

Supplementary data for MLP SE (in line with the German Commercial Code (HGB))

In contrast with the consolidated financial statements, the financial statements of MLP SE are not prepared to International Financial Reporting Standards (IFRS), but rather to the rules of the German Commercial Code (HGB).

Business and general conditions

General company situation

MLP SE, formerly MLP AG, is the holding company for the MLP Group. The company's primary role is to manage the Corporate Group. It defines strategic goals and ensures coordinated and aligned corporate policy within the Group. MLP SE is not actively involved in operations. Any revenue generated at MLP SE is essentially a result of letting buildings to affiliated companies.

The change in corporate form of the MLP AG from a German stock corporation (AG) to a European stock corporation (Societas Europaea/SE) was effectively completed in the reporting period with entry into the Commercial Register on September 21, 2017. This new legal status means that the Supervisory Board can permanently maintain its current size and composition. In addition to this, the SE form is more attractive for foreign investors. The rights of the shareholders, the company's membership in the SDAX index and the stock exchange code remain unaffected by this changeover.

On February 21, 2017 the Supervisory Board of MLP SE, formerly MLP AG, consented to the change of Group structure passed by the Executive Board. With effect from October 1, 2017, the brokerage branch of activity was spun off from MLP Banking AG (operating under the name MLP Finanzdienstleistungen AG until November 30, 2017) and integrated into MLP Finanzberatung SE. Furthermore, the supervisory scope of consolidation was narrowed down. These steps should significantly increase free regulatory equity capital in the Group by the end of 2021. We anticipate free equity capital to gradually increase by around € 75 million compared to 2016. The MLP Group will thereby expand its scope for action above all for acquisitions and investments, but also in terms of the distribution of dividends. The Federal Financial Supervisory Authority (BaFin), which here performs its supervisory role, was kept up-to-date regarding implementation of these measures throughout the whole process. With effect from October 1, 2017 all regulated bank activities have been handled by MLP Banking AG, while the brokerage business has been managed by MLP Finanzberatung SE.

The merger of Schwarzer Familienholding GmbH (SFH) with MLP SE under commercial law already took place in the first half of the year with retroactive effect from January 1, 2017. From this date on DOMCURA AG and nordias GmbH Versicherungsmakler have been 100% subsidiaries of MLP SE.

Since then, five key subsidiaries are arranged under the umbrella of MLP SE: The brokerage business is now under one roof at MLP Finanzberatung SE. In this segment, MLP Finanzberatung SE is the Group's consulting company for private and corporate clients and is registered as an insurance broker. MLP Banking AG as a financial institution is supervised by the Federal Financial Supervisory Authority (BaFin). It offers banking services to both private and business clients – from accounts and cards, through loans and mortgages, to wealth management. As an underwriting agency, DOMCURA designs, develops and implements extensive coverage concepts for private and commercial clients in the non-life insurance areas. With the acquisition of the DOMCURA Group in 2015, MLP also acquired several brokers in the commercial non-life insurance area alongside the primary underwriting agent business. These companies were further developed in the reporting year and integrated into nordias GmbH Versicherungsmakler as direct subsidiaries of MLP SE and as parent companies of the other brokerage companies in the DOMCURA Group. You can find more information on this in the chapter entitled → ["Business performance"](#) in the joint management report of the MLP Group.

Business performance at MLP SE

Due to the profit/loss transfer agreements in place, business performance at MLP SE is largely determined by the economic development of its investments, the performance of which is also described in the Group report.

In the light of the above, the economic framework conditions, the industry situation and the competitive environment are essentially the same as those of the MLP Group and are described in detail in the sections entitled → ["Overall economic climate"](#) and → ["Industry situation and competitive environment"](#).

Results of operations

At € 5.6 million (€ 5.7 million), revenue generated in the reporting year remained at the same level as the previous year. These essentially include income from the letting of buildings to affiliated companies. Other operating income declined to € 4.0 million. Among other things, the previous year's higher figure can be attributed to the sale of a real estate object and a settlement payment in connection with a lawsuit.

Personnel expenses rose to € 5.0 million (€ 4.0 million), largely as a result of greater allocations to pension provisions.

Amortisation of intangible assets and property, plant and equipment decreased to € 2.6 million (€ 3.7 million). Other operating expenses increased to € 28.8 million (€ 10.6 million). This increase can essentially be attributed to a merger loss resulting from the merger of SFH Schwarzer Familienholding GmbH (SFH) with MLP SE. Added to this are one-off expenses of € 3.6 million within the scope of the described optimisation of corporate structure.

Business development at its subsidiaries has a significant impact on the results of operations at MLP SE. Profit/loss transfer agreements are in place with MLP Banking AG and FERI AG, as well as DOMCURA AG and nordias GmbH Versicherungsmakler. These are reflected in the finance cost.

The finance cost was € 18.0 million in the reporting period (€ 22.7 million). Among other things, higher profit transfers from FERI AG and DOMCURA were more than compensated by the assumption of losses at MLP Banking AG and nordias GmbH.

Following a tax expense of € 4.0 million in the previous year, too high tax advance payments in connection with the demerger led to tax income of € 0.5 million in the last financial year. Net loss for the year was € -8.4 million. The withdrawal from retained earnings was € 30.2 million (€ 0.0 million), resulting in a balance sheet profit of € 21.9 million (€ 18.2 million).

Net assets

The balance sheet total of MLP SE was € 401.1 million (€ 413.3 million) on December 31, 2017.

On the assets side of the balance sheet, the item "Property, plant and equipment" declined slightly to € 34.0 million (€ 36.3 million). This drop was essentially due to depreciation and amortisation expenses. Financial investments decreased to € 242.2 million (€ 258.0 million), largely influenced by a decline in shares in affiliated companies from € 248.0 million to € 232.3 million. This is due to the merger of Schwarzer Familienholding GmbH with MLP SE.

Receivables and other assets decreased to € 34.9 million (€ 36.3 million). The receivables from affiliated companies included in this item also declined to € 22.1 million (€ 24.1 million). This increase is primarily attributable to receivables from subsidiaries of MLP SE, resulting from profit/loss transfer agreements in place with these companies. At € 12.8 million, other assets were slightly above the previous year's level (€ 12.2 million).

The item "Cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques" increased to € 87.1 million (€ 79.7 million). This can be attributed to regrouping of investments.

On the equity side of the balance sheet, shareholders' equity decreased to € 375.6 million (€ 392.7 million). This is due to the dividend payout to our shareholders in the amount of € 21.9 million. The share capital and capital reserves remained unaltered at € 109.3 million and € 139.1 million respectively. The retained income decreased to € 105.3 million (€ 126.0 million) due to a withdrawal. The accumulated profits amounted to € 21.9 million after € 18.2 million in the previous year.

At € 17.8 million, provisions were slightly above the previous year's level (€ 17.1 million). Pension provisions and similar obligations increased slightly to € 11.3 million (€ 10.8 million). At € 2.6 million, tax reserves remained at the same level as the previous year (€ 2.5 million). At € 3.9 million (€ 3.8 million), other provisions also remained virtually unchanged. Liabilities increased to € 7.7 million (€ 3.6 million), largely attributable to an increase in liabilities due to affiliated companies from € 2.1 million to € 6.6 million.

Financial position and dividends

As of December 31, 2017, MLP SE had cash holdings (cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques) of € 87.1 million (€ 79.7 million). This item was reduced by the dividend payout to our shareholders at € 0.08 per share and a total volume of € 8.7 million. The profit transfers of our subsidiaries, as well as portfolio shifts from other types of investments served to increase this figure.

At 93.6%, the equity ratio remained slightly below the previous year (95.0%). MLP SE therefore continues to enjoy a good equity capital backing. In addition to this, MLP SE has open lines of credit of € 10.0 million as of the balance sheet date.

MLP SE's liabilities increased to € 7.7 million (€ 3.6 million), largely as the result of an increase in liabilities due to loss assumption from affiliated companies from € 2.1 million to € 6.6 million. The liabilities at MLP SE are all current liabilities. Cash and cash equivalents therefore exceed current liabilities several times over.

The dividend payments of MLP SE are made in accordance with the financial and profit situation, as well as future liquidity requirements. As announced, the distribution rate for the financial year will be between 50.0% and 70.0% of operating net profit of the MLP Group. In concrete terms, the Executive Board and Supervisory Board will propose a dividend of € 0.20 per share at the Annual General Meeting on June 14. This corresponds to a distribution rate of around 64% of the Group's operating net profit.

Comparison of actual and forecast business performance

Business performance at MLP SE is essentially dependent on the business performance of the MLP Group. Therefore reference is made to the comparison with the forecast business performance of the MLP Group. In addition reference is made to the loss accrued within the context of merging SFH with MLP SE, which is described under results of operations. As such, the development of MLP SE deviates from the development of the MLP Group.

Despite market conditions that generally remained difficult for its subsidiaries, MLP SE was overall able to meet its own objectives and expectations – without taking into account the merger loss.

Research and development

In its role as the holding company, MLP SE is not actively involved in operations. As a holding company, MLP SE does not engage in any research or development in the classic sense.

Employees

In the last financial year, MLP SE employed an average of 6 employees, following seven employees in the previous year.

Stipulations for promoting equal participation of women in management positions pursuant to § 76 (4) and § 111 (5) of the German Stock Corporation Act (AktG) apply equally to MLP SE and the MLP Group. We make reference to stipulations of the MLP Group for promoting equal participation of women in management positions pursuant to § 76 (4) and § 111 (5) of the German Stock Corporation Act (AktG) in this regard. Details on this can be found in the corporate governance report of the MLP Group.

Remuneration report of MLP SE

The basic structure and design of the compensation system at MLP SE are the same as those of the MLP Group. We therefore make reference to the remuneration report of the MLP Group.

Risks and opportunities at MLP SE

The risks and opportunities at MLP SE are essentially the same as the opportunities and risks of the MLP Group. We therefore make reference to the → [risk report and opportunity report](#) of the MLP Group.

As the parent company of the MLP Group, MLP SE is incorporated in the Group-wide risk management system. You can find further information on this in the section of the MLP Group's risk report entitled → ["Risk management"](#).

The description of the internal monitoring and risk management system with regard to the accounting process of MLP SE is also the same as that of the MLP Group. We therefore also make reference to the MLP Group's risk report here.

For further information with regard to the financial instruments and their deployment, we also make reference to the MLP Group's risk report and accompanying notes.

Forecast for MLP SE

The development of MLP SE in its role as the holding company is largely dependent on the development and profit transfer of its investments. Set against this background, we make reference to the forecast for the MLP Group.

Explanatory report on the disclosures pursuant to § 176 (1) of the German Stock Corporation Act (AktG) and § 289 (4) of the German Commercial Code (HGB)

The explanatory report on acquisition-relevant disclosures applies equally to MLP SE and the MLP Group. We therefore make reference to the MLP Group's explanatory report on the disclosures pursuant to § 176 (1) of the German Stock Corporation Act (AktG), as well as § 289 (4) and § 315 (4) of the German Commercial Code (HGB).

Declaration on corporate governance pursuant to § 289a of the German Commercial Code (HGB)

The declaration on corporate governance applies equally to MLP SE and the MLP Group. We therefore make reference to the MLP Group's declaration on corporate governance.

Explanatory report on the disclosures pursuant to § 176 (1) of the German Stock Corporation Act (AktG), § 289 (4) and § 315 (4) of the German Commercial Code (HGB)

Composition of capital

As of December 31, 2017 the company's share capital amounts to € 109,334,686 and is divided into 109,334,686 ordinary bearer shares with a nominal value of € 1 per share.

Restrictions on voting rights or on the transfer of shares

There are no restrictions on voting rights or on the transfer of MLP SE's shares.

Capital stakes

The German Securities Trading Act (WpHG) requires any investor whose share of voting rights reaches, exceeds or falls below certain thresholds as the result of purchases, disposals or otherwise, to notify the company and the German Federal Financial Supervisory Authority (BaFin) thereof. The lowest threshold for the duty of notification to apply is 3%. Any stakes that reach or exceed 10% of voting rights must be recorded in this explanatory report. MLP SE has been notified of two shareholders who directly or indirectly exceeded 10% of the voting rights:

	Number of shares*	Shareholding*
Dr. h.c. Manfred Lautenschläger, Gaiberg ¹	25,383,373 ¹	23.22%
Angelika Lautenschläger Beteiligungen Verwaltungs GmbH, Gaiberg	22,796,771	20.85%

* Status known to MLP SE as of December 31, 2017

¹ Based on information provided by Dr. h.c. Manfred Lautenschläger, 22,796,771 voting rights (=20.85% of the share capital of MLP SE) are attributable to him by Angelika Lautenschläger Beteiligungen Verwaltungs GmbH in accordance with § 22 (1) Sentence 1 No. 1 of the German Securities Trading Act (WpHG) - old version.

Shares with special control rights

Shares which confer special control rights have not been issued.

System of control of any employee share scheme where the control rights are not exercised directly by the employees

Where MLP SE has in the past issued shares to employees as part of its employee participation programme, these shares were transferred to the employees directly. Said employees can or could then exercise the control rights granted by the shares issued directly in line with the legal requirements and the company's Articles of Association.