METRO Finance B.V.

Financial Statements
as at 30 September 2017

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.

date 30 MAR 2018

Belonging to letter nr. M18-0596 date 30/03/2018
initials .....

Contents

Financial Report

Report of the Board of Supervisory Directors 2
Report of the Board of Managing Directors 3

Financial Statements

Balance Sheet as at 30 September 2017 6
Statement of income for the financial year 2017 8
Statement of other comprehensive income for the financial year 2017 9
Statement of changes in equity for the financial year 2017 10
Cash flow statement for the financial year 2017 11
Notes to the 2017 financial statements 12

Other Information

Provisions in the Articles of Association governing the appropriation of profit 44
Proposal for profit appropriation 44
Independent auditor's report 45

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials .....

Report of the Board of Supervisory Directors

Pursuant to the Articles of Association, we are pleased to submit the financial statements for the financial year ended on 30 September 2017 as drawn up by the Board of Managing Directors for your adoption.

We recommend you to adopt the financial statements.

Venlo (the Netherlands), 30 March 2018

The Board of Supervisory Directors,

C.J. Baier

H.D. Hinker

F.S. Sachs

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials .....2.....

Report of the Board of Managing Directors

The Board of Managing Directors of the Company hereby presents its financial statements for the financial year ended on 30 September 2017.

Overview

METRO Finance B.V. ("the Company") operates as a finance company within the METRO Group. The ultimate parent company of this group is METRO AG which is incorporated in Düsseldorf, Germany

The main activities of METRO Finance B.V. focus on providing short term financial services (up to one year), in particular by granting loans to and accepting deposits from METRO Group companies as well as granting loans for mid and long-term funding of METRO Group companies and the hedging of related currency and interest rate risks out of the before mentioned transactions. Besides accepting deposits from METRO Group companies refinancing is done via the capital markets.

METRO Finance B.V.'s activities are strongly focused on the financing needs of METRO subsidiaries worldwide. The operating business of the Company still developed in line with the expectations of management. Total assets of the Company amounted to EUR 2,458 million as at 30 September 2017.

The net interest margin amounted to EUR 3,391 thousand leading into a net result for the financial year ended 30 September 2017 after operating expenses and taxes of EUR 1,574 thousand. No dividends were paid during financial year ending 30 September 2017.

In the financial year 2016/2017 no new bonds were issued under the Debt Issuance Program. In February 2017 the remaining EUR 621,7 million of a bond with a nominal value of originally EUR 750 million and a coupon of 4.25% p.a. has been repaid. The remaining bonds with a total principal amount of EUR 700 million will mature between 2018 and 2022.

As a financial service Company, METRO Finance B.V. faces financial risks. These include in particular price risks, liquidity risks, credit risks and cash flow risks. Price risks result from the impact of changes in market interest rates or exchange rates on the fair value of financial instruments. Currency and interest rate risks are substantially managed and hedged to the required risk profile, as described in the principles laid down in the internal treasury guidelines of the METRO Group. Like in previous years, foreign exchange exposure from loans receivable and payable to METRO Group companies is hedged by entering into derivative contracts with banks. Since the Company is obliged to follow the financial strategic objectives of METRO AG, potential interest risk positions are covered contractually by METRO AG.

Due to guarantees of METRO AG, METRO Finance B.V. has access to sufficient liquidity reserves and therefore the Company's liquidity risk is considered to be remote even if an unexpected event has a negative financial impact on the Company's liquidity situation. A future change in interest rates may cause cash flows from variable interest rate asset and debt items to fluctuate. The finance department of METRO AG manages interest rate risks by defining a benchmark for the relationship between variable and fixed-interest on the METRO Group level. Potential risk positions are covered through the service agreement with METRO AG where a certain interest spread is guaranteed. From the Company's perspective, interest rate risk is therefore considered to be negligible.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials

The Company reviews the creditworthiness of all its business partners internally as part of the Company risk management procedures. Due to activities and agreements within the METRO group, the Company's credit risk is considered to be limited.

METRO Finance B.V. employed 6.5 persons on average in the financial year. Measured in full time equivalents, the Company employed 6.2 FTE on average in the financial year.

The Board of Managing Directors as well as the Board of Supervisory Directors consists of three members each. Currently there is no female representation in each of the boards.

In March 2016, the Management Board of METRO AG announced the creation of two independent and sector focused companies through a demerger of the group: a Wholesale and Food Specialist Group as well as a Consumer Electronics products and service Group. As the shareholders voted in favour, the implementation of the demerger was completed as of 12 July 2017. The Consumer Electronics operations remained with METRO AG, being renamed into CECONOMY AG as of 11 August 2017. METRO Finance B.V became part of the Wholesale & Food Specialist Group with METRO Wholesale & Food Specialist AG as sole shareholder.

On 12 July 2017, METRO Wholesale & Food Specialist AG committed to transfer all of its shares in the Company to its wholly-owned subsidiary METRO Cash & Carry International Holding B.V. As a consequence, METRO Cash & Carry International Holding B.V. became the new sole shareholder and direct parent company of METRO Finance B.V. while METRO Wholesale & Food Specialist AG continued as the ultimate parent company. On 18 August 2017, METRO Wholesale & Food Specialist AG was renamed into METRO AG.

Outlook and Going Concern

In connection to the demerger of the METRO AG Group as discussed above, the intragroup financing functions of the new Wholesale and Food Specialist Group were reorganized as well. In the financial year 2017/2018, the international intragroup financing activities carried out by METRO Finance B.V. are transferred towards METRO Cash & Carry International GmbH, Düsseldorf. As of 1 October 2017, all existing transactions with a due date before 31 December 2017 are settled with METRO Finance B.V. and new transactions are executed via METRO Cash & Carry International GmbH. Loans and deposits with a maturity date after 31 December 2017 that already existed at balance sheet date are transferred to METRO Cash & Carry International GmbH on 1 December 2017. Additionally, the automatic cash pooling activities of METRO Finance B.V. are passed over to METRO Group Clearing GmbH, Düsseldorf.

As of the new financial year, METRO AG became the sole partner for capital market transactions of the METRO group. As a result, all bonds of METRO Finance B.V. that were issued under the Debt Issuance Program with METRO AG are transferred to METRO AG.

A final decision on the future status of METRO Finance B.V. has not been made yet. Most likely the Company will be liquidated or merged with its current parent company METRO Cash & Carry International Holding B.V.

The number of employees was reduced to 3 employees being the management during the financial year 2016/2017, due to reconstruction in the frame of the demerger of METRO AG. Since METRO Finance B.V. is expected to be liquidated or merged during the first financial half year 2018, management expect there will be no employees left by the end of financial year 2017/2018.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials

Statement of responsibility

Further to the requirements set out in Article 5:25c sub 2c of the "Wet financieel toezicht (Wft)", the members of the Board of Managing Directors of the Company hereby state that, to our best knowledge:

- the financial statements for the financial year ended 30 September 2017 give a true and fair view of the assets, liabilities, financial position of and the result generated by the Company;
- the report of the Board of Managing Directors gives a true and fair view of the status of the Company as per 30 September 2017 and during the financial year to which the report relates; and
- the report of the Board of Managing Directors includes a description of the substantial risks the issuer is facing.

Venlo (The Netherlands), 30 March 2018

The Board of Managing Directors,

H. Laaks O. Kruse A. Knijn

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.

date 30 MAR 2018

initials .....

Balance sheet as at 30 September 2017

(Before profit appropriation)

		30 September 2017		30 September 2016	
		EUR 1,000	**EUR 1,000**	EUR 1,000	EUR 1,000
Non-current assets					
Property and equipment	*1*	**7**		6	
Loans and receivables	*2*	**1,179,097**		1,243,257	
			1,179,104		1,243,263
Current assets					
Deferred tax	*3*	**-**		116	
Loans and receivables	*4*	**1,262,772**		2,753,487	
Derivative financial assets	*5*	**4,007**		6,220	
Cash and cash equivalents	*6*	**12,234**		20,267	
			1,279,013		2,780,090
			2,458,117		4,023,353

The notes on page 12 to 41 are an integral part of these financial statements

Note:
The financial year runs from 1 October to 30 September.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.

date 30 MAR 2018

initials .....

		30 September 2017		30 September 2016	
		EUR 1,000	**EUR 1,000**	EUR 1,000	EUR 1,000
Shareholders' equity	*7*				
Share capital		**453**		453	
Share premium		**6,369**		6,369	
Retained earnings		**18,111**		16,998	
Net result for the year		**1,574**		1,113	
			26,507		24,933
Non-current liabilities					
Bonds	*8*	**199,511**		698,153	
Loans from METRO Group companies	*9*	**-**		65,000	
			199,511		763,153
Current liabilities					
Deferred tax liabilities	*3*	**5**		-	
Bank overdrafts	*6*	**23,040**		-	
Loans from METRO Group companies	*9*	**1,694,177**		2,526,051	
Bonds	*10*	**499,545**		671,478	
Income taxes		**404**		504	
Derivative financial liabilities	*5*	**5,587**		8,303	
Other liabilities and accrued expenses	*11*	**9,341**		28,931	
			2,232,099		3,235,267
			2,458,117		4,023,353

The notes on page 12 to 41 are an integral part of these financial statements

Note:
The financial year runs from 1 October to 30 September.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.

date 30 MAR 2018

initials 7

Statement of income for the financial year 2017

		30 September 2017		30 September 2016	
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Financial income	*12*	**73,203**		109,874	
Financial expenses	*13*	**69,272**		106,084	
Net financial income			**3,931**		3,790
Other income	*14*		**251**		157
Operating expenses					
Amortisation and depreciation charges	*1*	**3**		3	
Wages and salaries	*15*	**834**		1,014	
Other expenses	*16*	**1,248**		1,446	
			2,085		2,463
Result before taxation			**2,097**		1,484
Income tax	*17*		**(523)**		(371)
Net result for the year			**1,574**		1,113

The notes on page 12 to 41 are an integral part of these financial statements

Note:
The financial year runs from 1 October to 30 September.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials .....

Statement of comprehensive income for the financial year 2017

	30 September 2017 EUR 1,000	30 September 2016 EUR 1,000
Net result for the year	**1,574**	1,113
Total comprehensive income for the year	**1,574**	1,113
Comprehensive income attributable to:		
- Shareholders of the company	**1,574**	1,113
- Minority interest	**-**	-
Total comprehensive income for the year	**1,574**	1,113

The notes on page 12 to 41 are an integral part of these financial statements

Note:
The financial year runs from 1 October to 30 September.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
Initials .....

Statement of changes in equity for the financial year 2017

	Share Capital EUR 1,000	Share premium EUR 1,000	Retained Earnings EUR 1,000	Net result for the year EUR 1,000	Total EUR 1,000
30 September 2015	453	6,369	15,363	1,635	23,820
Appropriation of the net results for the year ended 30 September 2015	–	–	1,635	(1,635)	–
Net result for the year	–	–	–	1,113	1,113
30 September 2016	453	6,369	16,998	1,113	24,933
Appropriation of the net results for the year ended 30 September 2016	–	–	**1,113**	**(1,113)**	–
Net result for the year	–	–	–	**1,574**	**1,574**
30 September 2017	**453**	**6,369**	**18,111**	**1,574**	**26,507**

The notes on page 12 to 41 are an integral part of these financial statements

Note:
The financial year runs from 1 October to 30 September.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials .....

Cash flow statement for the financial year 2017

		30 September 2017 EUR 1,000	30 September 2016 EUR 1,000
Result before taxation		**2,097**	1,484
Adjustments for depreciation	*1*	**3**	3
Change in other working capital		**7,794**	(7,475)
Issuance of financial assets to METRO Group companies	*2*	**(33,744)**	(86,197)
Movement in current loans and balances from and to METRO Group Companies	*2/4/9*	**676,079**	263,559
Redemption of financial assets to third parties	*2/4*	**314**	5,133
Cash generated from operations		**652,543**	176,507
Interest paid		**(79,638)**	(79,813)
Interest received		**67,714**	102,052
Corporate income tax (paid)/received		**-**	(692)
Cash flows from operating activities		**640,619**	198,054
Redemption of financial liabilities		**(671,692)**	(178,308)
Cash flows from financing activities		**(671,692)**	(178,308)
Changes in cash and cash equivalents		**(31,073)**	19,746
Cash and cash equivalents as of 1 October		**20,267**	521
Cash and cash equivalents as of 30 September		**(10,806)**	20,267
Components of cash and cash equivalents			
Cash at bank	*6*	**12,134**	20,267
Bank overdrafts	*6*	**(23,040)**	-
		(10,806)	20,267

The notes on page 12 to 41 are an integral part of these financial statements

Note:
The financial year runs from 1 October to 30 September.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.

date 30 MAR 2018

initials .....

Notes to the 2017 financial statements

Summary of significant accounting policies

General

METRO Finance B.V. ("the Company"), domiciled in Antoniuslaan 85b+c, 5921 KB Venlo, was incorporated on 3 October 1984 as a Dutch company with limited liability under registration (KvK) number 33178683.

Group structure

METRO Finance B.V. belongs to the METRO Group. The ultimate parent company of the group is METRO AG which is incorporated in Düsseldorf, Germany. The financial statements of METRO Finance B.V. have been included in the consolidated financial statements of METRO AG and is available on its corporate website. On 12 July 2017, all shares in the Company were transferred to METRO Cash & Carry International B.V., Amsterdam, Netherlands, which then became the new direct parent company.

Activities

METRO Finance B.V. operates as a finance company within the METRO Group. Its main activities consist of attracting loans for funding of METRO Group companies, hedging of related currency and interest rate risks, as well as providing short-term financial services for METRO Group companies, such as cash management.

Accounting principles

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code.

The financial statements for the financial year ended 30 September 2017 were authorized for issue by the board of Managing Directors on 30 March 2018. The accounting principles as set out below have been applied in preparing the financial statements for the financial year ended 30 September 2017 and the comparative information presented in these financial statements.

These financial statements have been based on the historical cost convention, except for the derivative financial instruments that are recognised at fair value. The financial statements have been prepared in euros. All amounts are stated in thousands of euros. The accounting principles used as a basis for the financial statements have been described in the following paragraphs.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
Initials

Going concern

In connection to the demerger of the METRO AG Group as discussed above, the intragroup financing functions of the new Wholesale and Food Specialist Group were reorganized as well. In the financial year 2017/2018, the international intragroup financing activities carried out by METRO Finance B.V. are transferred towards METRO Cash & Carry International GmbH, Düsseldorf. As of 1 October 2017, all existing transactions with a due date before 31 December 2017 are settled with METRO Finance B.V. and new transactions are executed via METRO Cash & Carry International GmbH. Loans and deposits with a maturity date after 31 December 2017 that already existed at balance sheet date are transferred to METRO Cash & Carry International GmbH on 1 December 2017. Additionally, the automatic cash pooling activities of METRO Finance B.V. are passed over to METRO Group Clearing GmbH, Düsseldorf.

As of the new financial year, METRO AG became the sole partner for capital market transactions of the METRO group. As a result, all bonds of METRO Finance B.V. that were issued under the Debt Issuance Program with METRO AG are transferred to METRO AG.

A final decision on the future status of METRO Finance B.V. has not been made yet. Most likely the Company will be liquidated or merged with its current parent company METRO Cash & Carry International Holding B.V.

Management believes that sufficient resources are available to fulfil and settle all financial obligations of the Company within the new financial year, and that sufficient equity is available to effectuate a liquidation or merger.

As a result, the financial statements have been prepared on a going concern basis.

Currency translation

Transactions denominated in currencies other than euro (functional currency) are translated at the exchange rate applying on the transaction date. Monetary assets and liabilities denominated in currencies other than euro are translated at the rate of exchange prevailing on balance sheet date. Non-monetary assets and liabilities in foreign currency that are stated at historical cost are translated into euros at the applicable exchange rates on the transaction date. The resulting exchange rate differences are credited or charged to the statement of income.

The following exchange rates were applied in the translation of the key currencies to euro:

	Average 2016/2017	Average 2015/2016	**30 September 2017**	30 September 2016
Czech Kroner (CZK)	**26.6713**	27.0414	**25.98100**	27.021
Great Britain Pounds (GBP)	**0.87177**	0.78209	**0.88178**	0.86103
Hungarian Forint (HUF)	**308.69863**	312.27877	**310.67000**	309.79
Polish Zloty (PLN)	**4.29356**	4.3336	**4.30420**	4.3192
Romanian Leu (RON)	**4.54062**	4.47856	**4.59930**	4.4537
Russian Ruble (RUB)	**65.71585**	75.2827	**68.25190**	70.514

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials

Balance sheet

Non-current assets

Property and equipment

Tangible fixed assets used in operations for a period that exceeds one year are recognised at cost less accumulated depreciations. Tangible assets are depreciated solely on a straight line basis, taking into account the following estimated useful lives:

- Computer system : 3-5 years
- Cars : 5 years
- Computer license : 6 years
- Office equipment : 5-8 years

Assets are impaired in case the recoverable amount is below the book value.

Financial Instruments

Date of Recognition

Financial instruments are recognized in the statements of financial position when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date.

Initial Recognition of Financial Instruments

Financial instruments are recognized initially at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a financial instrument on initial recognition is normally the transaction price (e.g., the fair value of the consideration given or received). If a financial asset is not subsequently accounted for at fair value through profit or loss (FVPL), the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination.

Subsequent to initial recognition, the Company classifies its financial assets under the following categories: loans and receivables, held-to-maturity (HTM) investments, available-for-sale (AFS) financial assets and financial assets at FVPL. The Company classifies its financial liabilities as either financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the financial assets are acquired or the financial liabilities are incurred, and whether the instruments are quoted in an active market. Management determines the classification of its financial assets and financial liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date. As at 30 September 2016 and 2017, the Company has no HTM investments nor AFS financial assets.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not held for trading. These are initially

FOR IDENTIFICATION PURPOSES ONLY
SGD Audit & Assurance B.V.
Date 30 MAR 2018
initials

recorded at the transaction price, which is the fair value, including transaction costs, if any.

After initial measurement, loans and receivables are measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR). The amortization is included as part of interest income in profit or loss.

This category includes the Company's cash and cash equivalents and loans and receivables.

Cash represents cash on hand and deposits held at call with banks which earns interest at the respective bank deposit rates and is stated at face value. Bank overdrafts are shown within current liabilities on the balance sheet.

Other Financial Liabilities

Financial liabilities are classified in this category if these are not held for trading or not designated as at FVPL upon the inception of the liability. These are initially measured at the transaction price, which is the fair value, including transaction costs, if any.

After initial measurement, other financial liabilities are measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the EIR. The amortization is included as part of interest expense in profit or loss.

This category includes the Company's bonds and other current liabilities.

Fair value through profit or loss

This category comprises of derivative financial assets and liabilities. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of income in the finance income or expense line. The Company does not have any assets held for trading.

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statements of profit or loss and other comprehensive income.

Offsetting
Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a currently enforceable right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Impairment of Financial Assets
The Company assesses at each reporting date whether a financial asset or a group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that the counterparty will enter bankruptcy, and adverse changes in the payment status of the counterparty and economic conditions that correlate with defaults.

For assets carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If no objective evidence of impairment has been identified for a particular financial asset that was individually assessed, the Company includes the asset as part of a group of financial assets pooled according to their credit risk characteristics and collectively assesses the group for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in the collective impairment assessment.

If there is objective evidence of impairment, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR which is the EIR computed at initial recognition.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The impairment loss for the period shall be recognized in current operations. If, in a subsequent period, the amount of the allowance for impairment loss decreases because of an event occurring after the impairment loss was recognized, the previously recognized

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials

impairment loss is reversed to profit or loss to the extent that the resulting carrying amount of the asset does not exceed its carrying amount had no impairment loss been recognized.

Accounting for derivative financial instruments / hedge accounting

Derivative financial instruments are used exclusively to reduce risks in accordance with the respective group guidelines. Usage is limited to foreign exchange spot, forward transactions, interest rate swaps and cross currency swaps.

In accordance with IAS 39, all derivative financial instruments are recognised at fair value and presented under "current assets" or "current liabilities" or "other assets" or "other liabilities" in case the remaining period to maturity does not exceed twelve months after balance sheet date. Fair value changes are recognised directly in the statement of income. The Company does not apply cash flow hedge accounting.

In case fair value hedge accounting is applied, the hedged item is adjusted to reflect the effective part of the fair value change of the hedging instrument with an offsetting amount to be included in the statement of income. Both at the hedge inception and at each reporting date, we assess whether the derivatives used are highly effective in offsetting changes in fair values or cash flows of hedged items. When a hedging relationship is not highly effective, we discontinue hedge accounting prospectively. If this is the case, the remaining fair value adjustment on the hedged item is amortised over the remaining time to maturity using the effective interest rate at date of designation. Currently the Company does not apply fair value hedge accounting.

Use of assumptions and estimates

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value measurement

The Company measures its derivative financial instruments at fair value. Further discussion on fair value is disclosed in Note 18 under subsection fair value.

Recoverability of loans and receivables and impairment assessment

The Company performs a yearly analysis on objective evidence of impairment for financial assets based on information available within the METRO Group and external market data. During the year, no impairment amount was recognised.

Shareholders' equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the statement of income as financial income or expense.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
Initials .....

Statement of income

Recognition of income and expense

Financial income and expense

Financial income and expense is composed of interest income and expense, fair value changes of derivative financial instruments as well as currency revaluation gains and gains and losses on monetary assets and liabilities. Finance income and expense is recognised in the statement of income, using the effective interest rate method.

The entity has a service agreement with METRO AG for the services that METRO Finance B.V. renders for METRO AG group companies. METRO Finance B.V. receives an at arm's length fixed spread on the loan arrangements' interest relating to these services. Differences between actual gross income (before deducting operational expenses) and the arm's length fixed spread are payable to METRO AG. In the event that the actual gross income (before deducting operational expenses) falls below the arm's length spread, METRO AG shall reimburse the difference to METRO Finance B.V. This expense or reimbursement is recognised in the profit and loss account as part of the interest expenses or interest income, using the accrual method.

Other income

Other income relates to revenue from management services rendered to affiliated METRO companies for which service level agreements are in place. Revenues are recognised in the period they relate to.

Operating expenses

Operating expenses are recognised in the period they relate to.

Foreign Currency Transactions and Balances

Foreign currency transactions are recorded in euro based on exchange rates prevailing at transaction dates. Outstanding foreign currency denominated monetary assets and liabilities are translated to euro using the prevailing rates at the reporting date. Exchange rate differences arising from the settlement of monetary items at rates different from those at which they were initially recorded are recognized in the statements of profit or loss and OCI in the period in which they arise. Foreign currency gains and losses are reported on a net basis.

Income Taxes

Income tax expense consists of current and deferred taxes.

Current Tax

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the reporting date.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials .....

Deferred Tax
Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences to the extent that it is probable that sufficient taxable income will be available against which the deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority, and they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Related Parties
Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence. Related parties may be individuals or corporate entities.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
Initials .....

Cash flow statement

The cash flow statement has been prepared applying the indirect method. Cash flows in foreign currencies have been translated at the weighted average exchange rates. Receipts and payments of interest and corporate income tax are included in the cash flow from operating activities.

Determination of fair value of financial assets and liabilities

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures. Accordingly, additional disclosures in this regard have been included in Note 20 – Financial risk management.

The estimated fair value of financial instruments as included in either or both the balance sheet and disclosure notes has been determined by the Company using acknowledged measurement methodology, using market data as money market and swap curves and foreign exchange rates presented as at balance sheet date. Specific counterparty related credit risk is assessed by using the credit default swap spreads for the parties involved.

The fair values disclosed for financial liabilities outstanding under the DIP and EMTN programmes operated via listings on (regulated) exchanges in Frankfurt and Luxembourg are based on market data.

The fair values presented are not necessarily indicative of the amounts that will ultimately be realized by the Company upon maturity or disposal. The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts.

IFRS 7 specifies a fair value hierarchy that identifies the following hierarchy levels:

- Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair values measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Fair values measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the financial instruments included at fair value in the Company financial statements are classified as level 2 according to the before mentioned fair value hierarchy referred to in IFRS 7.

Where applicable detailed information concerning the principles for determination of the fair values have been included in the section that specifically relates to the relevant financial asset or liability.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials

Segment reporting

Segment information is not separately reported because the primary activity of the Company is financing the parent company METRO AG (Germany) and METRO Group companies within continental Europe 69.9% (2016: 76.0%), METRO Group Companies within Central Eastern Europe 21.6% (2016: 14.6 %), as well as METRO Group Companies in Asia 7.4 % (2016: 8.7%) and Africa 1.1% (2016: 0.7%).

The interest income relates to continental Europe 47.3% (2015/2016: 37.7%%), to Central Eastern Europe 42.9% (2015/2016: 51.4%), to Asia 7.9% (2015/2016: 9.6%) and to Africa 1.9% (2015/2016: 1.3%).

New standards, interpretations and amendments effective from 1 October 2015.

Implementation of new and revised EU-IFRS over the year ended 30 September 2017 did not have a material impact on these annual financial statements. Accordingly, the Company has not made changes to its accounting policies in the financial year ended 30 September 2017.

The amendment to IFRSs and the Annual Improvements to IFRSs that are effective for the first time in these annual financial statements are as follows:

1. Annual Improvements to IFRSs (2010 – 2012 Cycle)
a. IFRS 2 – Share Based Payments
b. IFRS 3 – Business Combinations
c. IFRS 8 – Operating Segment
d. IFRS 13 – Fair Value Measurement
e. IAS 16 – Property, Plant and Equipment
f. IAS 24 – Related Party Disclosures
g. IAS 38 – Intangible Assets

2. Annual Improvements to IFRSs (2011 – 2013 Cycle)
a. IFRS 1 – First-time adoption of IFRS
b. IFRS 3 - Business Combinations
c. IFRS 13 - Fair Value Measurement
d. IAS 40 – Investment Property

3. Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions.

For the Company that reports in accordance with EU-endorsed IFRS, the effective date of Annual Improvements to IFRSs (2010-2012 Cycle) and Amendments to IAS 19 is the annual period beginning on or after 1 February 2015 while the effective date of Annual Improvements to IFRSs (2011-2013 Cycle) is 1 October 2015. Thus these standards apply to these financial statements of METRO Finance B.V.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials .....

New standards, interpretations and amendments not yet effective.

The following Standards and Interpretations have been issued however are not yet effective and/or have not yet been adopted by the EU and the Company. Information on standards expected to be relevant to these annual financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the standards. New standards, interpretations and amendments neither adopted nor listed below, the Company expects those not to have a material impact on these annual financial statements. The most likely impacting standards/amendments/interpretations are:

IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' was released by the IASB, representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new IFRS 9 standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a single, new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

Referring to the 'going concern' paragraph as disclosed on page 13 of these financial statements, management has assessed that there is no material impact of this new standard on the Company. Management will consider the new standard to determine the impact of new financial instruments that Company will issue or acquire.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion of risks and reward. A five-step process must be applied before revenue can be recognised:

1. identify contracts with customers
2. identify the separate performance obligation
3. determine the transaction price of the contract
4. allocate the transaction price to each of the separate performance obligations, and
5. recognize the revenue as each performance obligation is satisfied.

Additionally the new standard provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials

The effective date of the above standard and amendments in Clarifications to IFRS 15 is annual reporting periods beginning on or after 1 January 2018.

Referring to the 'going concern' paragraph as disclosed on page 13 of these financial statements, management has assessed that there is no material impact of this new standard on the Company.

IFRS 16 'Leases'
IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases,* IFRIC 4 *Determining whether an Arrangement contains a Lease,* SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events. The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

Referring to the 'going concern' paragraph as disclosed on page 13 of these financial statements, management has assessed that there is no material impact of this new standard on the Company.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials 23

Amendments to IAS 1 'Disclosure Initiative'
The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:
• The materiality requirements in IAS 1;
• That specific line items in the balance sheet and the statement(s) of income and other comprehensive income (OCI) may be disaggregated;
• That entities have flexibility as to the order in which they present the notes to financial statements; and
• That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

Amendments to IAS 7 'Disclosure Initiative'
These amendments to IAS 7 Statement of Cash Flows require a disclosure of changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The final Standard Disclosure Initiative (Amendments to IAS 7) is effective for annual periods beginning on or after 1 January 2017.

Referring to the 'going concern' paragraph as disclosed on page 13 of these financial statements, management has assessed that these amendments have no material impact on the Company. Additionally, the Company expects that the effect of all other IFRSs or IFRIC interpretations and amendments not yet adopted by the EU is not material either.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
Initials

1 Property and equipment

The movements of the property and equipment can be shown as follows:

	30 September 2017 EUR 1,000	30 September 2016 EUR 1,000
Balance as per 1 October		
• At cost	**120**	119
• Accumulated depreciation	**(114)**	(111)
Total book value	**6**	8
Movements:		
• Addition	**4**	1
• Disposals	**-**	-
• Depreciation	**(3)**	(3)
Total movements	**1**	(2)
Balance as per 30 September		
• At cost	**124**	120
• Accumulated depreciation	**(117)**	(114)
Total book value	**7**	6

Property and equipment mainly relate to office and computer equipment. Impairment adjustments were not deemed necessary.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
Initials 25

2 Loans and receivables (non-current)

	Loans to third parties EUR 1,000	Loans to METRO Group companies EUR 1,000	Total EUR 1,000
Balance as at 1 October 2015	3,290	1,604,021	1,607,311
Additions	-	86,197	86,197
Repayments	(314)	-	(314)
Transfers to short term	-	(449,937)	(449,937)
Balance as at 30 September 2016	2,976	1,240,281	1,243,257
Balance as at 1 October 2016	**2,976**	**1,240,281**	**1,243,257**
Additions	-	**33,744**	**33,744**
Repayments	**(314)**	-	**(314)**
Transfers to short term	-	**(97,590)**	**(97,590)**
Balance as at 30 September 2017	**2,662**	**1,176,435**	**1,179,097**

The interest on fixed interest rate loans varies between 0.9% and 5.533% (2016: 0.936% and 5.533%), depending on the lifetime and interest periods of the respective loans. The expiration dates of the non-current loans are between 2018 and 2024 (2016: 2017 and 2024). Impairment adjustments were not deemed necessary.

As per 30 September 2017, Loans to METRO Group companies comprise a position of EUR 925 million (2016: EUR 925 million) with direct parent company METRO Cash & Carry International Holding B.V.

As disclosed in the 'going concern' paragraph on page 13 of these financial statements, all outstanding balances will be transferred to METRO Cash & Carry International GmbH within the next financial year. However, as the maturity date of the financial instruments are more than one year from the date of the financial statements, the balances are presented as non-current assets.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials .....26.....

3 Deferred tax assets and liabilities

The movements and balances of the deferred tax assets (liabilities) accounts are as follows:

	2017	2016
	EUR 1,000	EUR 1,000
Balance as at 1 October	**116**	(17)
Deferred tax (expense) benefit	**(121)**	133
Balance as at 30 September	**(5)**	116

Deferred tax assets and liabilities relate to the difference in measurement basis for IFRS and fiscal reporting purposes with regards to derivative financial instruments. For Dutch fiscal purposes these are valued at cost or lower market value rule while under IFRS fair value accounting is applied. The measurement difference is temporary in nature.

As at year-end, there is no unrecognized deferred tax asset for losses carried forward (2016: nil).

4 Loans and receivables (current)

	2017	2016
	EUR 1,000	EUR 1,000
Loans to METRO Group companies	**804,043**	1,388,853
Current account positions with METRO Group companies	**420,119**	1,310,842
Interest receivable from METRO Group companies	**38,610**	53,792
Balance as at 30 September	**1,262,772**	**2,753,487**

The loans provided to METRO AG and METRO Group companies, as well as the related interest receivable are due within one year from balance sheet date.

As per 30 September 2017, current account positions with METRO Group companies comprise no positions with ultimate parent company METRO AG (2016: EUR 921 million) and a position of EUR 318 million (2016: EUR 334 million) with direct parent company METRO Cash & Carry International Holding B.V. The interest receivable from METRO group companies comprise a position of EUR 11 million (2016: EUR 25 million) with direct parent company METRO Cash & Carry International Holding B.V.

The interest on fixed interest rate loans varies between 2.614% and 5.169% (2016: 3.079% and 5.855%), depending on the original lifetime and interest periods of the respective loans. The interest of loans which original duration is less than one year is based on EURIBOR plus a margin of between 0.53% and 7.30%. Impairment adjustments have not been deemed necessary.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.

date 30 MAR 2018

initials .....27.....

5 Derivative financial instruments

Derivative financial instruments as at 30 September 2017 reflect the fair value of forward contracts used to hedge the future foreign exchange loan redemptions and related interest cash flows.

The change in derivative financial instruments during the year can be specified as follows:

	2017	2016
	EUR 1,000	EUR 1,000
Derivative financial assets		
Opening balance as at 1 October	**6,220**	20,288
Change in fair value	**(2,213)**	(14,068)
Closing balance as at 30 September	**4,007**	6,220

	2017	2016
	EUR 1,000	EUR 1,000
Derivative financial liabilities		
Opening balance as at 1 October	**8,303**	16,402
Change in fair value	**(2,716)**	(8,099)
Closing balance as at 30 September	**5,587**	8,303

For the notional amount of the derivatives, reference is made to Note 18, under liquidity risk.

6 Cash and cash equivalents

Cash and cash equivalents include bank balances held with commercial banks that are at the free disposal of the Company.

The Company has standby credit facilities with banks amounting to EUR 80 million (2016: EUR 145 million), out of which there is an outstanding bank overdrafts as at year-end amounting to EUR 23 million (2016: nil).

7 Shareholder's equity

The authorised share capital of the company as at 30 September 2017 consists of 700 ordinary shares of EUR 1 thousand each (2016: 700 ordinary shares of EUR 1 thousand each). The issued and fully paid-up share capital consists of 453 shares (2016: 453 shares).

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at shareholders' meetings of the Company.

The proposal for appropriation of net results over 2016 has been adopted at the Shareholders Meeting.

The retained earnings consist of the cumulative results of operations since the date of incorporation, less any dividends paid.

Reference is made to the statement of changes in equity as included in the financial statements.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials

8 Bonds

	Maturity	Fixed Interest %	Effective interest %	Carrying amount 30 September 2017 EUR 1,000	Principal amount 30 September 2017 EUR 1,000	Carrying amount 30 September 2016 EUR 1,000	Principal amount 30 September 2016 EUR 1,000
Maturity more than 1 year:							
EMTN Notes	2018	2.25	2.40	-	-	498,815	500,000
EMTN Notes	2020	4.05	4.19	**124,622**	**125,000**	124,469	125,000
EMTN Notes	2022	4.00	4.04	**74,889**	**75,000**	74,869	75,000
Total				**199,511**	**200,000**	698,153	700,000

All instruments have been issued under the EMTN and DIP programs. The notes are denominated in euro, and bear interest depending on the lifetime and interest periods of the respective loans.

The DIP and EMTN programmes are operated via listings on (regulated) exchanges in Frankfurt am Main and Luxembourg. For an overview of fair values, reference is made to the note 18 relating to financial risk management.

As disclosed in the 'going concern' paragraph on page 13 of these financial statements, all outstanding balances will be transferred to METRO AG within the next financial year. However, as the maturity date of the bonds are more than one year from the date of the financial statements, the balances are presented as non-current assets.

9 Loans from METRO group companies

	30 September 2017 EUR 1,000	30 September 2016 EUR 1,000
Loans from METRO Group companies	**1,069,820**	1,334,090
Current account balances with METRO Group companies	**622,839**	1,190,613
Interest payable to METRO Group companies	**1,518**	1,348
Balance as at 30 September	**1,694,177**	2,526,051

The interests are based on EURIBOR flat or – in special cases – plus a margin of 0.53%. The interest rates for loans which are denominated in other currencies than euro are set after a derivative contract has been entered with regard to the non-euro loan.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials

As per 30 September 2017, current account balances with METRO Group companies comprise a position of EUR 281 million (2016: nil) with ultimate parent company METRO AG and a position of EUR 117 million (2016: EUR 832 million) with direct parent company METRO Cash & Carry International Holding B.V.

Based on the repayment term of the loan, an amount of EUR 65 million is currently presented under current liabilities where it was presented under non-current liabilities in prior financial year. The maturity date of this loan is 30 May 2018.

10 Bonds (current part)

	30 September 2017 EUR 1,000	30 September 2016 EUR 1,000
EMTN Notes – Maturity May 2018	**499,545**	-
EMTN Notes – Maturity February 2017	-	621,498
EMTN Notes – Maturity July 2017	-	49,980
Balance as at 30 September	**499,545**	671,478

All Euro Medium Term Notes (EMTN) have been issued under the 60-billion Debt Issuance Programme (DIP). The EMTNs are denominated in euro, and bear interest depending on the lifetime and interest periods of the respective loans.

The DIP and EMTN programmes are operated via listings on (regulated) exchanges in Frankfurt am Main and Luxembourg. For an overview of fair values, reference is made to the note 18 relating to financial risk management.

The interest accruals related to the bonds are presented under other liabilities and accrued expenses. The current bond position as per 30 September 2017 expires in May 2018. The remaining nominal value at balance sheet date amounts to EUR 500 million. This listed bond has a nominal fixed interest of nominal 2.25%.

11 Other liabilities and accrued expenses

	30 September 2017 EUR 1,000	30 September 2016 EUR 1,000
Accrued interest bonds	**8,604**	27,982
Other liabilities	**737**	949
Balance as at 30 September	**9,341**	28,931

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials

12 Financial income

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Interest income from loans and receivable		
Thereof financial instruments of the IAS 39 measurement categories and related classes of financial instruments:		
• Loans and receivables – METRO Group companies	**52,531**	93,871
• Interest income relating to derivative financial instruments	**11,443**	-
Subtotal interest income	**63,974**	93,871
Currency translation gains		
Currency translation gains on loans and receivables	**5,153**	3,867
Fair value changes on derivatives - external counterparties	**1,846**	8,969
Fair value changes on derivatives - METRO Group companies	**2,230**	3,167
Subtotal foreign exchange income	**9,229**	16,003
Financial income	**73,203**	109,874

13 Financial expense

	2016/2017 EUR 1,000	2015/2016 EUR 1,000
Interest expense from loans and borrowings and other financial expenses		
Thereof financial instruments of the IAS 39 measurement categories and related classes of financial instruments:		
• Loans and borrowings – external counterparties	**28,003**	56,939
• Loans and borrowings – METRO Group companies	**15,321**	10,091
• Financial expense – METRO AG	**17,106**	11,856
• Interest expenses relating to derivative financial instruments	**-**	3,503
Subtotal interest expense	**60,430**	82,389
Currency translation losses		
Currency translation losses on loans and receivables	**5,270**	5,589
Fair value changes on derivatives - external counterparties	**405**	17,236
Fair value changes on derivatives - METRO Group companies	**3,167**	870
Subtotal foreign exchange losses	**8,842**	23,695
Financial expense	**69,272**	106,084

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
Initials .....

Interest expenses relating to derivative financial instruments reflect the interest component in foreign currency derivatives.

The financial expense METRO AG is the difference between the actual gross income (before deducting operational expenses and financial expense METRO AG) realized in the financial year and the arm's length spread as agreed in the service agreement with METRO AG.

14 Other income

The other income consists of general expenses and services fees which were cross charged by METRO Finance B.V. to METRO Group companies relating to expenses incurred and services rendered. The cross charges have been based on documented policies.

15 Wages and salaries

	2016/2017	2015/2016
	EUR 1,000	EUR 1,000
Wages and salaries	**785**	1,014
Social security charges and pension contributions	**49**	-
	834	1,014

For an overview of staff members and remuneration of Board of Managing and Supervisory Directors, reference is made to Note 21 and Note 22.

16 Other expenses

Other expenses relate to general and administrative expenses.

The other expenses include an audit fee of EUR 44 thousand (2016: EUR 33 thousand) invoiced by BDO Audit & Assurance B.V. for the statutory audit of the Company. No other services were provided.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials

17 Income tax

	2016/2017	2015/2016
	EUR 1,000	EUR 1,000
Result before taxation	**2,097**	1,484
Expected tax expense based on rate of 25.0%	**524**	371
Adjustment for prior year	**(1)**	-
Total effective income tax expense	**523**	371

The tax charge can be specified as follows:

	2016/2017	2015/2016
	EUR 1,000	EUR 1,000
Current tax expense	**402**	504
Deferred tax expense/(income)	**121**	(133)
	523	371

Current tax expense recognised in profit or loss:

	2016/2017	2015/2016
	EUR 1,000	EUR 1,000
Current year	**404**	504
Adjustment for prior year	**(2)**	-
	402	504
Movement deferred tax liability	**121**	(133)
	523	371

The nominal tax rate during the year is 25.0% (2016: 25.0%). The tax charge in the statement of income as per 30 September 2017 amounts to an expense of EUR 523 thousand (2016: EUR 371 thousand) being 25.0% nominal of the result before taxes (2016: 25.0%).

No permanent differences between fiscal and commercial tax base were identified.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials

18 Financial risk management

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk including interest rate and currency risk.

This note presents information about the exposure of the Company to each of the above risks, the Company's objectives, policies and processes for managing and measuring these risks, and the Company's approach to capital management.

General

During the normal course of business, the Company uses various financial instruments that expose the company to market, credit and liquidity risks. The Company is exposed to these risks given the portfolio of loans and receivables and cash and cash equivalent measured at amortized cost, interest-bearing financial liabilities measured at amortized cost (including bonds, loans from METRO Group companies, bank overdrafts and other liabilities) as well as derivative financial instruments carried at fair value.

The Company does not trade these financial derivatives and follows procedures and lines of conduct to limit the size of the credit risk with each counterparty and market. If counterparties fail to meet payment obligations to the Company, the resulting losses in principle are limited to the fair value of the instruments in question. The contract value or principal amounts of the financial instruments serve only as an indication of the extent to which such financial instruments are used, and not of the value of the credit or market risks.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and receivables, cash and cash equivalents and derivative financial assets. The gross amounts of financial assets represent the maximum credit exposure.

Due to activities and agreements within the METRO Group, the credit risk is very limited. No receivables are past due or have been impaired as at balance sheet date.

In the course of the risk management of monetary investments and financial derivatives, minimum creditworthiness requirements and maximum exposure limits have been defined for all business partners of METRO Group. This is based on a system of limits laid down in the treasury guidelines applied within the METRO Group.

The Company reviews the creditworthiness internally as part of the Company risk management procedures. This risk has not materialised and no allowance for impairment for incurred losses in respect of receivables is recognised.

The receivables outstanding with third parties amount to 3 EUR Million (2016: EUR 3 million). We refer to Note 2 for further information. The loans to third parties are secured by the mortgage agreement, negative pledge clause and pledge of lease payments.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
Initials

All of the loans to METRO Group companies as disclosed in Notes 2 and 4 are secured by corporate guarantee of METRO AG.

In general, management of the Company assesses and reviews credit risk for counterparties within the Group. If considered necessary, receivables will be secured by adequate warranty instruments.

Concentration risk

All of the loans and receivables of the Company are held with related parties, for definition see below to related party transactions. Approximately 51% (2016: 42%) of the receivables is concentrated with METRO Cash and Carry International Holding B.V., The Netherlands. However, as all receivables from METRO group companies are guaranteed by METRO AG under the service agreement in place, the credit risk for METRO Finance B.V. is mainly concentrated with this parent company.

Interest rate risk

The Company is exposed to interest rate cash flow risk regarding floating interest rates on receivables and liabilities. In relation to fixed rate interest bearing receivables and liabilities, the Company is exposed to fair value interest rate risk.

Derivative financial instruments may be used by the entity to hedge interest rate risks if deemed necessary.

Interest rate derivative financial instruments may be used to adjust the fixed or floating nature of the external loans obtained to the desired profile. The METRO Group interest rate policy aims to reduce the financing costs as much as possible. Derivative financial instruments are not used for speculative purposes.

The estimated market value indicates the amount payable or receivable in exchange for termination of the contracts as at year-end without further obligations.

Sensitivity analysis

At 30 September 2017, if EURIBOR interest rates had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been EUR 365 thousand higher/lower (2016: EUR 198 thousand lower/higher). Because of the existing service agreement with METRO AG, according to which an interest margin is agreed, the change in interest rates would have had no impact on the statement of income.

Liquidity risk

Due to the guarantees of METRO AG, the Company has access to sufficient liquidity reserves so that liquidity risk is limited. During the year, the Company was able to meet its financial obligation.

Loans and receivables as well as cash flows out of derivatives due within the last 90 days result from standard business transactions, no one of these are past due. For all capitalised financial instruments which are not past due, there is no indication based on the debtor's creditworthiness that would require impairment.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
Initials

The following table provides a maturity overview of contractual cash flows. The amounts disclosed in the table are the contractual undiscounted amounts. Derivatives cash flows only include the payable leg of the contract.

Maturity of liabilities and cash outflows (contractual cash flows)	**Less than 1 year EUR 1,000**	**Between 1 and 5 years EUR 1,000**	**Over 5 years EUR 1,000**
At 30 September 2016			
Bonds	671,692	625,000	75,000
Interest on bonds	49,434	38,438	3,000
Loans and current accounts	2,524,703	65,000	-
Interest on loans and current accounts	3,793	2,386	-
Other payables and accrued expenses	949	-	-
Derivatives	1,783,740	-	-
Total	5,034,311	730,824	78,000

Maturity of liabilities and cash outflows (contractual cash flows)	**Less than 1 year EUR 1,000**	**Between 1 and 5 years EUR 1,000**	**Over 5 years EUR 1,000**
At 30 September 2017			
Bonds	**500,000**	**200,000**	-
Interest on bonds	**19,313**	**22,125**	-
Loans and current accounts	**1,692,659,**	-	-
Interest on loans and current accounts	**3,007**	-	-
Other liabilities and accrued expenses	**737**	-	-
Derivatives	**868,203**	-	-
Total	**3,083,919**	**222,125**	-

Currency risk

The company is exposed to foreign exchange risk on loan receivables and payables denominated in a currency other that the euro. Foreign currency derivative financial instruments, mainly currency forwards and swaps may be used to reduce the foreign currency risk arising on financing and funding transactions in foreign currencies. Forward exchange contracts and currency swap contracts are entered into to adjust the currency of the payables and receivables to the desired currency. The derivative financial instruments are not collateralized and are not used for speculative purposes

The estimated market value indicates the amount payable or receivable in exchange for termination of the contracts as at year-end without further obligations.

As per 30 September 2017, a total of 64 foreign exchange forward contracts (EUR against AED, CHF, CZK, DKK, GBP, HRK, HUF, JPY, PLN, RON, RUB, SGD, THB, TRY, USD) were outstanding to hedge the foreign exchange currency risk of the future foreign exchange interest margin relating to the foreign exchange deals with METRO Group companies and banks. The

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
30 MAR 2018
initials .....

deals consist of loans and receivables with METRO Group companies. We refer to the paragraph on "interest rate risk".

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials

The summary of the Group's main exposure to foreign currency risk is as follows:

	CZK	HUF	JPY	PLN	RON	RUB
	CZK 1,000	HUF 1,000	JPY 1,000	PLN 1,000	RON 1,000	RUB 1,000
At 30 September 2017						
Financial assets						
Loans to METRO Group companies	3,810,685	-	6,713,624	34,916	-	-
Financial liabilities						
Loans from METRO Group companies	-	(29,603,737)	(400,089)	(834,705)	(567,629)	(12,124,144)
Net statement of financial position exposure	**3,810,685**	**(29,603,737)**	**6,313,535**	**(799,789)**	**(567,629)**	**(12,124,144)**
Forward exchange contracts	(3,810,685)	29,603,737	(6,313,535)	799,789	567,629	12,124,144
Net exposure	-	-	-	-	-	-

Sensitivity analysis

We perform foreign currency sensitivity analysis by applying an adjustment to the spot rates prevailing at year-end. This adjustment is based on observed changes in the exchange rate in the past and management expectation for possible future movements. We then apply the expected possible volatility to revalue all monetary assets and liabilities (including derivative financial instruments) in a currency other than the functional currency of the subsidiary in its balance sheet at year-end.

At 30 September 2017, if the euro had weakened/strengthened by 10 percent against the RON with all other variables held constant, post-tax profit for the year would have been EUR 3 thousand (2016: EUR 16 thousand) lower/higher, because the RON positions are hedged.

At 30 September 2017, if the euro had weakened/strengthened by 10 percent against the PLN with all other variables held constant, post-tax profit for the year would have been EUR 2 thousand (2016: EUR 26 thousand) lower/higher, because the PLN positions are hedged.

At 30 September 2017, if the euro had weakened/strengthened by 10 percent against the RUB with all other variables held constant, post-tax profit for the year would have been EUR 34 thousand (2016: EUR 5 thousand) lower/higher, because the RUB positions are hedged.

At 30 September 2017, if the euro had weakened/strengthened by 10 percent against the JPY with all other variables held constant, post-tax profit for the year would have been EUR 4 thousand (2016: EUR 4 thousand) lower/higher, because the RUB positions are hedged.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V
Date 30 MAR 2018
Initials

At 30 September 2017, if the euro had weakened/strengthened by 10 percent against the HUF with all other variables held constant, post-tax profit for the year would have been EUR 1 thousand (2016: EUR 8 thousand) lower/higher, because the RUB positions are hedged.

At 30 September 2017, if the euro had weakened/strengthened by 10 percent against the CZK with all other variables held constant, post-tax profit for the year would have been EUR 3 thousand (2016: EUR 34 thousand) lower/higher, because the RUB positions are hedged.

Capital Management

For the purpose of its function as a financing company within the METRO Group, the Board of Managing Directors' policy is to maintain a sufficient capital base. An equity position of approximately EUR 20 million is regarded as sufficient. There were no changes in the approach to capital management. The Company is not subject to externally imposed capital requirements.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials .....

Fair value

The fair value of the financial instruments measured at amortized cost stated on the balance sheet can be specified as follows:

	Note Ref.	**Fair value 30 September 2017 EUR 1,000**	**Carrying value 30 September 2017 EUR 1,000**	Fair value 30 September 2016 EUR 1,000	Carrying value 30 September 2016 EUR 1,000
Non-current assets	*2*				
Loans to third parties		**2,686**	**2,662**	2,990	2,976
Loans to METRO Group companies		**1,238,193**	**1,176,435**	1,327,883	1,240,281
Current assets	*4*				
Loans to and current accounts with METRO Group companies		**1,256,420**	**1,224,162**	2,748,342	2,699,695
Cash and cash equivalents	*6*	**12,234**	**12,234**	20,267	20,267
Non-current liabilities					
Bond	*8*	**221,810**	**199,511**	754,300	698,153
Loans from METRO Group companies	*9*	**-**	**-**	69,999	65,000
Current liabilities					
Bank overdrafts	*6*	**23,040**	**23,040**	-	-
Loans from and current accounts with METRO Group companies	*9*	**1,695,910**	**1,692,659**	2,525,554	2,524,703
Bonds	*10*	**507,238**	**499,545**	698,872	671,478
Other liabilities and accrued expenses	*11*	**9,341**	**9,341**	28,931	28,931

We refer to notes mentioned to facilitate reconciliation to the face of the balance sheet. All financial assets, except for derivatives, are categorized as loans and receivables and valued accordingly at amortized cost. All liabilities, except for derivatives, are categorised as other financial liabilities and measured at amortised cost.

Derivative instruments are categorized at financial assets/liabilities at fair value through profit and loss and valued and accounted for accordingly.

All the financial instruments accounted for at fair value classify as Level 2 within the IFRS 7 fair value hierarchy. During the year, there have been neither financial instruments accounted for at fair value classifying as Level 1 or 3 nor transfers between Level 2 and other Levels.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V
date 30 MAR 2018
initials

Currency swaps and forward currency transactions (all level 2) are measured using the market-to market method based on quoted exchange rates.

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

Hedging transactions that, according to IAS 39, are not part of a hedge are recognised at their fair value. Value changes are recognised directly in the statement of income. Even if no formal hedging relationships was created, these are hedging transactions that are closely connected to the underlying business and whose impact on earnings will be netted by the underlying transactions (natural hedge).

The measurement of the fair value of bonds are based on the market interest rate curve following the zero- coupon method in consideration of credit spreads (level 2).

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

19 Related party transactions

METRO Finance B.V. has business relationships with METRO AG, the sole shareholder, and several METRO Group companies.

The main activities of METRO Finance B.V. focus on providing short term financial services (up to one year), in particular by granting loans to and accepting deposits from METRO Group companies as well as granting loans for mid and long-term funding of METRO Group companies as well as hedging of related currency risks. Besides accepting deposits from METRO Group companies refinancing is done via the capital markets. The pricings for transactions with affiliated companies are based on arm's length interest rates.

METRO Finance B.V. has entered into a service agreement ("Service and limitation of risk agreement") with its ultimate parent company METRO AG in which a fixed arm's length spread for the Company has been agreed. Thus, the risk exposure of METRO Finance B.V. is limited. The corporate recharge is disclosed under the financial expenses in Note 13.

The outstanding balance and the related interest income and expenses due to/from the ultimate parent company METRO AG are disclosed in Note 4, 9 and 13 while the outstanding balances and interest income and expenses with METRO Group companies other than the ultimate parent company are separately disclosed in Note 2, 4, 9, 12 and 13.

For an overview of all METRO Group companies, we refer to the consolidated financial statements of METRO AG.

Business relationships with related parties are based on contractual agreements providing for at arm's length prices. During the financial year 2017, no dividend was paid to METRO AG (2016: nil).

For the remuneration received by the Boards of Managing Directors and Supervisory Directors, please refer to Note 22.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials

20 Contingent obligations

Due to preliminary cancellation, the rent agreement will expire at 31 May 2019 for its office building, with a total obligation of EUR 105 thousand (2016: EUR 225 thousand based on a duration until 31 December 2020) for the remaining contractual period. An amount of EUR 58 thousand was due in the financial year 2017 (2016: EUR 58 thousand).

Furthermore, there are obligations out of operational leasing of two company cars. There are two contracts with a third party: one expires at 31 March 2020 with a total obligation of EUR 61 thousand (2016: EUR 84 thousand) and the other contract expires at 28 February 2018 with a total obligation of EUR 12 thousand (2016: EUR 36 thousand). No other off balance sheet liabilities, guarantees or long term financial obligations are applicable.

METRO Finance B.V. forms a fiscal unity for corporation tax purposes with direct parent company, METRO Cash & Carry International Holding B.V. Each of the entities is jointly and severally liable for the combined total corporate income tax obligation.

21 Personnel

The company employed 6 persons (2016: 10) on average in the financial year. Measured in full time equivalents, the company employed 6 FTE on average during the financial year (2016: 9.5). No employees were employed outside The Netherlands.

22 Remuneration of the Boards of Managing Directors and Supervisory Directors

The Board of Managing Directors consisted of 4 persons during the financial year (2016: 4) of which 1 director resigned as per 31 March 2017.

The remuneration for the Managing Directors amounted to EUR 668 thousand (2016: EUR 527 thousand). The fixed-based remuneration amounted to EUR 366 thousand (2016: EUR 342 thousand). The variable part amounted to EUR 302 thousand (2016: EUR 185 thousand).

The Board of Supervisory Directors consisted of 3 persons during the financial year (2016: 3). There was no remuneration for the Supervisory Directors during the financial year 2017 (2016: EUR 8 thousand).

All remuneration of the Boards of Managing Directors and Supervisory Directors relate to short-term employee benefits. No other key management other than the Managing Directors and Supervisory Directors were identified.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials .....

23 Proposed result appropriation

The Board of Managing Directors proposes to the General Meeting to retain the net result for the year in the retained earnings account. The net result for the year will be presented in a separate account until the annual general meeting of the shareholders adopt the financial statements and approve the proposed result appropriation.

24 Subsequent events

Referring to the 'going concern' paragraph stated on page 13 of these financial statements the following events occurred after the reporting date 30 September 2017:

1. New financing activities of METRO Finance B.V. were discontinued as of 1 October 2017. From this date, all new financing transactions within the METRO AG group will be executed via METRO Cash & Carry International GmbH, Düsseldorf, Germany.
2. The full outstanding bond position including all accrued interest on bonds were transferred to METRO AG, Düsseldorf, Germany, as of 1 December 2017 through settlement with the current account position with METRO AG;
3. All loans and receivables due from/to METRO Group companies with a maturity date after 31 December 2017 are transferred to METRO Cash & Carry International GmbH, Düsseldorf, Germany as of 1 December 2017 through settlement with the current account position with METRO AG;
4. All balances due from/to METRO Group companies relating to the automatic cash pool activities are transferred to METRO Group Clearing GmbH, Düsseldorf, Germany as of 15 January 2018 through settlement with the current account position with METRO AG.

As a result of the above, the balance sheet of METRO Finance B.V. as of the approval date of the financial statements consists mainly of a current account position with METRO AG and an equity balance.

Venlo, 30 March 2018

The Board of Managing Directors,	The Board of Supervisory Directors,
O. Kruse	C.J. Baier
A. Knijn	H.D. Hinker
H. Laaks	F.S. Sachs

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V.
date 30 MAR 2018
initials .....

Other Information

Provisions in the Articles of Association governing the appropriation of profit

According to article 22.1 of the company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate the profit wholly or partly to the general or specific reserve funds.

According to article 22.2, the company can only make payments to the shareholders and other parties entitled to the distributable profit for the amount the shareholders' equity exceeds the paid-up and called-up part of the capital plus the legally required reserves.

FOR IDENTIFICATION PURPOSES ONLY
BDO Audit & Assurance B.V
date 23 MAR 2018
initials .....44.....

Tel: +31 (0)20 543 21 00
Fax: +31 (0)20 543 21 66
amstelveen@bdo.nl
www.bdo.nl

BDO Audit & Assurance B.V.
P.O. Box 71730, 1008 DE Amsterdam
Krijgsman 9, 1186 DM Amstelveen
The Netherlands

Independent auditor's report

To: the shareholders and Board of Supervisory Directors of METRO Finance B.V.

A. Report on the audit of the financial statements 2017

Our opinion

We have audited the financial statements 2017 of METRO Finance B.V., based in Venlo.

WE HAVE AUDITED	OUR OPINION
The financial statements which comprise: 1. the balance sheet as at 30 September 2017; 2. the following statements for the year then ended: statements of income, other comprehensive income and changes in equity and the cash flow statement for the year then ended; and 3. the notes comprising a summary of the significant accounting policies and other explanatory information.	In our opinion the enclosed financial statements give a true and fair view of the financial position of METRO Finance B.V. as at 30 September 2017 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of METRO Finance B.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at € 36 million. The materiality has been calculated with reference to a benchmark of total assets (representing 1.5% of reported total assets) which we consider to be one of the principal considerations for members of the company in assessing the financial performance of the company given the company's main activity is intra-group financing. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Supervisory Board that misstatements in excess of € 1.8 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Registered office in Eindhoven and entered into the Commercial Register under number 17171186.
BDO Audit & Assurance B.V. is a member of BDO International Ltd, a UK company limited by guarantee, and forms part of the worldwide network of independent legal entities, each of which provides professional services under the name 'BDO'.

BDO

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF LOANS AND OTHER RECEIVABLES ON METRO GROUP COMPANIES	OUR AUDIT APPROACH
We consider the valuation of the loans and other receivables on METRO group companies for a total amount of € 2.44 billion, as disclosed in notes 2 and 4 to the financial statements, to be a key audit matter. We identified this as a key audit matter due to the size of this loan and receivable balance and the material effect an impairment may have on the income statement. Initially, loans and receivables are recognised at its fair value and subsequently measured at amortised cost using the effective interest method. The Board of Managing Directors did not identify objective evidence of an impairment with regard to the loans and other receivables on METRO group companies.	We have performed detailed audit procedures addressing the valuation of the loans and other receivables on METRO group companies. Due to an agreement with METRO AG, the loans and receivables of METRO Finance B.V. on other METRO group companies are guaranteed. We have assessed the quality of the guarantee provided by METRO AG with regard to the loans and other receivables on METRO group companies and, following the guarantee provided, we have performed an analysis of the financial position of METRO AG. We have assessed and validated the analysis of the Board of Managing Directors and discussed with the Board of Managing Directors of METRO Finance B.V. whether objective evidence exist that issued loans should be impaired.

VALUATION OF DERIVATIVE FINANCIAL ASSETS AND LIABILITIES	OUR AUDIT APPROACH
We consider the fair value of the derivative financial assets and liabilities as disclosed in note 5 to the financial statements to be a key audit matter. The derivative portfolio of METRO Finance B.V. consists of foreign currency swaps. The market for these derivatives is not always fully liquid. In addition, recent market developments including the volatility of the currency basis spread further increased the subjectivity of the valuation of these instruments as well as the number of input factors to take into account in the valuation.	We have tested the valuation of the derivative financial assets and liabilities on an integral basis. We have tested the valuation model that is used by the company by assessing whether the model and the input data used is in line with market practice. The input in the valuation model is validated by using external data. We have audited the output of the valuation model of the company. We have compared the output from our testing and the output from the company's model and investigated any material deviations. We have also assessed the mathematical accuracy of the underlying derivatives overview.

BDO

Emphasis of matter on going concern

We draw attention to the going concern paragraph in the notes on page 13 of the financial statements which describes that the activities of the company are discontinued and transferred to another METRO group company within 12 months from balance sheet date 30 September 2017, and that the company may be liquidated or merged with its direct parent company afterwards. Our opinion is not modified in respect of this matter.

B. Report on other information included in the annual report

Next to the financial statements and our opinion thereon, the annual report consists of other information, including:

- the Report of the Board of Supervisory Directors;
- the Report of the Board of Managing Directors;
- the other information on page 44.

Based on the procedures as mentioned below, we are of the opinion that the other information:

- is consistent with the financial statements and contains no material deficiencies;
- includes all information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information and based on our knowledge and understanding obtained from the audit of the financial statements or otherwise, we have considered if the other information contains material deficiencies.

With these procedures, we have complied with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Auditing Standard 720. These procedures do not have the same scope as our audit procedures on the financial statements.

Management is responsible for the preparation of the Report of the Board of Managing Directors and the other information on page 44 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

C. Report on other legal and regulatory requirements

Engagement

We were engaged by the Board of Supervisory Directors as auditor of METRO Finance B.V. on 11 August 2014 as of the audit for the year ended 30 September 2014 and have operated as statutory auditor ever since that date.

BDO

D. Description of responsibilities for the financial statements

Responsibilities of management and the Supervisory Board for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Board of Supervisory Directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements
Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Supervisory Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Board of Supervisory Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Supervisory Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Amstelveen, 30 March 2018

For and on behalf of BDO Audit & Assurance B.V.,

For identification purposes:

drs. M.F. Meijer RA