

SUPPLEMENTARY DATA FOR MLP SE (DISCLOSURES BASED ON HGB)

In contrast to 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 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.

Five key subsidiaries are arranged under the umbrella of MLP SE. The brokerage business is now under one roof at MLP Finanzberatung SE, the Group's consulting company for private and corporate clients, a registered insurance broker. MLP Banking AG, a financial institution supervised by the Federal Financial Supervisory Authority (BaFin), offers banking services to both private and business clients – from accounts and cards to loans, mortgages and wealth management. As an underwriting agency, DOMCURA designs, develops and implements extensive coverage concepts for private and commercial clients in non-life areas. With the acquisition of the DOMCURA Group in 2015, MLP also acquired several brokers in the commercial non-life insurance business as well as the primary underwriting agent business. As the parent company of further brokerage firms, nordias GmbH Versicherungsmakler is home to further brokers in commercial non-life insurance. 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

Because of 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 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 € 5.3 million, sales revenues remained at the previous year's level (€ 5.6 million). Revenue essentially comprises rental income from affiliated companies. At € 3.8 million, other operating income remained at the previous year's level (€ 4.0 million).

Personnel expenses rose to € 6.3 million in the last financial year (€ 5.0 million), largely as a result of greater allocations to pension provisions. Amortisation of intangible assets remained virtually unchanged at € 2.5 million (€ 2.6 million). Other operating expenses decreased significantly to € 14.0 million (€ 28.8 million). The previous year's higher figure was essentially due to a merger loss resulting from the merger of SFH Schwarzer Familienholding GmbH (SFH) with MLP SE, as well as one-off expenses within the scope of further refining the corporate structure. At the same time, this item was negatively impacted in the reporting year by VAT expenses from previous years. These extra expenses can essentially be attributed to subsequent recognition of the VAT unity within the MLP Group, which had initially not been granted within the scope of the tax audit for the years 2008 to 2012. The tax allowances granted to the Company in 2016 as a result of this circumstance have now been imposed again. Earnings before interest and taxes were € -13.6 million (€ -26.8 million) and were therefore significantly above the previous year's level.

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

The finance cost increased significantly in the reporting year to € 32.6 million (€ 18.0 million). This was primarily due to a sharp increase in income from profit/loss transfer agreements to € 35.7 million (€ 22.1 million). Higher interest and other expenses, which rose from € 0.8 million to € 2.9 million, served to offset this effect. The increase can be attributed to interest on arrears incurred because of VAT backpayments for previous years. Following the deduction of income taxes of € 3.5 million (€ +0.5 million), this resulted in net profit of € 15.4 million (€ -8.4 million). Unappropriated profit was € 21.9 million (€ 21.9 million).

Net assets

The balance sheet total of MLP SE was € 397.6 million (€ 401.1 million) on December 31, 2018.

On the assets side of the balance sheet, "Property, plant and equipment" declined slightly to € 32.8 million (€ 34.0 million). This was essentially due to depreciation and amortisation expenses. Financial assets remained unchanged at € 242.3 million (€ 242.3 million). Receivables and other assets increased to € 44.2 million (€ 34.9 million). This is essentially due to an increase in receivables from affiliated companies to € 33.4 million (€ 22.1 million). This increase is primarily attributable to receivables due from subsidiaries of MLP SE, resulting from profit/loss transfer agreements in place with these companies. Other assets fell slightly to € 10.7 million (€ 12.8 million).

"Cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques" reduced to € 76.9 million (€ 87.1 million). The decline can essentially be attributed to the payment of dividends to our shareholders and the VAT backpayments for previous years. This was offset by profit transfers from subsidiaries.

On the liabilities side of the balance sheet, shareholders' equity declined slightly to € 369.1 million (€ 375.6 million). The share capital and capital reserves remained unaltered at € 109.3 million (€ 109.3 million) and € 139.1 million (€ 139.1 million) respectively. Retained earnings also remained at the previous year's level of € 105.3 million (€ 105.3 million). Unappropriated profit was € 21.9 million, following € 21.9 million in the previous year.

Provisions increased to € 21.5 million (€ 17.8 million), with pension provisions and similar obligations rising slightly to € 12.1 million (€ 11.3 million). Provisions for taxes rose to € 4.4 million (€ 2.6 million). Other provisions increased to € 5.0 million (€ 3.9 million). Liabilities decreased to € 6.9 million (€ 7.7 million), largely owing to a decline in liabilities due to affiliated companies to € 2.2 million (€ 6.6 million). Other liabilities increased to € 4.2 million (€ 0.7 million), essentially because of tax liabilities that rose to € 3.4 million (€ 0.1 million). This increase can essentially be attributed to VAT liabilities from previous years.

Financial position and dividends

As of the balance sheet date, December 31, 2018, MLP SE had cash holdings (cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques) of € 76.9 million (€ 87.1 million). This item was reduced by the dividend payout to our shareholders at € 0.20 per share and a total volume of € 21.9 million. The profit transfers of our subsidiaries had a positive effect, while VAT backpayments for previous years had the opposite effect.

At 92.8% (93.6%), the equity ratio remained virtually constant. MLP SE therefore continues to enjoy good equity capital backing.

The liabilities of MLP SE decreased to € 6.9 million (€ 7.7 million), largely as a result of a drop from € 6.6 million to € 2.2 million in liabilities due to affiliated companies from the assumption of losses. These were offset by higher other liabilities of € 4.2 million (€ 0.7 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 and future liquidity requirements. As announced, the distribution rate for the financial year will be between 50% and 70% of the MLP Group's net operating profit. The Executive and Supervisory Boards will propose a dividend of € 0.20 per share at the Annual General Meeting on May 29, 2019. This corresponds to a distribution rate of 63% of the Group's operating net profit.

Comparison of actual and forecast development of business

Business performance at MLP SE is essentially dependent on the business performance of the MLP Group. We therefore refer to the comparison with the forecast business performance of the MLP Group. We also refer to the withdrawal from other retained earnings conducted in the previous year. 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 in 2018, MLP SE was overall able to meet its own objectives and expectations – without taking into account the divergent withdrawal from other retained earnings.

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

As was the case the previous year, MLP SE had an average of 6 employees in the last financial 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 refer 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 of this can be found in the corporate governance report of the MLP Group.

Compensation 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 refer to the compensation report of the MLP Group.

Risks and opportunities at MLP SE

The risks and opportunities at MLP SE are essentially the same as the risks and opportunities of the MLP Group. We therefore refer 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 refer to the → [MLP Group's risk report](#) here.

For further information with regard to financial instruments and their deployment, we also refer 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 refer to the forecast for the MLP Group.

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

The explanatory report on acquisition-relevant disclosures applies equally to MLP SE and the MLP Group. Therefore, reference is made to the MLP Group's explanatory report on the disclosures pursuant to § 176 (1) of the German Stock Corporation Act (AktG), § 289a (1) and § 315a (1) of the German Commercial Code (HGB).

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

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