the FSI Acquirers and neither it nor the FSI Acquirers have intentions that differ from those described in Sections 9.1 to 9.6 of the Offer Document. The following statements and evaluations of the Bidder's intentions also refer to the corresponding intentions of the FSI Acquirers. As far as the Offer Document also contains information in other sections, which can be understood as objectives or intentions of the Bidder, the Executive Board and the Supervisory Board will hereinafter comment on this information indicating in each case the relevant section of the Offer Document.

**1.1 Commercial and strategic reasons of the Bidder**

In Section 8 of the Offer Document, the Bidder states that it decided for an acquisition of the share packages from EnBW and RheinEnergie via the Share Purchase Agreement, because the Bidder considers the acquisition of the participation in MVV Energie AG to be an attractive investment which meets the investment criteria of the Bidder and FSI, whose investment strategy is focused on long-term investments in the infrastructure sector.

The Bidder further states in Section 8 of the Offer Document that itself and FSI intend to strengthen the business success of MVV Energie AG by enabling MVV Energie AG to access FSI's network and expertise.

**1.2 Future business activities, appropriation of assets and obligations of MVV Group**

According to the information in Section 9.1 of the Offer Document, the Bidder intends to support the current entrepreneurial focus and proactive business model of MVV Energie AG in connection with the energy turnaround. In addition, the Bidder intends to support MVV Energie AG's goal to expand the material value creation stages, in particular to generate further growth in the areas of renewable energy and digitisation as well as to advance decarbonisation and use the assets of MVV Energie AG to implement this strategy. The Bidder also intends to support MVV Energie AG's goal of ensuring the economic operation of the water supply network and becoming carbon neutral by 2050.

The Bidder intends, together with the other parties to the Shareholders' Agreement, to finance MVV Energie AG's strategy by own funds and borrowed capital and not by capital increases. Moreover, the Bidder has no intention that would lead to an increase of MVV Group's liabilities outside the

**OBJECTIVES AND INTENTIONS OF THE BIDDER AND THE FSI ACQUIRERS AS WELL AS EXPECTED  
CONSEQUENCES FOR MVV GROUP**

ordinary course of business. The Bidder also intends to support a dividend policy based on the earnings performance of the MVV Group and geared towards continuity, taking into account legal and statutory requirements.

**1.3 Registered office and locations of key parts of MVV Energie AG**

According to the information in Section 9.2 of the Offer Document, the Bidder does not intend to relocate the registered office of MVV Energie AG from Mannheim or relocate or close down significant parts of the business, which the Bidder, as future minority shareholder, would also not be able to implement.

**1.4 Executive Board and Supervisory Board of MVV Energie AG**

According to the information in Section 9.3 of the Offer Document, the Bidder does not intend to change the current composition of the Executive Board of MVV Energie AG. As future minority shareholder, the Bidder would also not be able to implement such measures.

After the Shareholders' Agreement comes into effect, the Bidder intends to, as far as permitted by law, be represented by three Supervisory Board members of MVV Energie AG proposed by the Bidder. The Bidder also intends that the chairman of the Supervisory Board remains a Supervisory Board member proposed or delegated by the city. The Bidder also intends to be represented in the audit committee, the personnel committee, the nomination committee, the mediation committee and in the committee of the Supervisory Board appointed for decisions on authorised capital.

The Bidder intends to propose Gregor Kurth and Stefan Seipl as members to the Supervisory Board. The selection process for the third member of the Supervisory Board was still ongoing at the time of publication of the Offer Document.

**1.5 No structural measures**

According to Section 9.5 of the Offer Document, the Bidder does not intend to enter into a domination and profit and loss transfer agreement (see Section 9.5.1 of the Offer Document) and that the Executive Board shall continue to manage MVV Energie AG independently and under its own responsibility. The Bidder does not intend to undertake the measures required for a squeeze-out (see Section 9.5.2 of the Offer Document). The Bidder as a minority shareholder would also not be able to implement those measures.

According to Section 9.5.3 of the Offer Document, the Bidder does not intend to effect a withdrawal of the admission for trading of the MVV Shares from the regulated market of the Frankfurt Stock Exchange or from the regulated market of the Stuttgart Stock Exchange or to effect a termination of



**OBJECTIVES AND INTENTIONS OF THE BIDDER AND THE FSI ACQUIRERS AS WELL AS EXPECTED  
CONSEQUENCES FOR MVV GROUP**

trading of MVV Shares in the open market of the stock exchanges in Berlin, Düsseldorf and Hamburg. Under certain conditions, the Shareholders' Agreement provides for ensuring an appropriate free float and confirms the importance of the stock exchange listing of the MVV Shares.

**1.6 Future business activities of the Bidder and the FSI Acquirers**

As further described in Section 9.6 of the Offer Document, neither the Bidder nor the FSI Acquirers intend to change its business segment with their entry into MVV Energie AG (regarding the effects of the transaction on the financial position and financial results of the Bidder and the European Diversified Infrastructure Fund II SCSp, see Section 15 of the Offer Document).

**2. Statement to the objectives of the Bidder**

**2.1 Commercial and strategic reasons of the Bidder**

The Executive Board and Supervisory Board consider it as positive that a renowned and financially strong investor such as FSI and the Bidder have recognised the participation in MVV Energie AG as an attractive investment opportunity. In the view of the Executive Board and the Supervisory Board, access to FSI's network and experience in the energy and infrastructure sector in addition to MVV Group's existing competencies bears advantages and in the interest of the company.

**2.2 Future business activities, appropriation of assets and obligations of MVV Group**

The Executive Board and Supervisory Board welcome that a new major shareholder has been found in the Bidder, which supports the entrepreneurial focus and the business model of MVV Energie AG to implement the energy turnaround, the economic operation of the water supply network as well as the expansion of the material value creation stages of MVV Energie AG. It is in line with the strategic planning of the Executive Board to strive for growth in the areas of renewable energy and digitisation as well as to complete the coal phase-out and to advance decarbonisation in other areas as well. The aim is to achieve climate neutrality by 2050. This strategy is also supported by the Supervisory Board. The Executive Board and Supervisory Board, therefore, agree with the Bidder that MVV Energie AG's corporate resources will be used to consistently pursue this strategy.

It is in line with the financing strategy of the Executive Board, which is also supported by the Supervisory Board, to finance the corporate strategy through own funds and borrowed capital. The Executive Board and the Supervisory Board also consider it positive that the Bidder has no intentions that would lead to an increase in MVV Group's liabilities outside the normal course of business and supports the dividend policy already in place today, which is based on the earnings performance of the MVV Group and is designed to ensure continuity.



**OBJECTIVES AND INTENTIONS OF THE BIDDER AND THE FSI ACQUIRERS AS WELL AS EXPECTED  
CONSEQUENCES FOR MVV GROUP**

**2.3 Registered office and location of key parts of MVV Energie AG**

Because the city of Mannheim (directly and indirectly) remains majority shareholder, the Bidder after completion of the Offer does not have the power which would enable the Bidder to relocate the registered office of MVV Energie AG from Mannheim or to cause the Executive Board to relocate material assets or relocate or close down significant parts of the business. The Executive Board and the Supervisory Board see it as positive that the Bidder expressly declares that it will not pursue such goals.

**2.4 Executive Board and Supervisory Board**

The Executive Board and the Supervisory Board view the expression of confidence in the Executive Board in its current composition as an important basis for a successful cooperation with the Bidder as new major shareholder.

From the Executive Board's and the Supervisory Board's point of view, the intention of the Bidder, to be represented in the Supervisory Board based on the Shareholders' Agreement is justified and appropriate to the size of the Bidder's future share package so as is the representation on the audit committee, the personnel committee, the nomination committee, the mediation committee and the committee of the Supervisory Board responsible for decisions on authorised capital. For the Executive Board and the Supervisory Board and in the interest of the free float shareholders, it is also essential that the Supervisory Board in the future shall have independent representatives of the shareholders as agreed upon in the Shareholders' Agreement.

The intention that the chairman of the Supervisory Board remains a Supervisory Board member proposed or delegated by the city of Mannheim is also already stipulated in the Shareholders' Agreement. The Supervisory Board and the Executive Board point out that the election of the Chairman is a matter for the independent decision of the Supervisory Board members. It is a proven tradition that the office of chairman is held by a representative of the city of Mannheim. In the view of the Supervisory Board, this ensures an excellent basis for a continued good and trusting cooperation within the Supervisory Board and, in the view of the Executive Board and the Supervisory Board for the continuity of the good cooperation between the two bodies.

Some members of the Executive Board and Supervisory Board have already been introduced to the two intended Supervisory Board candidates, Gregor Kurth and Stefan Seipl, named by the Bidder in the Offer Document. The Executive Board and the Supervisory Board look forward to cooperating with the representatives of the Bidder and FSI and at the same time respect the free decision of the Annual General Meeting to elect the shareholder representatives to the Supervisory Board.

**OBJECTIVES AND INTENTIONS OF THE BIDDER AND THE FSI ACQUIRERS AS WELL AS EXPECTED  
CONSEQUENCES FOR MVV GROUP**

**2.5 No structural measures**

Since the city of Mannheim (directly and indirectly) remains the majority shareholder, the Bidder after completion of the Offer does not have the necessary power to initiate one of the structural measures mentioned in Section V.I.5 of this Statement or a discontinuation of the stock exchange listing. The Executive Board and the Supervisory Board appreciate the fact that the Bidder expressly acknowledges that it does not intend such structural measures and wants to maintain the admission for trading in the regulated market of the Frankfurt and Stuttgart stock exchanges as well as the trading of MVV Shares in the open market of the stock exchanges in Berlin, Düsseldorf and Hamburg. From the Executive Board's and Supervisory Board's point of view, the independent and autonomous management of MVV Group by the Executive Board with MVV Energie AG as its listed Group's parent company is an excellent foundation to successfully pursue the business strategy with the support of the city of Mannheim and the Bidder. The obligation under the Shareholders' Agreement to ensure an appropriate free float under certain conditions is to be welcomed in view of the great importance which the Executive Board and Supervisory Board attach to the stock exchange listing and the free float.

**2.6 Future business activities of the Bidder and the FSI Acquirers**

With its strategic orientation, the Bidder is a suited partner for MVV Energie AG's future. Even if there should be changes in the portfolio or orientation of the Bidder or the FSI Acquirers in the future, the Executive Board and Supervisory Board do not expect any negative effects on the MVV Group.

**3. No consequences for the financing, the tax situation, the dividend policy and the business relationships of MVV Energie AG and MVV Group**

**3.1 No Consequences for the financing of MVV Group**

The Executive Board and Supervisory Board do not expect any consequences on the financial situation of MVV Energie AG or MVV Group. In particular, they do not expect any consequences in connection with the Offer for existing financing agreements of MVV Energie AG or MVV Group or their access to debt capital.

**3.2 No Tax consequences for MVV Group**

The Executive Board and Supervisory Board do not expect any tax consequences for MVV Energie AG or MVV Group. In particular, neither domestic foreign loss carry forward nor other tax carry forwards (e.g. in connection with interest barrier) are completely or partially lost.

**OBJECTIVES AND INTENTIONS OF THE BIDDER AND THE FSI ACQUIRERS AS WELL AS EXPECTED  
CONSEQUENCES FOR MVV GROUP**

**3.3 No consequences for the dividend policy of MVV Energie AG**

The Executive Board and the Supervisory Board do not expect any consequences for the dividend policy of MVV Energie AG in connection with the Offer. The Executive Board and the Supervisory Board continue to pursue a dividend policy that is aligned with the earnings development and is aimed towards continuity. The Bidder's expectation expressed in Section 15.3.2 of the Offer that the dividend should in principle be equal to the dividend for the 2019 financial year, is in principle in line with the intended dividend policy.

**3.4 No consequences for existing business relationships of MVV Group**

The Executive Board and the Supervisory Board do not expect any consequences on existing business relationships with lenders in connection with the Offer. In particular, the Offer and the share purchases by the Bidder from EnBW and RheinEnergie do not grant rights of contractual partners to end or adjust any contracts with MVV Energie AG or companies of MVV Group.

**3.5 No consequences in other segments**

The Executive Board and the Supervisory Board do not expect any consequences resulting from the Offer in other areas for MVV Energie AG and MVV Group. However, the Executive Board and the Supervisory point out that the Bidder will be represented on MVV Energie AG's Supervisory Board.

**4. Consequences regarding the employees, their employment conditions and their representative bodies and regarding MVV Energie AG's and MVV Group's sites**

The Management and the Supervisory Board do not expect any consequences regarding the employees of MVV Group, their employment conditions and their rights and assurances in connection with the Offer. The Executive Board does not intend to change its strategy or the personnel policy in MVV Group in connection with the Offer. The existing employment relations continue to exist with the respective company of MVV Group. It is therefore to be welcomed that the Bidder acknowledges the knowledge and commitment of MVV Group's employees and their important contribution to the success of MVV Energie AG and fully respect employee rights.

The Executive Board and the Supervisory Board do not expect a reduction of jobs in MVV Group or a deterioration in the employment conditions and consider it as positive that the Bidder also confirms not to have the intention to propose any dismissal of employees of the Group or any change in their employment conditions as a result of the transaction. Further, the Executive Board and the Supervisory Board welcome the objective of the Bidder to secure the jobs in MVV Group and to strengthen the location Mannheim and the surrounding regions by maintaining and expanding material value creation stages, which is expressed in the Shareholders' Agreement (see

**POSSIBLE CONSEQUENCES FOR MVV SHAREHOLDERS**

Section III.5.2 of this Statement). The Executive Board and the Supervisory Board also do not expect any negative impacts in connection with the Offer on the other locations of MVV Group.

The Executive Board and the Supervisory Board do not expect any impacts on the corporate co-determination and employee representatives in MVV Group as well as the employee participation in the Supervisory Board in connection with the Offer. The Executive Board and the Supervisory Board consider it positive that the Bidder does not intend to make changes to the employee representatives of MVV Group and wants to fully respect the applicable co-determination rules.

Overall, the Executive Board and Supervisory Board do not expect any consequences for the employees, their representatives and the employment conditions as well as locations of MVV Energie AG and MVV Group in connection with the Offer.

**VI. POSSIBLE CONSEQUENCES FOR MVV SHAREHOLDERS**

The following explanations are intended to provide MVV Shareholders with the necessary information to evaluate the consequences of accepting – or not accepting – the Offer. The following information contains aspects that the Executive Board and the Supervisory Board deem relevant to the decision to be made by the MVV Shareholders regarding the acceptance of the Offer. Such a list can never be complete, because individual circumstances and particularities cannot be taken into consideration. MVV Shareholders have to take their own decision as to whether and to what extent they wish to accept the Offer. The following aspects can only serve as a guideline. All MVV Shareholders should take their own personal circumstances, including their individual tax situation and individual tax consequences of accepting the Offer or not, adequately into account when making the decision. The Executive Board and the Supervisory Board recommend that each individual MVV Shareholder obtains expert advice if and to the extent necessary.

**1. Possible consequences upon acceptance of the Offer**

Taking into account the above, all MVV Shareholders that intend to accept the Offer should note inter alia the following:

- MVV Shareholders who accept or have accepted the Offer will no longer benefit from any positive development of the stock exchange price of the MVV Shares or from any favourable business development of MVV Group as regards their Tendered MVV Shares. They will also not participate in dividend payments by MVV Energie AG after completion of the Offer.
- The completion of the Offer and the payment of the Offer Price will not take place until all Completion Conditions have either been fulfilled or the Bidder has waived fulfilment thereof, to the extent that this is possible. The Bidder has indicated 14 January 2021 as the latest

**POSSIBLE CONSEQUENCES FOR MVV SHAREHOLDERS**

possible date for the completion of the Offer in Section 11.6 of the Offer Document. Until such point in time, the completion of the Offer or the final decision on its non-consummation may be delayed. The completion of the Offer may, in particular, be delayed on account of regulatory approvals or procedures that must be obtained or completed, respectively, prior to the completion of the Offer. In the meantime, the MVV Shareholders that have accepted the Offer may be restricted in their possibilities to dispose of the MVV Shares for which they have accepted the Offer. In such instances, the shareholders have no contractual right of withdrawal.

- MVV Shareholders that accept or have accepted the Offer are required to unwind the agreements which were entered into as a result of the Offer being accepted if and to the extent Completion Conditions have not been fulfilled and validly waived by the Bidder (see Section 13.3 of the Offer Document for further details).
- The Tendered MVV Shares will be traded under a separate ISIN, and will therefore not be fungible with the shares not tendered for sale. If the acceptance rate is low, liquidity may be low within this separate class of shares. Trading under the separate ISIN may take place at a different price than the trading of MVV Shares not tendered for sale.

**2. Possible consequences upon non-acceptance of the Offer**

MVV Shareholders that do not accept the Offer and that also do not otherwise sell their MVV Shares remain MVV Shareholders, but should note inter alia the following:

- The listed MVV Shares that have not been tendered into the Offer will continue to be traded on the respective stock exchanges. MVV Shareholders bear the chances and risks of the future development of MVV Group and therefore also of the future development of the stock exchange price of the MVV Shares. It is uncertain whether the stock exchange price of the MVV Shares will increase or decrease in the future or whether it will remain at a similar level.
- The implementation of the Offer can, at least temporarily, result in a reduction of the free float of MVV Shares. The Shareholders' Agreement contains an obligation to secure an appropriate free float under certain conditions. The liquidity of MVV Shares may therefore, at least temporarily, decrease and it may not, or at least not in a timely manner, be possible to execute purchase or sell orders relating to MVV Shares. It cannot be excluded that the decreasing liquidity of the MVV Shares could result in lower market prices and greater price fluctuations than in the past.

## VII. OFFICIAL CLEARANCE PROCEDURES

The Executive Board and the Supervisory Board point out that the Bidder explains in Sections 12.1 and 12.2 of the Offer Document that the planned acquisition of control of MVV Energie AG according to the Share Purchase Agreement and the Offer ("**Transaction**"), at the time of the publication of the Offer Document, was subject to the merger control clearance by the German Federal Cartel Office as well as merger control clearance by the Austrian Federal Competition Authority. The Bidder announced on 13 May 2020 that the necessary merger control procedure in Germany was concluded and the settlement of the Transaction is permissible under the Act against Restraints on Competition (*Gesetz gegen Wettbewerbsbeschränkungen*). The Bidder stated that the necessary merger control filing in Austria was filed with the Austrian Federal Competition Authority (*Bundeswettbewerbsbehörde*) on 30 April 2020. The Bidder notes that it cannot rule out that the timetable for the regulatory procedures may be influenced by the Covid-19 pandemic, which can lead to delays, e.g. by the suspension of review periods or by containment measures.

According to information provided by the Bidder in Section 12.3 of the Offer Document, the transaction is subject to a formal review procedure by the Federal Ministry for Economy and Energy (*Bundesministerium für Wirtschaft und Energie* - "**BMWi**") pursuant to Secs. 55 et seqq. of the German Foreign Trade Regulation (*Außenwirtschaftsverordnung* - "**AWV**"), since the subject of the transaction is the acquisition of an indirect shareholding of more than 10% or 25% of the voting rights in a German company by an investor who is not based in the European Union or the European Free Trade Association.

The Bidder points out that it informed the BMWi about the conclusion of the Share Purchase Agreement, dated 2 April 2020, and the decision to make an offer within the meaning of the WpÜG on 20 April 2020 and submitted an application for a clearance certificate pursuant to Sec. 58 (1) AWV.

For further details on the official approvals and procedures required according to the information provided by the Bidder, reference is made to the Bidder's other statements in Section 12 of the Offer Document.

**INTERESTS OF THE MEMBERS OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD**

**VIII. INTERESTS OF THE MEMBERS OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD**

**1. Specific interests of members of the Executive Board and the Supervisory Board**

**1.1 Specific interests of members of the Executive Board**

No member of the Executive Board holds MVV Shares. The compensation of the members of the Executive Board of MVV Energie AG does not include any share option programmes or other share price-based compensation components.

**1.2 Specific interests of members of the Supervisory Board**

No member of the Supervisory Board holds MVV Shares.

The chairman of the Supervisory Board, Dr. Peter Kurz, is Lord High Mayor and the Supervisory Board member Christian Specht is First Mayor and the Supervisory Board member Ralf Eisenhauer is a member of the city council of the city of Mannheim. The city of Mannheim entered into the Shareholders' Agreement with the Bidder on 2 April 2020 (see Section III.5.2 of this Statement) and is on this basis to be considered a person acting jointly with the Bidder under takeover law pursuant to Sec. 2 (5) sentence 1 WpÜG (see Section 6.4 of the Offer Document).

The Supervisory Board member Dieter Hassel is member of the Executive Board of RheinEnergie, whose MVV Shares are subject to the Share Purchase Agreement dated 2 April 2020 (see Section II.3.2 of this Statement). For reasons of extreme caution, Mr. Hassel has refrained from participating in the Supervisory Board's discussion and resolution on this Statement.

Moreover, in the view of the Executive Board and Supervisory Board, the aforementioned dual functions do not give rise to any specific conflicts of interest that would have prevented them from participating in the discussion and resolution on this Statement.

*- Non-binding English Translation -*

**INTENTIONS OF THE MEMBERS OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD TO ACCEPT THE OFFER**

**2. Agreements with members of the Executive Board or of the Supervisory Board**

Neither the Bidder nor any persons acting jointly with the Bidder have entered into any agreements with members of the Executive Board or the Supervisory Board and they did not offer the members of the Executive Board the prospect of amendments or extensions of their employment contracts.

**3. No non-cash or other benefits related to the Offer**

The members of the Executive Board and the Supervisory Board have not been granted, promised or given the prospect of non-cash benefits or any other benefits by the Bidder or any persons acting jointly with the Bidder.

**IX. INTENTIONS OF THE MEMBERS OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD TO ACCEPT THE OFFER**

The members of the Executive Board and the Supervisory Board do not directly or indirectly hold Shares and can therefore not make a decision on the acceptance of the Offer.

**X. RECOMMENDATION**

In consideration of the information in this Statement and the overall circumstances in connection with the Offer, the Executive Board and the Supervisory Board are of the opinion that the consideration offered by the Bidder for the MVV Shares is still within a range of reasonable values and reasonable within the meaning of Sec. 31 (1) WpÜG. However, the Executive Board and the Supervisory Board are of the opinion that the Offer Price of EUR 26.99 per MVV Share does not fully take into account the value outlook and profitability of MVV Group. In addition, the Executive Board and Supervisory Board believe that it is in the interests of MVV Group to maintain the free float as far as possible to the previous extent.

For these reasons and considering the other explanations provided in this Statement, the Executive Board and the Supervisory Board recommend to all MVV Shareholders not to accept the Offer.

The Executive Board and the Supervisory Board point out that the realisation of these value outlooks of MVV Group involves risks. Accordingly, the Executive Board and the Supervisory Board acknowledge that rather short-term oriented investors might decide to accept the Offer

MVV Shareholders have to decide whether or not to accept the Offer considering the overall circumstances, their individual circumstances and disposition of assets as well as personal assessment of the future performance of the stock market price of MVV Shares. Subject to mandatory applicable



*- Non-binding English Translation -*

**RECOMMENDATION**

law, the Executive Board and the Supervisory Board assume no responsibility in the event that the acceptance or non-acceptance of the Offer subsequently has any adverse economic consequences for any MVV Shareholder.

Mannheim, 15 May 2020

**MVV Energie AG**

**The Executive Board**

**The Supervisory Board**

**Annex:** Opinion Letter of EY dated 15 May 2020

*- Non-binding English Translation -*

**Annex**

**Opinion Letter of EY dated 15 May 2020**



Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft  
Graf-Adolf-Platz 15  
40213 Düsseldorf  
Postfach/P.O. Box 10 12 18  
40003 Düsseldorf

Transaction Advisory Services/  
Valuation & Business Modelling  
Andreas Siebel  
Phone +49 211 9352 18523  
Fax +49 181 3943 18523  
andreas.siebel@de.ey.com  
www.de.ey.com

The English version is a translation of the original German version and for information purposes only. In case of any discrepancy, the German original will prevail.

Private/confidential

Management Board and Supervisory Board of  
MVV Energie AG  
Luisenring 49  
68159 Mannheim

May 15, 2020

## Statement on the financial adequacy of the voluntary takeover offer of FS DE Energy GmbH to the shareholders of MVV Energie AG („Fairness Opinion“) – Opinion Letter

Dear all,

We („EY“), acting on your behalf as an independent and impartial expert, have assessed whether the consideration offered by FS DE Energy GmbH („FS DE Energy“) announced in the voluntary public takeover offer („Offer Document“) on 7 May 2020 in the amount of EUR 26.99 per share for the purchase of the no-par value registered shares in MVV Energie AG („MVV“) („MVV Shares“) is financially adequate for the shareholders of MVV within the meaning of the IDW Standard 8 „Principles of the Preparation of Fairness Opinions“ of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer in Deutschland e.V.) („IDW S 8“).

On 2 April 2020, FS DE Energy, a company indirectly owned by funds managed by First State Investments International Limited, has signed a share purchase agreement („SPA“) with EnBW Energie Baden-Württemberg AG („EnBW“) and RheinEnergie AG („RheinEnergie“) on the sale of their shareholdings in MVV of 45.1% in aggregate. The execution of the SPA is still subject to suspensive conditions.

At the same time on 2 April 2020, FS DE Energy has announced to make a voluntary public takeover offer to the shareholders of MVV according to Sec. 10 para. 1 in conjunction with Sec. 29 para. 1, Sec. 34 of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, "Takeover Act") by way of electronic news wire and announcement on the internet at [www.fsenergy-angebot.de](http://www.fsenergy-angebot.de).

The city of Mannheim which (directly and indirectly) holds 50.1% of the share capital and voting rights will remain majority shareholder of MVV.

In accordance with Sec. 31 para. 1 sent. 1 of the Takeover Act, the bidder i.e. FS DE Energy has to offer an adequate consideration to the shareholders.

According to the Offer Document, FS DE Energy offers a consideration of EUR 26.99 per MVV Share to the shareholders of MVV to acquire all of their no-par value registered shares in MVV („Offer Consideration“).

This Opinion Letter contains our statement on the fairness of the provided Offer Consideration from a financial perspective and within the meaning of IDW S 8. You will also receive the Valuation Memorandum as an additional component of our Fairness Opinion. In this Memorandum, we present our analyses and the essential results of our investigations in more detail.

#### A. Engagement and execution

Pursuant to our engagement agreement dated April 9, 2020, MVV engaged us to prepare a Fairness Opinion assessed in our capacity as an independent and impartial appraiser whether the consideration offered for the purchase of the MVV Shares by FS DE Energy is financially fair within the meaning of Standard IDW S 8.

The purpose of this Fairness Opinion is to provide the management board and supervisory board of MVV with information. It does not substitute an independent assessment of the Offer Consideration set out in the Offer Document by their legal representatives. The Fairness Opinion is an independent and impartial opinion on the financial adequacy of an agreed transaction price but does not constitute a part of transactional advice. Therefore, the Fairness Opinion does not contain any recommendation to accept or reject the offer.

Our engagement does not constitute an audit, examination, compilation, or agreed-upon procedures assignment according to the principles for the proper execution of audits pursuant to Sec. 316 et seq of the German Commercial Code (Handelsgesetzbuch). Therefore, we cannot and will not render an opinion on any financial and other information presented in this Fairness Opinion. In this regard, our responsibility is limited to the applicable professional diligence and care.

The scope of our work did not include the examination of the legal and fiscal aspects of the transaction. The adequacy assessment is limited to the purely financial and/or economic aspects of the takeover offer. We would like to point out that the investigations we have conducted while preparing the Fairness Opinion differ from those of an annual audit, due diligence report or expert business valuation in the meaning of standard IDW S 1 "Principles for Conducting Business Valuations" or similar activities with regard to their extent and purpose. Therefore, the Fairness Opinion does not provide an opinion on the physical existence of any asset. Further, we do not provide assurance on the achievability of the prospective results or the achievability of the assumptions.

This Fairness Opinion is addressed to MVV's management board and supervisory board. Disclosure of its contents to any third party is subject to our prior consent in writing.

This Opinion Letter may be attached to the Joint Substantiated Statement of the management board and supervisory board to the offer in accordance with Sec. 27 para. 1 of the Takeover Act in unabridged form only. In this statement management board and supervisory board clarify, that

- ▶ References to this Opinion Letter made in the statement serve the sole purpose of making the informational base upon which the management board and supervisory board make an independent statement transparent;
- ▶ The Fairness Opinion was only prepared on behalf of MVV and for the purpose of supporting the management board and supervisory board in performing their duties and responsibilities;
- ▶ EY has neither audited nor reviewed the information and documents underlying the Fairness Opinion;
- ▶ The opinion on the financial adequacy is based on the meaning of IDW S 8 and is essentially based on information and documents provided to us by MVV;
- ▶ The Fairness Opinion does not include a recommendation to accept or reject the offer.

We have obtained a general representation letter from MVV's management board confirming that they have provided us with all the relevant information, knowledge, supporting documents and confirmations completely and correctly. When preparing this Fairness Opinion, we assumed that the information made available to us are correct and complete.

The execution of our engagement, our responsibilities and liability also with regard to third parties are governed by the attached General Terms and Conditions of the Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft dated November 2018.

#### B. Financial adequacy of the Offer Consideration in terms of the IDW S 8

A Fairness Opinion is a professional statement on the result of a decision-making process, especially on the financial adequacy of a transaction price respectively in the case at hand the Offer Consideration. Determining a business value or the value of shares in an entity is therefore not the object of a Fairness Opinion.

The term "financial adequacy" is not defined by law. For the purposes of IDW S 8, an offer is financially adequate when it lies within a range of values determined using an income approach and reference transaction prices (benchmark function). The financial adequacy is assessed primarily from the perspective of a specific party. As such, the seller/buyer should not be financially disadvantaged by having completed the transaction. Against this background in the case at hand, ("hypothetical") bottom (floor) prices from the perspective of MVV's shareholders as the potential sellers are decisive for the assessment.

If a recent valuation in accordance with IDW S 1 is available for the transaction target, this should be used as a benchmark pursuant to IDW S 8.

#### C. Transaction object and object of the financial adequacy assessment

At the time of the preparation of this Opinion, the share capital of MVV amounts to EUR 168,721,397.76 and is divided into 65,906,796 no-par value registered shares, each representing a pro rata amount of the share capital of EUR 2.56 per share.

On 2 April 2020, FS DE Energy signed a SPA with EnBW and RheinEnergie on the sale of their shareholdings in MVV of 45.1% in aggregate. The city of Mannheim which (directly and indirectly) holds 50.1% of the share capital and voting rights will remain majority shareholder of MVV.

According to the Offer Document, FS DE Energy offers a consideration of EUR 26.99 per MVV Share to the shareholders of MVV for the purchase of all no-par value registered shares in MVV. Object of our financial adequacy assessment in the meaning of IDW S 8 is this Offer Consideration.

#### D. Date of assessment

According to IDW S 8, subsection 8, the assessment date should “be as close as possible to the time at which the decision on executing the transaction is made”. In the case at hand we used 15 May 2020 as the date for assessing the financial adequacy.

#### E. Engagement execution

We performed our work in April and May 2020 at our office in Duesseldorf/Germany. Our work, and accordingly this Fairness Opinion, is based on our knowledge as at 15 May 2020. Therefore, our Fairness Opinion does not take account of events or circumstances arising after this date.

The following essential documents were made available to us:

- ▶ Financial statements and group audit reports of the MVV group for the fiscal years 2018 and 2019;
- ▶ Current Mid-term Plan for the fiscal years 2020 until 2022 (as of September 2019);
- ▶ “10-year Perspective” as of September 2018 (contains the Mid-term Plan for the fiscal years 2019 until 2021 as well as the strategic outlook /orientation for the years 2022 until 2028).

Furthermore, we took publicly available information e.g. of certain financial service providers (i.a. S&P Capital IQ) into consideration whilst performing our engagement.

In the course of our engagement we have conducted several discussions with responsible representatives of MVV. Focus of the discussions was among others the company`s assessment of business performance to date, relevant developments of the current fiscal year as well as future developments in the Mid-term Planning period and the proceeding years.

## F. Methods for the assessment of financial adequacy

To define the range of comparable values determined using an income approach and reference transaction prices (benchmark function) which underlies the assessment of financial adequacy, we used the following methods:

- ▶ Income approach: DCF-based analyses applying forecast figures and valuation assumptions deemed to be appropriate by us; essentially the current Mid-term Plan complemented by a "10-year Perspective" have been used.
- ▶ Market approach: Multiplier method based on comparable listed companies („Trading Multiples“) and/or comparable transactions („Transaction Multiples“).

Based on our assessment, we conclude that the consideration offered for the purchase of the MVV Shares amounting to EUR 26.99 lies in the lower half of the range that have been defined by values determined using income approaches and reference market prices; and therefore is financially adequate from the perspective of MVV's shareholders within in the meaning of IDW S 8.

Our corresponding research, plausibility procedures performed and other analyses (e.g. of stock market prices), as well as the resulting findings to assess the financial adequacy are described and explained in detail in the Valuation Memorandum.



## G. Summarized opinion

In consideration of the information made available to us, our analyses and applied assumptions as well as possible restrictions that are set out in this Opinion Letter and the Valuation Memorandum, we conclude the following:

Based on the work we performed in accordance with IDW S 8, it is our opinion that the Offer Consideration for the purchase of MVV Shares in the amount of EUR 26.99 per no-par value registered share is financially adequate from the perspective of MVV's shareholders within the meaning of IDW S 8.

We appreciate having been given the opportunity to provide EY's services to MVV. If you have any questions or require any additional information, please contact us.

Düsseldorf, 15 May 2020

Ernst & Young GmbH  
Wirtschaftsprüfungsgesellschaft

[signed]  
Andreas Siebel  
Partner / Auditor

[signed]  
ppa. Florian Willmitzer  
Senior Manager / Chartered Financial Analyst

- ▶ General Terms and Conditions of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft as of November 2018

# GENERAL TERMS AND CONDITIONS

## Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft

as of November 2018

This is an English translation of the German text (please refer to <http://www.ey.com/DE/DE/Home> and click on "AAB" at the bottom of the website, please refer to the section "Non-Assurance Dienstleistungen"), the German text being the sole authoritative version

### Our Relationship with You

1. We will perform the Services<sup>1</sup> in accordance with the German Principles of Proper Professional Conduct ("*Grundsätze ordnungsmäßiger Berufsausübung*") for the sole benefit of you, our Client.
2. We are a member of the global network of Ernst & Young firms ("**EY Firms**"), each of which is a separate legal entity.
3. We will provide the Services to you as an independent contractor and not as your employee, agent, partner or joint venturer. Neither you nor we have any right, power or authority to bind the other.
4. We may subcontract portions of the Services to other EY Firms, as well as to other service providers, who may deal with you directly. Nevertheless, we alone will be responsible to you for the Reports (as defined in Section 11), the performance of the Services, and our other obligations under this Agreement.<sup>1</sup>
5. We will not assume any management responsibilities in connection with the Services. We will not be responsible for the use or implementation of the output of the Services.

### Your Responsibilities

6. You shall assign a qualified person to oversee the Services. You are responsible for all management decisions relating to the Services, the use or implementation of the output of the Services and for determining whether the Services are appropriate for your purposes.
7. You shall provide (or cause others to provide) to us, promptly, the information, resources and assistance (including access to records, systems, premises and people) that we reasonably require to perform the Services. This also applies to those supporting documents and records, events and circumstances which first become known during our work.
8. All information provided by you or on your behalf ("**Client Information**") shall be accurate and complete. The provision of Client Information to us will not infringe any copyright or other third-party rights.
9. We may rely on Client Information made available to us and, unless we expressly agree otherwise, will have no responsibility to evaluate or verify it.
10. You shall be responsible for your personnel's compliance with your obligations under this Agreement.

### Our Reports

11. Any information, advice, recommendations or other content of any reports, presentations or other communications we provide under this Agreement ("**Reports**"), other than Client Information, are for your internal use only (consistent with the purpose of the Services).
12. You may not disclose a Report (or any portion or summary of a Report) externally (including to your affiliates), or refer

to us or to any other EY Firm in connection with the Services, except:

- (a) to your lawyers subject to these disclosure restrictions who may review it only in connection with advice relating to the Services,
- (b) to the extent, and for the purposes, required by applicable law and you will promptly notify us of such legal requirement to the extent you are permitted to do so,
- (c) to other persons (including your affiliates) with our prior written consent, who have executed an access letter and who may use it only as we have specified in our consent, or
- (d) to the extent it contains Tax Advice, as set forth in Section 13.

If you are permitted to disclose a Report (or a portion thereof), you shall not alter, edit or modify it from the form we provided.

13. You may disclose to anyone a Report (or any portion thereof) solely to the extent that it relates to tax matters, including tax advice, tax opinions, tax returns, or the tax treatment or tax structure of any transaction to which the Services relate ("**Tax Advice**"). With the exception of tax authorities, you shall inform those to whom you disclose Tax Advice that they may not rely on it for any purpose without our prior written consent.
14. You may incorporate into documents that you intend to use our summaries, calculations or tables based on Client Information contained in a Report, but not our recommendations, conclusions or findings. You must assume sole responsibility for the contents of those documents and you must not externally - directly or indirectly - refer to us or any other EY Firm in connection with them.
15. If we are required to present work output in writing as part of the work in executing the engagement, only that written output is authoritative.

You may not rely on any draft Reports (which are non-binding), but only on final written Reports. Draft Reports only serve our internal purposes and/or the coordination with you and, therefore, only constitute preliminary stages of Reports and are neither final nor binding and are subject to further review. We shall not be required to update any final Report for circumstances of which we become aware, or events occurring, after the cut-off date indicated in the Report or, in absence of such date, the delivery date of the Report, unless otherwise agreed or we are obliged to do so with regard to the Services provided by us.

### Limitations of Our Liability

16. (a) Our liability for claims for damages of any kind, except for damages resulting from injury to life, body or health, as well as for damages that constitute a duty of replacement by a producer pursuant to Section 1 ProdHaftG<sup>2</sup>, for an individual case of damages caused

<sup>1</sup> Terms which are not defined in these General Terms and Conditions are defined in the Cover Letter.

<sup>2</sup> "Produkthaftungsgesetz" (German Product Liability Act)

by negligence is limited to EUR 4 million pursuant to Section 54a para. 1 No. 2 WPO<sup>3</sup>.

- (b) An individual case of damages within the meaning of paragraph a) also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against us is limited to EUR 5 million.
17. If you consider the liability limit stipulated in Section 16 and the amount our liability is limited to where Section 16 applies (“**Maximum Liability Amount**”) as inappropriate, please inform us of the extension of our liability you would like to be agreed on instead. In this case we will endeavor to obtain additional insurance for such increased amount (“**Increased Amount**”). Provided that you are furthermore prepared to bear the additional costs arising from the additional insurance covering the Increased Amount, we are prepared to agree with you on a corresponding extension of our liability. We emphasize that an increase of Maximum Liability Amount only applies if agreed on in writing.
18. If legitimate claims falling within our limitation of liability are brought against us by you and/or one or more third parties who are entitled to invoke this Agreement, the Maximum Liability Amount will be – in accordance with Section 428 BGB<sup>4</sup> – available only once to all – including all future – claimants collectively. Hence, any payment by us to you has discharging effect towards all claimants. In case the sum of all claims (including future claims) to which our limitation-of-liability-provisions apply exceed the Maximum Liability Amount, the allocation of this Maximum Liability Amount amongst all claimants (including you) is entirely a matter for discussion amongst all claimants.
19. The claim expires if legal action is not filed within six months subsequent to the written refusal of acceptance of the indemnity and you were informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body, health as well as for damages that constitute a liability for replacement by a producer pursuant to Section 1 ProdHaftG. The right to invoke a plea of the statute limitations remains unaffected.
20. **Third parties may derive claims from contracts between us and you only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties. We are entitled to invoke demurs and defenses based on the contractual relationship with you also towards third parties. Section 334 BGB shall apply.**
21. You may not make a contractual claim or bring proceedings arising from the provision of the Services or otherwise based on this Agreement against any other EY Firm or our or its subcontractors, members, shareholders, directors, officers, partners, principals or employees (“**EY Persons**”). You shall

make any contractual claim or bring such proceedings only against us.

#### Indemnity

22. You shall indemnify us, the other EY Firms and the EY Persons against all claims by third parties (including your affiliates and lawyers) and resulting liabilities, losses, damages, costs and expenses (including reasonable external legal costs) arising out of the third party’s use of or reliance on any Report (including Tax Advice) disclosed to it by or through you or at your request. You shall have no obligation hereunder to the extent that we have specifically authorized, in writing, the third party’s reliance on the Report.

#### Intellectual Property Rights

23. We may use data, software, designs, utilities, tools, models, systems and other methodologies and know-how (“**Materials**”) that we own in performing the Services. Notwithstanding the delivery of any Reports, we retain all intellectual property rights in the Materials (including any improvements or knowledge developed while performing the Services), and in any working papers compiled in connection with the Services (but not Client Information reflected in them).

#### Confidentiality

24. We are bound by the strict professional confidentiality obligations as stipulated in Section 43 WPO and Section 57 StBerG<sup>5</sup> and, except as otherwise permitted by this Agreement, neither of us may disclose to third parties the contents of this Agreement or any information (other than Tax Advice) provided by or on behalf of the other that ought reasonably to be treated as confidential and/or proprietary.
25. Notwithstanding any superseding legal professional secrecy obligation, either of us may, however, disclose such information to the extent that it:
- (a) is or becomes public other than through a breach of this Agreement,
  - (b) is subsequently received by the recipient from a third party who, to the recipient’s knowledge, owes no obligation of confidentiality to the disclosing party with respect to that information,
  - (c) was known to the recipient at the time of disclosure or is thereafter created independently,
  - (d) is disclosed as necessary to enforce the recipient’s rights under this Agreement, or
  - (e) must be disclosed under applicable law or professional regulations.
26. Either of us may use electronic media to correspond or transmit information and such use will not in itself constitute a breach of any confidentiality obligations under this Agreement and acknowledge that sending information and documents in electronic form (in particular by e-mail) entails risks.
27. Subject to applicable law, we may provide Client Information to other EY Firms, EY Persons and external service providers of us, other EY Firms, or EY Persons (“**Service Providers**”) who may collect, use, transfer, store or

<sup>3</sup> “Wirtschaftsprüferordnung” (Public Accountant Act)

<sup>4</sup> “Bürgerliches Gesetzbuch” (German Civil Code)

<sup>5</sup> “Steuerberatungsgesetz” (Tax Advisory Act)

otherwise process it (collectively "**Process**") in various jurisdictions in which they operate (office locations of EY Firms are listed at [www.ey.com](http://www.ey.com)) for purposes related to:

- (a) the provision of the Services,
- (b) complying with regulatory, and legal obligations to which we are subject,
- (c) conflict checking,
- (d) for risk management and quality reviews, and for
- (e) our internal financial accounting, information technology and other administrative support services.

(lit. (a)-(e) collectively "**Processing Purposes**")

We shall be responsible for maintaining the confidentiality of Client Information regardless of by whom such Information is Processed on our behalf.

28. With respect to any Services if U.S. Securities and Exchange Commission auditor independence regulations apply to the relationship between you or any of your associated entities and any EY Firm, you represent, to the best of your knowledge, as of the date of this Agreement, that neither you nor any of your affiliates has agreed, either orally or in writing, with any other advisor to restrict your ability to disclose to anyone the tax treatment or tax structure of any transaction to which the Services relate. An agreement of this kind could impair an EY Firm's independence as to your audit or that of any of your affiliates, or require specific tax disclosures as to those restrictions. Accordingly, you agree that the impact of any such agreement is your responsibility.

#### **Data Protection**

29. For the Processing Purposes referred to in Section 27 above, we and other EY Firms, EY Persons and Service Providers may Process Client Information relating to identified or identifiable natural persons ("**Personal Data**") in various jurisdictions in which they operate. The transfer of Personal Data within the EY network is subject to EY Binding Corporate Rules policies (listed at [www.ey.com/bcr](http://www.ey.com/bcr)). We will Process the Personal Data in accordance with data protection requirements under applicable law and professional regulations, including national (BDSG)<sup>6</sup> and European legal provisions on data protection. We will require any Service Provider that Processes Personal Data on our behalf to adhere to such requirements.
30. You warrant that you have the authority to provide the Personal Data to us in connection with the performance of the Services and that the Personal Data provided to us has been processed in accordance with applicable law.

#### **Fees and Expenses Generally**

31. You shall pay our professional fees and specific expenses in connection with the Services as detailed in the applicable Statement of Work or any of its appendices. You shall also reimburse us for other reasonable expenses incurred in performing the Services. Our fees are exclusive of taxes or similar charges, as well as customs, duties or tariffs imposed in respect of the Services, all of which you shall pay (other than taxes imposed on our income generally). We may claim appropriate advances on remuneration and reimbursement

of expenses and may make the delivery of our Services dependent upon complete satisfaction of our claims. Unless otherwise set forth in the applicable Statement of Work or Agreement on Fees, payment is immediately due following receipt of each of our invoices.

32. We may charge additional professional fees if events beyond our control (including your acts or omissions) affect our ability to perform the Services as originally planned or if you ask us to perform additional tasks.
33. If we are required by applicable law, legal process or government action to produce information or personnel as witnesses with respect to the Services or this Agreement, you shall reimburse us for any professional time and expenses (including reasonable external legal costs) incurred to respond to the request, unless we are a party to the proceeding or the subject of the investigation or unless we do get fully reimbursed by public authorities.
34. *-Intentionally left blank-*

#### **Force Majeure**

35. Neither you nor we shall be liable for breach of this Agreement (other than payment obligations) caused by circumstances beyond your or our reasonable control.

#### **Term and Termination**

36. This Agreement applies to the Services whenever performed (including before the date of this Agreement).
37. This Agreement shall terminate on the completion of the Services. Either of us may terminate it, or any particular Services, earlier upon 90 days' prior written notice to the other. In addition, we may terminate this Agreement, or any particular Services, immediately upon written notice to you if we reasonably determine that we can no longer provide the Services in accordance with applicable law or professional obligations. Sections 626 and 627 BGB shall remain unaffected.
38. You shall pay us for all work-in-progress, Services already performed, and expenses incurred by us up to and including the effective date of the termination of this Agreement.
39. Our respective confidentiality obligations under this Agreement, as well as other provisions of this Agreement that give either of us rights or obligations beyond its termination, shall continue indefinitely following the termination of this Agreement.

#### **Governing Law and Jurisdiction**

40. This Agreement, and any non-contractual matters or obligations arising out of this Agreement or the Services, shall be governed by, and construed in accordance with, the laws of Germany.
41. Any dispute relating to this Agreement or the Services shall be subject to the exclusive jurisdiction of the courts of Stuttgart, Germany, to which each of us agrees to submit for these purposes, or, at our discretion, (i) the court located where our office that conducted the main part of the work is registered or (ii) the courts located where you are registered.

We are not prepared to participate in dispute settlement procedures before a consumer arbitration board<sup>7</sup> within the meaning of Section 2 VSBG<sup>8</sup>.

<sup>6</sup> "Bundesdatenschutzgesetz" (German Data Protection Act)

<sup>7</sup> "Verbraucherschlichtungsstelle"

<sup>8</sup> "Verbraucherstreitbeilegungsgesetz" (German Act on Consumer Dispute Settlement)

### Miscellaneous

42. Upon our request, you shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by us.
43. You shall refrain from anything that endangers the independence of our staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on one's own behalf.
44. In case there are any deficiencies, you are entitled to specific subsequent performance by us. You may reduce the fees or cancel the contract for failure of such subsequent performance, subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the Agreement was not commissioned by a consumer, you may only cancel the Agreement due to a deficiency if the Service rendered is not relevant to you due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. Section 16 through 21 applies to the extent that further claims for damages exist.

You must assert a claim for the rectification of deficiencies in writing (Textform)<sup>9</sup> without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a Report may be corrected also versus third parties - by us at any time. Misstatement which may call into question the results contained in our Reports entitle us to withdraw – such statement – also versus third parties. In such cases we should first hear you, if practicable.

45. Unless you qualify as a consumer in the meaning of section 13 BGB, a set off against our claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.
46. This Agreement constitutes the entire agreement between us as to the Services and the other matters it covers, and supersedes all prior agreements, understandings and representations with respect thereto, including any confidentiality agreements previously delivered.
47. This Agreement and/or any Statement of Work hereunder (and modifications to them) must be executed in writing (Textform).
48. Each of us represents that the person signing this Agreement and/or any Statement of Work hereunder on its behalf is also authorized to execute it and to bind each of us to its terms.

You represent that your affiliates and any others for whom Services are performed shall be bound by the terms of this Agreement and the applicable Statement of Work.

49. You agree that we and the other EY Firms may, subject to professional obligations, act for other clients, including your competitors.

50. Neither of us may assign any of our rights, obligations or claims under this Agreement.
51. If any provision of this Agreement (in whole or part) is held to be illegal, invalid or otherwise unenforceable, the other provisions shall remain in full force and effect.
52. If there is any inconsistency between provisions in different parts of this Agreement, those parts shall have precedence as follows (unless expressly agreed otherwise): (a) the Cover Letter, (b) the applicable Statement of Work (including – as the case may be – the Agreement on Fees), (c) these General Terms and Conditions, and (d) other annexes to this Agreement.
53. Neither of us may use or reference the other's name, logos or trademarks without its prior written consent. We are allowed to use your name publically to identify you as a client in connection with specific Services or otherwise.
54. The limitations in Sections 16 to 21 and the provisions of Sections 22, 27, 29 and 49 are intended to benefit the other EY Firms and all EY Persons, who shall be entitled to enforce them.

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<sup>9</sup> Translators Note: The German term „Textform“ means in written form, but without requiring a genuine signature.