

**Financial statements  
and joint management report  
MLP SE 2019**



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## Joint management report

The report of MLP SE on the situation of the company and Group are published as a joint management report in the MLP Annual Report 2019.

The financial statements and joint management report of MLP SE on the situation of the company and Group for the financial year 2019 are submitted to the operator of the electronic version of the Federal Gazette (Bundesanzeiger) where they are then published.

The financial statements of MLP SE, as well as the Annual Report of the MLP Group for the financial year 2019 are also available for viewing on the Internet at <https://www.mlp-se.com/investors/financial-publications/reports/>.

## Report by the supervisory board

In the financial year 2019, the Supervisory Board reviewed the development of the company in depth and performed its supervisory duties to the full. It regularly advised and monitored the Executive Board in running the business of the company.

During the course of the last financial year, the Supervisory Board paid particular attention to the economic development, financial situation, prospects and further strategy of the company, and advised the Executive Board on these topics. Its work in the financial year 2019 focused in particular on supporting the Executive Board in the strategic development of the company and of the MLP Group, implementing further measures to increase efficiency and both assessing and monitoring the opportunity and risk position of the company and the Group. The Supervisory Board advised the Executive Board in detail on potential M&A transactions. In particular, the Supervisory Board supported and advised the Executive Board during the acquisition of DI DEUTSCHLAND.Immobilien AG. In this context, the Supervisory Board also proposed an amendment of the business purpose of MLP SE to the Annual General Meeting. As demand for asset-oriented investments continues to grow, the Supervisory Board made a concrete proposal to the Annual General Meeting for the Group to take on own project developments as well as their marketing, and to expand brokerage of investments alongside brokerage of mortgages, an area which has already been boosted since 2014. The Annual General Meeting of the company then approved a corresponding extension of the business purpose of MLP SE on May 29, 2019.

The Supervisory and Executive Boards met regularly in the reporting year for discussions and joint consultations regarding business development, strategy and key events within the company. The Supervisory Board was directly involved in all decisions of fundamental importance to the company. The Executive Board regularly provided the Supervisory Board with written and oral reports in a timely and comprehensive manner on all relevant issues related to corporate planning, strategic development, the business situation and the position and overall development of the Group as a whole, including the risk situation, risk management, risk-bearing ability and compliance. The Supervisory Board was able to confirm the correctness of the corporate governance by the Executive Board. In 2019, the Executive Board also reported to and advised the Supervisory Board on the content and anticipated effects of legislative or regulatory proposals at national German or EU level.

No personnel changes to the company's Supervisory Board and Executive Board were made in the last financial year.

The Supervisory Board held five regular meetings and one extraordinary meeting in the financial year 2019, whereby the latter took the form of a conference call. All members of the Supervisory Board took part in the regular face-to-face meetings either at the venue or via telephone. Only two members of the Supervisory Board were unable to attend one meeting each. As such, all member of the Supervisory Board took part in more than half of the regular supervisory board meetings. The Executive Board also informed the Supervisory Board of particularly important or urgent projects outside of the regular meetings. Where necessary, Supervisory Board resolutions are also passed as circular resolutions.

In addition to this, three meetings of the Audit Committee were also held in this year. All committee members took part in each of these meetings. The Personnel Committee convened once in the last financial year. All committee members took part in this meeting. No meetings of the Nomination Committee were held in the last financial year, as no new elections for members of the Supervisory Board were scheduled.

The following table offers an overview, detailing which members of the Supervisory Board took part in the meetings of the Supervisory Board or its Committees:

	Participation*	in %
<b>Supervisory Board meeting MLP SE</b>		
Dr. Peter Lütke-Bornefeld	6/6	100
Dr. Claus-Michael Dill	6/6	100
Tina Müller	5/6	83
Matthias Lautenschläger	6/6	100
Burkhard Schlingermann	5/6	83
Alexander Beer	6/6	100
<b>Personnel Committee MLP SE</b>		
Dr. Peter Lütke-Bornefeld	1/1	100
Matthias Lautenschläger	1/1	100
Burkhard Schlingermann	1/1	100
Tina Müller	1/1	100
<b>Audit Committee MLP SE</b>		
Dr. Claus-Michael Dill	3/3	100
Dr. Peter Lütke-Bornefeld	3/3	100
Matthias Lautenschläger	3/3	100
Alexander Beer	3/3	100

\*Participation via telephone is counted as present.

Furthermore, the Chairman of the Supervisory Board met with the Chairman of the Executive Board on a regular basis to discuss various issues, in particular the business situation, special business transactions, regulatory changes and the overall situation of the Group. The Chairman of the Supervisory Board regularly informed the other members about the content of these meetings.

### **Supervisory Board meetings and important resolutions**

Following preparations in the meeting of the Audit Committee, the Supervisory Board meeting on March 13, 2019 focused on the audit and approval of the financial statements and the consolidated financial statements as of December 31, 2018. The auditors participated in the meeting and gave detailed reports on the course and outcome of their audit of the financial statements and the consolidated financial statements. Following in-depth discussion, the Supervisory Board approved the financial statements, the consolidated financial statements as of December 31, 2018 and the separate non-financial report. In addition to this, the Supervisory Board also reviewed the appropriateness of the Executive Board – as required in accordance with the German Corporate Governance Code (GCGC) – as well as the variable compensation components of the Executive Board for the financial year 2018 and approved these. The proposed resolutions for the company's Annual General Meeting were another item on the agenda.

In an extraordinary meeting of the Supervisory Board, held in the form of a conference call on March 22, 2019, the intentions of the Executive Board to acquire the entire DI DEUTSCHLAND.Immobilien Group via a subsidiary of MLP SE were discussed and reviewed in detail. These discussions focused in particular on the opportunities and risks, as well as the future strategy associated with extending the business areas as a result of the acquisition. The company's Supervisory Board then approved the acquisition of the DI DEUTSCHLAND.Immobilien Group in this meeting.

The regular Supervisory Board meeting on May 14, 2019 focused primarily on discussing the results and business development from the first quarter of 2019. In this meeting, the Supervisory Board also passed the resolution – on proposal by the Personnel Committee – to extend the appointment of Mr. Manfred Bauer as a member of the Executive Board up to April 20, 2025.

The results of the second quarter, the business development in the first half of the year, reporting on the internal audit and risk control (including a report on the notion of materiality, risk strategy and risk-bearing capacity concept) were all on the agenda of the regular Supervisory Board meeting on August 7, 2019.

The November meeting focused on the business results of the third quarter and the first nine months of the financial year 2019. Another focus of this Supervisory Board meeting was on evaluating the leadership and performance of the members of the Executive Board, which were discussed in a closed session without the members of the Executive Board. Alongside this, compliance with the provisions of the German Corporate Governance Code (GCGC) in the MLP Group, the resolution on the Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG), was a key topic on the meeting's agenda. Extensive reporting was provided on the corporate governance process and the current Declaration of Compliance. Further discussions also focused on the planned revision of the German Corporate Governance Code.

In the meeting on December 17, 2019 the Supervisory Board addressed in detail and approved the strategy and budget of both the Group and the company for the financial year 2020.

### **Supervisory Board committees**

The Supervisory Board was regularly informed of the work carried out by its committees in 2019.

The members of the Audit Committee are Dr. Claus-Michael Dill, who is also Chairman of the Audit Committee, as well as Dr. Peter Lütke-Bornefeld, Mr. Matthias Lautenschläger and Mr. Alexander Beer. The Audit Committee held three regular meetings in the financial year 2019 and adopted several circular resolutions. Representatives of the audit firm also took part in some of the meetings, providing the committee with detailed reports. In the presence of the auditors, the Chairman of the Executive Board and the Chief Financial Officer, the Audit Committee discussed the financial statements of MLP SE and the MLP Group as well as the proposed appropriation of earnings. Furthermore, the relationship to the auditor, proposals for selecting the auditor, auditor fees, audit assignment and monitoring of the auditor's independence were the subject of extensive discussions. The Audit Committee received regular reports on the work of the Internal Audit and of the Compliance and Risk Management department and was informed on legal and regulatory risks and risks to reputation. In addition, the Audit Committee prepared the invitation to tender for the audits, as well as further audit services in the MLP Group as of the financial year 2020 or 2021. Both MLP SE and MLP Banking AG – as public interest entities of the MLP Group – carried out the selection procedure in accordance with Art. 16 (3) of Regulation (EU) No. 537/2014.

The members of the Audit Committee are Dr. Peter Lütke-Bornefeld, who is also Chairman of the Personnel Committee, as well as Ms. Tina Müller, Mr. Matthias Lautenschläger and Mr. Burkhard Schlingermann. The Personnel Committee came together for one regular meeting in the reporting

period and focused in particular on reviewing the appropriateness of Executive Board compensation, as well as determining the bonus pool for the MLP Group. The committee also discussed and recommended to the assembly of the Supervisory Board that the appointment of Mr. Reinhard Loose as member of the Executive Board should be extended to April 30, 2025.

The members of the Nomination Committee are Dr. Peter Lütke-Bornefeld, who is also Chairman of the Nomination Committee, as well as Ms. Tina Müller, Dr. Claus-Michael Dill and Mr. Matthias Lautenschläger. The Nomination Committee did not hold any meetings in the financial year 2019, as no resolutions regarding reappointment of members to the Supervisory Board were passed at the Annual General Meeting held on May 29, 2019.

### **Corporate governance**

During the financial year the Supervisory Board also addressed the application of the corporate governance principles.

Last year, the Supervisory Board dedicated its meeting on November 13, 2019 again to in-depth discussions on the amendments to the German Corporate Governance Code in the version of February 7, 2017.

In the meeting held on November 13, 2019, the Supervisory Board reviewed the efficiency of its actions based on an evaluation form made available to the members of the Supervisory Board in good time prior to the meeting. The Supervisory Board also discussed procedures in the Supervisory Board, the information flow between the Committees and the Supervisory Board, and the timeliness and sufficient content of reporting by the Executive Board to the Supervisory Board on this occasion. Measures aimed at increasing efficiency were discussed and established.

During the same meeting, MLP SE's Supervisory Board also satisfied itself that the company had met the recommendations of the German Corporate Governance Code (GCGC) as per its Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) in the last financial year and will continue to comply strictly with the recommendations of the Government Commission on the German Corporate Governance Code (GCGC) in the version dated February 7, 2017. In November, the Supervisory Board and Executive Board issued a Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) for the financial year and made it permanently available to the shareholders via its website.

In accordance with the German Corporate Governance Code government commission, we understand conflicts of interest to mean any special professional or private interests of any member of the Supervisory Board that could potentially pose a threat to or contradict the



interests of the company. Conflicts of interest in this sense do not include plurality or the existence of various streams of interests when these express diversity in terms of the Supervisory Board composition desired by the legislator or the German Corporate Governance Code government commission. There were no conflicts of interest in this sense in the last financial year. A summary of corporate governance at MLP, including the Declaration of Compliance from November 13, 2019, can be found in the Executive and Supervisory Board's corporate governance report. All relevant information is also available on our homepage at [www.mlp-se.com](http://www.mlp-se.com).

The members of the Supervisory Board independently participated in training measures to aid them in fulfilling their responsibilities – as required by the Corporate Governance Code. In this endeavour they are adequately supported by the company. In addition, members of the Supervisory Board attended a training event on November 12, 2019 in order to maintain the necessary professional expertise. This training addressed various topics, including developments in the field of transitioning IT services to the cloud within the scope of regulated business activities, the new developments associated with the EU's so-called "Banking Reform Package" for implementation of Basel III or parts of Basel IV in the form of the CRD V and CRR II, as well as the planned new developments with regard to Executive Board compensation resulting from the Act for Implementation of the Second Shareholders' Rights Directive (ARUG II), supplemented by the planned new legislation of the German Corporate Governance Code.

#### **Audit of the annual financial statements and consolidated financial statements for 2019**

The financial statements and the joint management report of MLP SE as of December 31, 2019 have been compiled by the Executive Board pursuant to the German Commercial Code (HGB). The consolidated financial statements and the joint management report as of December 31, 2019 have been compiled pursuant to § 315a of the German Commercial Code (HGB) in line with international financial reporting standards (IFRS) as applied in the EU. As of December 31, 2019, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin audited the financial statements and the joint management report of MLP SE in accordance with the principles of commercial law, as well as the Group financial statements and the joint management report in accordance with the principles of IFRS, issuing an unqualified auditor's opinion in each case. The auditor performed the audit in compliance with the basic principles of sound auditing practices determined by the Institut der Wirtschaftsprüfer (German Institute of Auditors).

The financial statements, together with the joint management report, the auditor's reports and the Executive Board's proposal for use of the unappropriated profit were made available to all Supervisory Board members in good time. The Audit Committee of the Supervisory Board reviewed these documents in detail, reported to the Supervisory Board on its audit and explained

its audit opinion. The auditor also reported on the key results of the audit and on the fact that there are no significant weaknesses in the internal monitoring system, the risk management system nor with regard to compliance. The Audit Committee also reviewed the risk management system, the accounting processes and the effectiveness of the internal monitoring systems, risk management and auditing systems, as well as the relationship to the auditor, the proposals for selection of the auditor, the auditor's compensation, the audit assignment and monitoring of the auditor's independence, as well as the additional services performed by the auditor. The Supervisory Board also checked and discussed the documentation and reports in detail. Within this scope, the Supervisory Board also addressed the key audit matters described in the audit opinion, including the audit procedures undertaken by the auditor. In the presence of KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, which reported on the key findings of its audit, the audit reports were reviewed in detail in the Supervisory Board meeting held on March 18, 2020. The auditor reported on the scope, the key focuses, as well as the significant results of the audit, going into particular detail regarding the key audit matters and the audit procedures employed. With regard to the annual financial statements of MLP SE, these key audit matters encompassed "the recoverability of shares in affiliated companies". With regard to the consolidated financial statements of MLP SE, they encompassed "the impairment of goodwill", as well as "the portfolio of commission income from the brokering of old-age provision products". At this meeting, the Executive Board also explained the financial statements of MLP SE and of the MLP Group, the risk management system, the accounting processes and the effectiveness of the internal monitoring, risk management system, audit system and compliance, as well as giving detailed reports on the scope, focuses and costs of the audit.

The Supervisory Board concurred with the outcome of the auditor's audit and, on the basis of the final outcome of the Audit Committee's audit and its own audit, found no grounds for raising an objection. Accordingly, at its meeting on March 18, 2020, the Supervisory Board approved the annual financial statements and the joint management report of MLP SE, as well as the consolidated financial statements and the joint management report in accordance with IFRS prepared by the Executive Board. The annual financial statements are therefore adopted. Alongside this, the Executive Board is also required to submit a report on a non-financial declaration or a non-financial Group declaration as per § 289b, § 315b of the German Commercial Code (HGB). The Supervisory Board reviewed the non-financial report – prepared by a meeting of the Audit Committee – and did not find any objections.

After performing its own reviews, the Supervisory Board agreed with the Executive Board's proposal to pay out a dividend of € 0.21 per share for the financial year 2019. The equity and liquidity situation, future regulatory requirements and the company's budget, as well as the

shareholders' interest in an appropriate dividend were included and weighed up against one another in its considerations.

The Supervisory Board would like to thank the Executive Board, the Management of the respective Group companies, as well as all employees and consultants of the MLP Group for their exemplary personal commitment and achievements in the financial year 2019.

Wiesloch, March 2020

The Supervisory Board

Dr. Peter Lütke-Bornefeld

Chairman

## Corporate Governance

In November 2019, the Executive and Supervisory Boards issued the above Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (“Aktiengesetz”) and made it permanently available to shareholders via the company’s website. You can also view the text of the Declaration of Compliance of November 13, 2019 at [www.mlp-se.com](http://www.mlp-se.com).

## Profit & loss account for 2019

All figures in €'000

	Notes	2019	2018
1. Revenue	[1]	5,341	5,340
2. Other operating income	[2]	4,216	3,833
3. Personnel expenses	[3]		
a) Salaries and wages		-4,422	-3,685
b) Social security contributions and expenses for old-age provisions and benefits of which for pensions € 2,448 thsd (previous year: € 2,558 thsd)		-2,536	-2,643
4. Amortisation of intangible assets and tangible fixed assets	[4]	-2,513	-2,476
5. Other operating expenses	[5]	-9,036	-14,004
<b>Earnings before interest and tax</b>		<b>-8,951</b>	<b>-13,634</b>
6. Income from profit and loss transfer agreements		32,260	35,703
7. Transfer of losses		-	-123
8. Other interest and similar income of which from affiliated companies: € 8 thsd (previous year: € 11 thsd)		246	101
9. Interest and similar expenses of which to affiliated companies: € 16 thsd (previous year: € 15 thsd)		-672	-2,907
10. Interest rate anomalies		-123	-182
<b>Finance cost</b>	[6]	<b>31,711</b>	<b>32,592</b>
11. Income tax expenses	[7]	-2,155	-3,451
<b>12. Profit after tax</b>		<b>20,604</b>	<b>15,507</b>
13. Other taxes		-107	-106
<b>14. Net profit</b>		<b>20,497</b>	<b>15,401</b>
15. Profit brought forward			
a) Unappropriated profit in the previous year		21,867	21,867
b) Dividend payout		-21,867	-21,866
16. Withdrawals from other retained earnings		2,463	6,466
<b>17. Net accumulated profit</b>	[18]	<b>22,960</b>	<b>21,867</b>

## Balance sheet as of December 31, 2019

### Assets

All figures in €'000

	Notes	2019	2018
<b>A. FIXED ASSETS</b>			
<b>I. Tangible fixed assets</b>	[8]		
1. Land, leasehold rights and buildings including buildings on third-party land		28,583	30,450
2. Other fixtures, fittings and office equipment		2,378	2,301
3. Payments on account and assets under construction		542	52
		<b>31,503</b>	<b>32,803</b>
<b>II. Financial assets</b>	[9]		
1. Shares in affiliated companies		232,319	232,319
2. Other loans		10,000	10,000
		<b>242,319</b>	<b>242,319</b>
		<b>273,822</b>	<b>275,122</b>
<b>B. CURRENT ASSETS</b>			
<b>I. Receivables and other assets</b>			
1. Receivables from affiliated companies	[10]	31,922	33,445
2. Receivables from companies in which participations are held		-	33
3. Other assets	[11]	1,766	10,713
		<b>33,688</b>	<b>44,190</b>
<b>II. Cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques</b>	[12]	<b>94,374</b>	<b>76,929</b>
		<b>128,062</b>	<b>121,119</b>
<b>C. PREPAID EXPENSES</b>		<b>151</b>	<b>172</b>
<b>D. EXCESS OF PLAN ASSETS OVER PENSION LIABILITIES</b>	[13]	<b>198</b>	<b>1,160</b>
		<b>402,232</b>	<b>397,573</b>

## Liabilities and shareholders' equity

All figures in €'000

	Notes	2019	2018
<b>A. Shareholders' equity</b>			
<b>I. Share capital</b>	[14]		
Ordinary shares		109,335	109,335
<b>II. Capital reserves</b>	[16]	139,068	139,068
<b>III. Retained earnings</b>	[17]		
1. Statutory reserve		3,097	3,097
2. Other retained earnings		93,260	95,723
		96,357	98,820
<b>IV Net accumulated profit</b>	[18]	22,960	21,867
		<b>367,721</b>	<b>369,090</b>
<b>B. PROVISIONS</b>	[19]		
1. Provisions for pensions and similar obligations		13,083	12,106
2. Tax reserves		5,996	4,431
3. Other provisions		5,534	4,983
		<b>24,613</b>	<b>21,521</b>
<b>C. LIABILITIES</b>	[20]		
1. Trade accounts payable		1,011	488
2. Liabilities due to affiliated companies		2,052	2,184
3. Other liabilities of which € 5,970 thsd from taxes (previous year: € 3,417 thsd)		6,779	4,214
		<b>9,842</b>	<b>6,885</b>
<b>D. PREPAID EXPENSES</b>		57	77
		<b>402,232</b>	<b>397,573</b>

# Notes to the financial statements of 2019

## General information

### General information on the company

As the parent company of the MLP Group, MLP SE has its registered office at Alte Heerstraße 40, 69168 Wiesloch. It is entered in the Mannheim Commercial Register under the number HRB 728672. The company's primary role is to manage the Corporate Group, which is active in the areas of consulting and brokerage of all kinds of financial and similar services. The financial year is the calendar year.

### Accounting policies, estimates and assumptions

In preparing the annual financial statements, it is necessary to make estimates and assumptions which may affect the carrying amounts of the assets, liabilities and financial liabilities as of the balance sheet date as well as income and expenses for the year under review.

These financial statements have been prepared in accordance with § 242 et seq. and § 264 et seq. of the German Commercial Code (HGB), as well as the specific regulations of the German Stock Corporation Act that are also to be applied to companies with the legal structure of an SE. The company is a large stock corporation pursuant to § 267 (3) Sentence 2 of the German Commercial Code (HGB).

The financial statements have been prepared in accordance with the regulations of the German Commercial Code (HGB).

The accounting policies used in the financial statements as of December 31, 2019 remained unchanged from the previous year.

The balance sheet is prepared in accordance with the system of classification set forth in § 266 of the German Commercial Code (HGB).

The profit & loss account is prepared in accordance with the nature of expense method outlined under § 275 (2) of the German Commercial Code (HGB), supplemented by § 277 (3) of the German Commercial Code (HGB) for income from profit and loss transfer agreements. For a clearer presentation of the results of operations, the income statement has been extended to include the subtotals of "Earnings before interest and tax" and "Finance cost".

Pursuant to § 256a of the German Commercial Code (HGB), assets and liabilities held in foreign currency are converted at the average spot exchange rate on the balance sheet date.



There is a corporation and trade-tax affiliation in place between MLP SE (dominant enterprise) on the one side and MLP Banking AG, Wiesloch, FERI AG, Bad Homburg v. d. Höhe, DOMCURA AG, Kiel and nordias GmbH Versicherungsmakler, Kiel on the other. Tax expenses, insofar as they fall upon the consolidated tax group in the time period, are therefore only determined and disclosed at the level of the dominant enterprise. Taxes that fall in time periods prior to the existence of the consolidated tax group are disclosed at the level of the respective company. No tax allocations are made.

The values entered in the tables are generally given in thousands of euros (€'000). Any deviation from this style is noted directly in the relevant tables. Both single and cumulative figures are values with the smallest rounding difference. As a result, differences to reported total amounts may arise when adding up the individual values.

### **Disclosure of the accounting policies for individual balance sheet items**

In preparing the financial statements, the following accounting policies were essentially applied:

**Intangible assets and fixed assets** are stated at historical cost less amortisation charges or at their lower fair value.

In addition to incidental acquisition costs, acquisition costs include the portion of sales tax incurred on acquisition costs invoiced but not eligible for input tax deduction.

In line with the anticipated or average useful lives, assets are written down on a straight-line basis in accordance with § 253 of the German Commercial Code (HGB).

**Write-downs** of additions to fixed assets are performed on a pro rata temporis basis.

Low-value assets up to an individual net value of € 250 are written down in full in the year of acquisition. For reasons of simplification, the collective item method is also applied in the trade balance sheet for assets with an individual net value of between € 250 and € 1,000. The collective item is recorded at a flat-rate of 20 % p. a. in the year of initial recognition, amortised over the four subsequent years and then ultimately recognised as a disposal following complete amortisation.

Advance payments for intangible assets and tangible fixed assets are recognised in the balance sheet at the level of the advance payments. The write-down of the payments on account and assets under construction starts with their completion or when they are ready for operational use. Borrowing costs are not capitalised.

**Shares in affiliated companies** are valued at their cost of acquisition or, in the case of an anticipated permanent impairment, the lower fair value. Other loans are treated in accordance with the diluted lower value principle pursuant to § 253 (3) of the German Commercial Code (HGB).

**Receivables and other assets** are stated at face value or at the present value. Risk-carrying items are impaired where required.

The **cash on hand and bank deposits** are stated at face value.

Income and expenses paid or received prior to the closing date, but which are attributable to income and expenses for a specific period after that data are recorded under **accrued and deferred items**.

Pursuant to § 246 (2) Sentence 2 of the German Commercial Code (HGB), the **excess of plan assets over pension liabilities** results from the netting of pension obligations with assets that serve exclusively to fulfil pension obligations and that are exempt from attachment by all other creditors. Assets of this nature represent plan assets in the sense of § 246 (2) Sentence 2 of the German Commercial Code (HGB). The assets represent reinsurance receivables for pension obligations. Pursuant to § 253 (1) Sentence 4 of the German Commercial Code (HGB), plan assets are measured at fair value. The fair value of a reinsurance receivable is made up of the actuarial reserves of the insurance contract plus any surplus arising from premium refunds (so-called irrevocably allocated surplus-sharing). The income from the change in fund assets reported by the insurance company is recognised in the income statement. Premium payments for the reinsurance policy, as well as benefit payments from the reinsurance policy are treated as transactions with no effect on the operating result (asset swap).

**Provisions for pensions and similar obligations** pursuant to § 253 (1) Sentence 2 of the German Commercial Code (HGB) are calculated on the basis of the settlement value required using prudent business judgement. Utilising the option pursuant to § 67 (1) Sentence 1 of the Introductory Law to the German Commercial Code (EGHGB), the allocated value resulting from this change in provision accounting principles is distributed evenly over the maximum period of 15 years.

The necessary settlement value for pension obligations is calculated based on biometric probabilities (Heubeck 2018 G mortality charts). Anticipated future rises in pension payments are taken into account for the measurement of the provision. Due to the structure of the benefit obligations, pay rises have not been taken into account for the measurement. For former employees with vested pension rights or, upon commencement of pension payments, the present value of future pension benefits is applied. With active members of the pension scheme, the entry age normal method is used. This is a projected unit credit method. The going-concern value results from the difference between the present value of future pension benefits at the end of the financial year and the present value of the constant annual premiums for the respective pension recipients prior to termination of the employment relationship. Applying § 253 (2) Sentence 2 of the German Commercial Code (HGB), the average market interest rate over the last ten financial years (until 2015 seven financial years), as published by the German Bundesbank, for an assumed term remaining to maturity of 15 years is used as the assumed interest rate. Pursuant to § 253 (6) Sentence 2 of the German Commercial Code (HGB), the difference between the provision recognised in accordance with the average market interest rate over the last ten financial years and the provision recognised in accordance with the average market interest rate over the last seven financial years is subject to a distribution restriction. Profits may only be distributed if the freely available provisions remaining after the profit distribution plus any profit brought forward and less any loss brought forward at least equal the difference determined in the sense of § 253 (6) Sentence 1 of the German Commercial Code (HGB).

Reinsurance policies have been concluded to cover a portion of the defined benefit plans. These reinsurance policies represent plan assets in the sense of § 246 (2) Sentence 2 of the German

Commercial Code (HGB) and are netted against the corresponding pension provisions. Insofar as the respective plan assets exceed the pension provision in question, the surplus of assets is disclosed under the balance sheet item "Excess of plan assets over pension liabilities". Expenses and income from the interest expenses/discounting of pension obligations to be disclosed in the finance cost and from the plan assets to be offset pursuant to § 246 (2) Sentence 2 of the German Commercial Code (HGB) are recorded in the income statement accordingly. Effects on income resulting from the change in the discount rate are recognised in the operating result.

**Tax reserves and other provisions** take into account all uncertain liabilities and impending losses from pending transactions. The provisions are carried at the amount that is deemed appropriate according to prudent business judgement. Other provisions with more than one year to maturity are discounted on the basis of their remaining term using the average market interest rate over the last seven financial years, as published by the German Bundesbank.

**Deferred taxes** are determined using the balance sheet liability method (temporary concept). This requires examination of the differences in book values between the commercial carrying amounts of assets, liabilities and accrued and deferred items and their tax carrying amounts to determine temporary and quasi-permanent differences.

The combined taxation rate of 29.19 % (previous year: 29.27 %) was applied for the measurement of deferred taxes. Deferred tax liabilities from the excess of plan assets over pension liabilities and from pension provisions are more than compensated by deferred tax assets on reinsured assets. Further deferred tax assets result from the different levels of amortisation of land, leasehold rights and buildings, as well as differences in the way provisions are measured. Exercising the option as provided by § 274 (1) Sentence 2 of the German Commercial Code (HGB), the surplus in deferred tax assets arising after netting is not recognised in the balance sheet.

**Other liabilities** are recognised at their settlement value.

## Notes to the profit & loss account

### [1] Revenue

Revenue was € 5,341 thsd in the financial year (previous year: € 5,340 thsd). They include the rental income in connection with letting the administration building in Wiesloch to MLP Finanzberatung SE, Wiesloch, MLP Banking AG, Wiesloch, and MLP Hyp GmbH, Wiesloch.

### [2] Other operating income

All figures in €'000

	2019	2018
Incidental costs	2,656	2,524
Group allocations	756	882
Value added tax	519	-
Income from the reversal of provisions	39	269
Other	247	159
	<b>4,216</b>	<b>3,833</b>

Incidentals costs essentially comprise incidental cost in connection with letting the administration building in Wiesloch to subsidiaries. Group allocations comprise costs passed on to MLP Finanzberatung SE, Wiesloch and MLP Banking AG, Wiesloch. The income from value added tax are attributable to VAT refunds for previous years.

### [3] Personnel expenses

All figures in €'000

	2019	2018
Salaries and wages	4,422	3,685
Social security contributions	88	85
Expenses for old-age provision	2,448	2,558
	<b>6,959</b>	<b>6,328</b>

The item of Salaries and wages includes the fixed and variable portion of compensation for employees and members of the Board. Old-age provision expenses are mainly attributable to pension commitments. Please refer to Note 13 and 19 for further details.

Determined pursuant to § 267 (5) of the German Commercial Code (HGT), the average number of full-time employees for the financial year 2019 is six employees (previous year: 6 employees). One of these employees is an executive employee (previous year: 1).

#### [4] Depreciation/amortisation

All figures in €'000

	2019	2018
Tangible fixed assets	2,513	2,476

The development of fixed assets is disclosed in Note 8.

#### [5] Other operating expenses

All figures in €'000

	2019	2018
Group allocations	1,482	1,867
Maintenance	1,451	626
Administration operations	1,374	1,525
Third party services	753	781
Consultancy	677	705
Supervisory Board compensation	609	612
Insurance	545	542
Other personnel costs	416	435
Premiums and fees	329	414
Entertainment expenses	260	280
Representation and advertising	244	244
Expenses pursuant to § 67 (1) Sentence 1 of the German Commercial Code (HGB)	231	231
IT operations	226	171
Audit costs	205	236
Value added tax	-	5,144
Other	233	192
	<b>9,036</b>	<b>14,004</b>

Group allocations comprise costs for services performed by MLP Finanzberatung SE, Wiesloch within the scope of outsourcing operating functions. The item "Administration operations" comprises expenses for operating the administration buildings, as well as telephone and office costs. External services essentially comprise costs for property surveillance. Consulting expenses include general consulting costs and legal expenses. The earnings of the company from the previous year includes expenses for VAT payments for previous years of € 5.1 million.

#### [6] Finance cost

As per the profit and loss transfer agreement concluded in 2011 between MLP SE and FERI AG, a profit of € 18,699 thsd (previous year: € 17,233 thsd) is to be transferred by FERI AG. Due to the

control and profit transfer agreement in place between MLP SE on the one side and DOMCURA AG and nordias GmbH Versicherungsmakler on the other, a profit of € 8,665 thsd (previous year: € 5,629 thsd) and of € 1,144 thsd (previous year: a loss of € 123 thsd) is to be transferred by DOMCURA AG and nordias GmbH Versicherungsmakler. As per the profit and loss transfer agreement in place between MLP SE and MLP Banking AG, a profit of € 3,752 thsd (previous year: € 12,841 thsd) is to be transferred by MLP Banking AG.

Other interest and similar income essentially concern interest income from tax refunds of € 237 thsd (previous year: € 90 thsd). The amounts included from affiliated companies essentially come from the return on clearing accounts.

In terms of interest and similar expenses, € 417 thsd (previous year: € 694 thsd) are attributable to costs in connection with interest on provisions. € 384 thsd thereof (previous year: € 645 thsd) are interest charges for pension obligation provisions. A further € 111 thsd are attributable to expenses in connection with tax liabilities (previous year: € 2,196 thsd). The interest rate anomalies contain the negative interest from money market transactions.

#### **[7] Income tax expense**

Corporation tax expenses for the current financial year are € 2,136 thsd (previous year: € 1,706 thsd), while trade tax expenses are € 1,854 thsd (previous year: € 1,581 thsd). The item also includes tax revenue of € 1,834 thsd (previous year: tax expense of € 165 thsd) which relates to previous years.

## Notes to the balance sheet

### [8] Intangible assets and fixed assets

#### Procurement and manufacturing costs

All figures in €'000

	Jan. 1, 2019	Additions	Disposals	Transfers	Dec. 31, 2019
<b>Intangible assets</b>					
Purchased concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets	27	-	-	-	27
	<b>27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27</b>
<b>I. Tangible fixed assets</b>					
1. Land, leasehold rights and buildings including buildings on third-party land	68,304	390	-	-	68,694
2. Other fixtures, fittings and office equipment	18,107	334	41	-	18,400
3. Payments on account and assets under construction	52	489	-	-	542
	<b>86,464</b>	<b>1,213</b>	<b>41</b>	<b>-</b>	<b>87,635</b>
	<b>86,491</b>	<b>1,213</b>	<b>41</b>	<b>-</b>	<b>87,663</b>

## Accumulated depreciation/amortisation

All figures in €'000

	Jan. 1, 2019	Additions	Disposals	Transfers	Write-ups	Dec. 31, 2019
<b>I. Intangible assets</b>						
Purchased concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets	27	-	-	-	-	27
	<b>27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27</b>
<b>II. Fixed assets</b>						
1. Land, leasehold rights and buildings including buildings on third-party land	37,854	2,256	-	-	-	40,110
2. Other fixtures, fittings and office equipment	15,806	256	41	-	-	16,021
3. Payments on account and assets under construction	-	-	-	-	-	-
	<b>53,660</b>	<b>2,513</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>56,132</b>
	<b>53,687</b>	<b>2,513</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>56,159</b>



## Carrying amounts

All figures in €'000

	Dec. 31, 2019	Dec. 31, 2018
<b>I. Intangible assets</b>		
Purchased concessions, industrial property rights and similar rights and assets, incl. licences on such rights and assets	-	-
	-	-
<b>II. Fixed assets</b>		
1. Land, leasehold rights and buildings including buildings on third-party land	28,583	30,450
2. Other fixtures, fittings and office equipment	2,378	2,301
3. Payments on account and assets under construction	542	52
	<b>31,503</b>	<b>32,803</b>
	<b>31,503</b>	<b>32,803</b>

Assets are written down on a straight-line basis over the following time periods:

Useful life of fixed assets	2019	2018
Land, leasehold rights and buildings including buildings on third-party land		
Administration buildings	25-33 years	25-33 years
Land improvements	15-25 years	15-25 years
Other fixtures, fittings and office equipment		
Furniture and fittings	10-25 years	10-25 years
IT hardware, IT cabling	3-13 years	3-13 years
Office equipment, office machines	10-13 years	8, 10-13, 20 years
Cars	6 years	6 years

## [9] Financial assets

### Procurement and manufacturing costs

All figures in €'000

	Jan. 1, 2019	Additions	Disposals	Transfers	Dec. 31, 2019
<b>III. Financial assets</b>					
1. Shares in affiliated companies	233,302	-	-	-	233,302
2. Other loans	10,000	-	-	-	10,000
	<b>243,302</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243,302</b>

### Accumulated depreciation/amortisation

All figures in €'000

	Jan. 1, 2019	Additions	Disposals	Transfers	Write-ups	Dec. 31, 2019
<b>III. Financial assets</b>						
1. Shares in affiliated companies	984	-	-	-	-	984
2. Other loans	-	-	-	-	-	-
	<b>984</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>984</b>

## Carrying amounts

All figures in €'000

	Dec. 31, 2019	Dec. 31, 2018
<b>III. Financial assets</b>		
1. Shares in affiliated companies	232,319	232,319
2. Other loans	10,000	10,000
	<b>242,319</b>	<b>242,319</b>

Please refer to Note 31 for details on shares in affiliated companies. Other loans refer to a promissory note bond.

### [10] Receivables from affiliated companies

This item is largely made up of receivables from FERI AG, MLP Banking AG, DOMCURA AG and nordias GmbH Versicherungsmakler in connection with the profit and loss transfer agreements in place between these companies and MLP SE. Further details can be found in Note 6.

### [11] Other assets

Other assets essentially comprises VAT receivables of € 1,265 thsd (previous year: € 2,212 and income tax receivables/refund claims from advance tax payments for the current financial year and for years not yet assessed of € 476 thsd (previous year: € 8,494 thsd).

### [12] Cash on hand and on deposit with the Deutsche Bundesbank, bank deposits and cheques

All figures in €'000

	Dec. 31, 2019	Dec. 31, 2018
Cash on hand, current account credit balance	39,374	26,929
Fixed-term deposits	55,000	50,000
	<b>94,374</b>	<b>76,929</b>

The current account credit balance and fixed-term deposits are held at domestic (German) credit institutions.

### [13] Excess of plan assets over pension liabilities

The netting of pension provisions with pledged plan assets per eligible recipient led to an excess of plan assets over pension liabilities of € 198 thsd (previous year: € 1,160 thsd).

Notes on offsetting transactions pursuant to § 246 (2) Sentence 2 of the German Commercial Code (HGB):

All figures in €'000	Dec. 31, 2019	Dec. 31, 2018
Settlement amount of offset liabilities	13,214	11,606
Acquisition costs, historical costs of assets	13,204	12,766
Fair value of assets	13,204	12,766
Offset expenses	382	374
Offset income	410	178

The offset expenses contain expenses from the accrued interest on pension obligations. The offset income contains income from the change in plan assets of reinsurance policies. Please refer to Note 19 for further details on measurement parameters of the settlement amount of offset liabilities.

#### **[14] Share capital**

The share capital of MLP SE is made up of 109,334,686 (December 31, 2018: 109,334,686).

#### **Authorised capital**

A resolution passed by the Annual General Meeting on June 14, 2018 authorised the Executive Board, with the consent of the Supervisory Board, to increase the company's share capital by up to € 21,500,000 in exchange for cash or non-cash contributions on one or more occasions until June 13, 2023.

#### **[15] Treasury stock**

The Annual General Meeting on June 29, 2017 authorised the Executive Board to buy back own shares on one or more occasions with a pro rata amount of capital stock represented by such shares of up to € 10,933,468.00 until June 28, 2022. On November 22, 2018, the Executive Board at MLP SE approved a share buyback that is to be performed by MLP Finanzberatung SE. The shares are to be used for a participation programme.

#### **[16] Capital reserves**

Capital reserves are set up in compliance with § 272 (2) of the German Commercial Code (HGB) in consideration of § 150 of the German Stock Corporation Act (AktG), and remained unchanged at € 139,068,483.70 as of December 31, 2019.

## [17] Retained earnings

### Other retained earnings

Other retained earnings have changed as follows:

All figures in €'000

	2019	2018
As of January 1	95,723	102,189
Withdrawal for dividend payout	-2,463	-6,466
<b>As of December 31</b>	<b>93,260</b>	<b>95,723</b>

## [18] Unappropriated profit

Unappropriated profit displayed the following development:

All figures in €'000

	2019	2018
Unappropriated profit as of January 1	21,867	21,867
Dividend payout	-21,867	-21,866
Withdrawal from retained earnings	2,463	6,466
Net profit	20,497	15,401
<b>Unappropriated profit as of December 31</b>	<b>22,960</b>	<b>21,867</b>

### Profit distribution restriction as per § 268 (8) of the German Commercial Code (HGB)

The acquisition costs of the offset assets in the sense of § 246 (2) Sentence 2 of the German Commercial Code (HGB) correspond to the fair value. The assets represent pledged reinsurance policies. Internally generated intangible assets and deferred tax assets are not capitalised, so there are no potential profits restricted for distribution.

### Profit distribution restriction as per § 253 (6) Sentence 2 of the German Commercial Code (HGB)

Retained earnings of € 3,357 thsd (previous year: € 3,740 thsd) are excluded from distribution pursuant to § 253 (6) of the German Commercial Code (HGB).

## [19] Provisions

The provisions for pensions and similar obligations are € 13,083 thsd (previous year: € 12,106 thsd). The measurement of pension provisions was based on the following parameters:

	Dec. 31, 2019	Dec. 31, 2018
Assumed interest rate (average over the last 10 years)	2.71 %	3.21 %
Assumed interest rate (average over the last 7 years)	1.97 %	2.32 %
Anticipated rises in pension	1.70 % or 2.50 %	1.70 % or 2.50 %

Subject to the structure of the benefit obligations, the anticipated rises in pensions were derived from the development of the consumer price index and the collective bargaining agreements in the private insurance sector.

The difference between the provision recognised in accordance with the average market interest rate over the last ten financial years and the provision recognised in accordance with the average market interest rate over the last seven financial years is € 3,357 thsd (previous year: € 3,740 thsd).

Existing plan assets in the form of reinsurance policies are offset against the affected pension obligations pursuant to § 246 (2) Sentence 2 of the German Commercial Code (HGB).

As of December 31, 2019, pension provisions not recognised as a liability due to exercising the option pursuant to § 67 (1) Sentence 1 of the Introductory Law to the German Commercial Code (EGHGB) amount to € 1,155 thsd (previous year: € 1,386 thsd).

In the last financial year, the company recognised tax provisions totalling € 5,996 thsd (previous year: € 4,431 thsd), of which € 2,880 thsd (previous year: € 2,212 thsd) is attributable to corporation tax and € 3,116 thsd (previous year: € 2,219 thsd) to trade tax.

Other provisions essentially comprise provisions concerning human resources of € 4,267 thsd (previous year: € 3,367 thsd), amongst other things for variable compensation, redundancy payments and holiday entitlements, as well as provisions for tax liabilities of € 733 thsd (previous year: € 857 thsd), as well as provisions for outstanding invoices of € 94 thsd (previous year: € 285 thsd).

## [20] Liabilities

### Composition of liabilities as of December 31, 2019

All figures in €'000

Liability type	Total amount	With a remaining term of...			Of which collateralised liabilities	Type of collateral
		up to 1 year	1 to 5 years	more than 5 years		
Trade accounts payable	1,011	1,011		-	0	-
Liabilities due to affiliated companies	2,052	2,052		-	0	-
Other liabilities	6,779	6,744	35	-	0	-
	9,842	9,807	35	-	0	-

### Composition of liabilities as of December 31, 2018

All figures in €'000

Liability type	Total amount	With a remaining term of...			Of which collateralised liabilities	Type of collateral
		up to 1 year	1 to 5 years	more than 5 years		
Trade accounts payable	488	488	-	-	0	-
Liabilities due to affiliated companies	2,184	2,184	-	-	0	-
Other liabilities	4,214	4,206	8	-	0	-
	6,885	6,878	8	-	0	-

Customary retentions of title are in place for trade accounts payable. Receivables from and liabilities due to affiliated companies are summed for each company and stated in a single figure as receivables or liabilities. The liabilities are mainly due to MLP Consult GmbH in Wiesloch.

The item "Other liabilities" essentially comprises VAT liabilities and liabilities from bonus payments for members of the Executive Board.

## Miscellaneous information

### [21] Corporate agreements

On April 19, 2011 a profit/loss transfer agreement in line with § 291 of the German Stock Corporation Act (AktG) was concluded between MLP AG (now MLP SE) and FERI AG. The consent of the Annual General Meetings of MLP SE and FERI AG was granted on June 10, 2011 and on June 8, 2011 respectively. The entry in the commercial register responsible for FERI AG took place on July 18, 2011.

On April 16, 2012 a control agreement in line with § 291 of the German Stock Corporation Act (AktG) was concluded between MLP AG (now MLP SE) and FERI AG. The consent of the Annual General Meetings of MLP SE and FERI AG was granted on June 26, 2012 and on May 16, 2012 respectively. The entry in the commercial register responsible for FERI AG took place on July 30, 2012.

On April 18, 2007 and in accordance with § 291 of the German Stock Corporation Act (AktG) a profit and loss transfer agreement was concluded between MLP AG (now MLP SE) and MLP Finanzdienstleistungen AG (now MLP Banking AG). The consent of the Annual General Meetings of MLP SE and MLP Finanzdienstleistungen AG (now MLP Banking AG) was given on May 31, 2007 and May 2, 2007. The entry in the commercial register responsible for MLP Finanzdienstleistungen AG (now MLP Banking AG) took place on June 13, 2007.

On April 11, 2016 a control and profit/loss transfer agreement in line with § 291 of the German Stock Corporation Act (AktG) was concluded between MLP AG (now MLP SE) and Schwarzer Familienholding GmbH. The consent of the Annual General Meeting of MLP SE and the shareholders' meeting of Schwarzer Familienholding GmbH was granted on June 16, 2016 and on April 29, 2016 respectively. The entry in the commercial register responsible for Schwarzer Familienholding GmbH was made on July 15, 2016. As a result of the merger of Schwarzer Familienholding GmbH with MLP SE in the financial year 2017, DOMCURA AG and nordias GmbH Versicherungsmakler now operate in place of Schwarzer Familienholding GmbH.

On April 9, 2018 a profit/loss transfer agreement in line with § 291 of the German Stock Corporation Act (AktG) was concluded between MLP SE and MLP Finanzberatung SE. The consent of the Annual General Meetings of MLP SE and MLP Finanzberatung SE was granted on June 14, 2018 and on April 20, 2018 respectively. The entry in the commercial register responsible for MLP Finanzberatung SE took place on July 4, 2018.

### [22] Outsourcing of operational functions

Due to cost considerations, MLP SE outsourced certain operational functions to MLP Finanzberatung SE and MLP Banking AG. This outsourcing affects services in the fields of risk management, IT, controlling, financial accounting, accounting, legal affairs, taxes, human resources, purchasing and building administration. The other risks that can occur when employing



a workforce, such as human error or personnel bottlenecks, are taken into account.

## [23] Off-balance-sheet transactions

### Off-balance-sheet transactions

MLP SE has signed operating leasing agreements for the maintenance of their buildings and vehicles. The term of these lease agreements ranges from one to four years. The following obligations result from these agreements:

All figures in €'000

	Dec. 31, 2019			
	Up to 1 year	1 – 5 years	>5 years	Total
Maintenance contracts	2,767	2,007	18	4,792
Vehicle leasing	66	75	-	141
	2,833	2,082	18	4,933

	Dec. 31, 2018			
	Up to 1 year	1 – 5 years	>5 years	Total
Maintenance contracts	2,424	3,107	36	5,567
Vehicle leasing	77	115	-	192
	2,501	3,222	36	5,759

### Other financial liabilities not recognised in the balance sheet

Other financial commitments were as follows:

All figures in €'000

	Dec. 31, 2019			
	Up to 1 year	1 – 5 years	>5 years	Total
Purchase commitment	661	-	-	661
Other rents	13	-	-	13
	674	-	-	674

	Dec. 31, 2018			
	Up to 1 year	1 – 5 years	>5 years	Total
Purchase commitment	689	-	-	689
Other rents	13	13	-	26
	702	13	-	715

[24] Executive Bodies of MLP SE

Executive Board	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
<p><b><u>Dr. Uwe Schroeder-Wildberg, Heidelberg</u></b>  <b><u>Vorsitzender</u></b>  Responsible for Strategy, Private Clients as well as Corporate and Institutional Clients, Digitalisation, Marketing, Communication, Investor Relations &amp; Sustainability</p>	<ul style="list-style-type: none"> <li>• FERI AG, Bad Homburg v.d.H. (Chairman)</li> </ul>	<p>-</p>
<p><b><u>Reinhard Loose, Berlin</u></b>  Responsible for Compliance, Controlling, Internal Audit, IT, Human Resources, Accounting, Legal, Risk Management</p>	<ul style="list-style-type: none"> <li>• DOMCURA AG, Kiel</li> <li>• DI Deutschland.Immobilien AG, Hannover (since 9/2019)</li> </ul>	<p>-</p>
<p><b><u>Manfred Bauer, Leimen</u></b>  Responsible for Product Purchasing and Product Management, Services</p>	<ul style="list-style-type: none"> <li>• DOMCURA AG, Kiel (Chairman)</li> <li>• DI Deutschland.Immobilien AG, Hannover (Vorsitzender) (since 9/2019)</li> </ul>	<ul style="list-style-type: none"> <li>• MLP Hyp GmbH, Wiesloch (Supervisory Board)</li> </ul>

Supervisory Board	Mandates in other statutory Supervisory Boards of companies based in Germany	Memberships in comparable domestic and foreign control bodies of commercial enterprises
<p><b><u>Dr. Peter Lütke-Bornefeld, Everswinkel</u></b>  <b>Chairman</b>  Formerly Chairman of the Executive Board of General Reinsurance AG Cologne</p>	<ul style="list-style-type: none"> <li>• VHV Vereinigte Hannoversche Versicherung a. G., Hannover (Chairman)</li> <li>• VHV Holding AG, Hannover (Chairman)</li> <li>• VHV Allgemeine Versicherung AG, Hannover</li> <li>• Hannoversche Lebensversicherung AG, Hannover</li> <li>• MLP Banking AG, Wiesloch (Chairman)</li> <li>• MLP Finanzberatung SE, Wiesloch (Chairman)</li> </ul>	<p style="text-align: center;">-</p>
<p><b><u>Dr. Claus-Michael Dill, Murnau</u></b>  <b>Vice Chairman</b>  Formerly Chairman of the Executive Board at AXA Konzern AG, Cologne</p>	<ul style="list-style-type: none"> <li>• HUK-COBURG Holding AG, Coburg</li> <li>• HUK-COBURG Haftpflicht-Unterstützungs-Kasse kraftfahrender Beamter Deutschlands a. G., Coburg</li> <li>• HUK-COBURG-Allgemeine Versicherung AG, Coburg</li> <li>• HUK-COBURG Lebensversicherung AG, Coburg</li> <li>• HUK-COBURG Krankenversicherung AG, Coburg</li> </ul>	<ul style="list-style-type: none"> <li>• XL Catlin Re Switzerland AG, Zurich, Switzerland (Chairman of the Governing Board) (until March 2019)</li> <li>• XL Europe Re SE, Dublin, Ireland (Non-Executive Director) (until March 2019)</li> <li>• XL Insurance Co. SE, London, UK (Non-Executive Director) (until March 2019)</li> <li>• CONVEX Group Ltd., Hamilton, Bermuda (Independent Non-Executive Director) (since April 2019)</li> <li>• CONVEX Re Ltd., Hamilton, Bermuda (Independent Non-Executive Director) (since April 2019)</li> <li>• CONVEX Insurance UK Ltd, London, UK (Independent Non-Executive Director) (since April 2019)</li> </ul>
<p><b><u>Tina Müller, Düsseldorf</u></b>  Chief Executive Officer (CEO) at Douglas GmbH, Düsseldorf</p>	<p style="text-align: center;">-</p>	<p style="text-align: center;">-</p>

<p><b><u>Matthias Lautenschläger, Heidelberg</u></b> Geschäftsführender Gesellschafter der USC Heidelberg Spielbetrieb GmbH, Heidelberg Geschäftsführender Gesellschafter der LEC Capital GmbH, Heidelberg (seit 5/2019)</p>	<ul style="list-style-type: none"> <li>wob AG, Viernheim (since July 2019)</li> </ul>	-
<p><b><u>Burkhard Schlingermann, Düsseldorf</u></b> <b><u>Employees' representative</u></b> Employees of MLP Finanzberatung SE, Wiesloch Works council member at MLP SE and MLP Finanzberatung SE, Wiesloch</p>	<ul style="list-style-type: none"> <li>MLP Finanzberatung SE, Wiesloch (employees' representative, Vice Chairman)</li> </ul>	-
<p><b><u>Alexander Beer, Karlsruhe</u></b> <b><u>Employees' representative</u></b> Employee of MLP Banking AG, Wiesloch</p>	-	-

## [25] Emoluments paid to members of the Supervisory Board and Executive Board

For the detailed structure of the pay system and the compensation of the Executive Board and Supervisory Board, please refer to the compensation report. The compensation report is part of the joint management report.

### Executive Board

The total compensation for members of the Executive Board was € 3,298 thsd (previous year: € 3,102 thsd), € 1,356 thsd thereof (previous year: € 1,347 thsd) is attributable to the fixed portion of compensation and € 1,942 thsd (previous year: € 1,755 thsd). In the financial year, expenses of € 300 thsd (previous year: € 290 thsd) were accrued for occupational pension provision.

In the financial year no members retired from the Executive Board. As of December 31, 2019 pension provisions of € 12,876 thsd (previous year: 12,106 thsd) were in place for former members of the Executive Board as well as an excess of plan assets over pension liabilities of € 198 thsd (previous year: € 1,049 thsd). The provision for former members of the Executive Board, which is not yet recognised due to exercising the option pursuant to Article 67 (1) Sentence 1 of the Introductory Law to the German Commercial Code (EGHGB), is € 1,038 thsd (previous year: € 1,246 thsd).

## Supervisory Board

The members of the Supervisory Board received non-performance-related compensation of € 500 thsd for their activities in 2019 (previous year: € 500 thsd). In addition, € 17 thsd (previous year: € 20 thsd) was paid as compensation for expenses and training measures.

### [26] Guarantees and other commitments

Within the scope of § 2a of the German Banking Act (KWG) in conjunction with Art. 7 of the Capital Requirements Regulation (CRR), MLP SE has issued a binding letter of comfort to MLP Banking AG, to the effect that it will promptly provide MLP Banking AG with equity within the scope of Art. 25 et seq. of the Capital Requirements Regulation (CRR) up to the level required for MLP Banking AG at an individual institute level. Based on the current capital adequacy and the current risk situation at MLP Banking AG, MLP does not expect this financial guarantee to be exercised.

MLP SE has submitted a declaration of indemnification in accordance with §5 (10) of the statute of the depositor's guarantee fund of the Association of German Banks e.V. (BdB) for MLP Banking AG. MLP SE does not currently anticipate any utilisation.

MLP SE is not liable in any situation other than those outlined above.

### [27] Shareholders on the balance sheet date

All figures in €'000

	Ordinary shares		Percentage of share capital	
	2019	2018	2019	2018
	Number of shares	Number of shares	%	%
Members of the Supervisory Board	209,441	210,441	0.19	0.19
Executive Board	106,754	21,254	0.10	0.01
Other shareholders	109,018,491	109,102,991	99.71	99.79
<b>Total</b>	<b>109,334,686</b>	<b>109,334,686</b>	<b>100.00</b>	<b>100.00</b>

### [28] Auditor's fees

Expenses for fees in connection with the services of companies commissioned to perform the annual audit can be found in the corresponding disclosures in the notes to the consolidated financial statements of the MLP SE.

## **[29] Declaration of compliance with the German Corporate Governance Code**

The Executive Board and Supervisory Board have issued a Declaration of Compliance with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) and made it permanently available to shareholders on its website at [www.mlp-se.com](http://www.mlp-se.com).

## **[30] Disclosures pursuant to § 33 (1), § 34 of the German Securities Trading Act (WpHG)**

The following disclosures contain the notifications pursuant to § 33 (1) and § 34 of the German Securities Trading Act (WpHG) from both the current year and the previous year. Older notifications can be found in financial statements of previous years.

Mrs Angelika Lautenschläger, Germany, informed us in line with § 33 (1) of the German Securities Trading Act (WpHG) that her share of the voting rights in MLP SE, Wiesloch, Germany exceeded the threshold of 25 % on July 30, 2018 and amounted to 29.16 % on that day. 27.33 % of Manfred Lautenschläger Stiftung GmbH are attributable to her in line with § 34 of the German Securities Trading Act (WpHG).

Mr Manfred Lautenschläger, Germany, informed us in line with § 33 (1) of the German Securities Trading Act (WpHG) that his share of the voting rights in MLP SE, Wiesloch, Germany exceeded the threshold of 25 % on July 30, 2018 and amounted to 27.33 % on that day.

Hanse Merkur Krankenversicherung AG auf Gegenseitigkeit, Hamburg, Germany informed us in line with § 33 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP SE, Wiesloch, Germany exceeded the threshold of 5 % on April 29, 2019 and amounted to 5.10 % on that day.

Helaba Invest Kapitalanlagegesellschaft, Frankfurt am Main, Germany, informed us in line with § 33 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP SE, Wiesloch, Germany exceeded the threshold of 5 % on April 29, 2019 and amounted to 5.10 % on that day.

Internationale Kapitalanlagegesellschaft mbH, Düsseldorf, Germany, informed us in line with § 33 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP SE, Wiesloch, Germany fell below the threshold of 3 % on July 1, 2019 and amounted to 0 % on that day.

SDK Schutzgemeinschaft der Kapitalanleger e.V., Munich, Germany informed us in line with § 33 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP SE, Wiesloch, Germany exceeded the threshold of 5 % on May 17, 2019 and amounted to 5.12 % on that day.

Universal-Investment-Gesellschaft mit beschränkter Haftung, Frankfurt am Main, Germany, informed us in line with § 33 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP SE, Wiesloch, Germany exceeded the threshold of 5 % on July 1, 2019 and amounted to 9.19 % on that day.

Barmenia Versicherungen a.G., Wuppertal, Germany informed us in line with § 33 (1) of the German Securities Trading Act (WpHG) that its share of the voting rights in MLP SE, Wiesloch, Germany exceeded the threshold of 5 % on September 2, 2019 and amounted to 7.77 % on that day.

## [31] Investments in affiliated companies

The company's shareholdings are as follows as of December 31, 2019:

### Direct holdings

Name, Sitz	Carrying amount	Carrying amount	Share	Shareholders' equity	Net profit/loss
	Jan. 1, 2019	Dec 31, 2019		as of Dec. 31, 2019	2019
	T€	T€	%	T€	T€
MLP Finanzberatung SE, Wiesloch	88,778	88,778	100.0	43,484	12,907
MLP Banking AG, Wiesloch <sup>1</sup>	20,359	20,359	100.0	108,998	3,752
MLP Consult GmbH, Wiesloch	2,350	2,350	100.0	2,291	-9
FERI AG, Bad Homburg <sup>1</sup>	118,082	118,082	100.0	19,862	18,699
DOMCURAAG, Kiel <sup>1</sup>	2,750	2,750	100.0	2,380	8,665
nordias GmbH Versicherungsmakler, Kiel <sup>1</sup>	0	0	100.0	435	1,144
	<b>232,319</b>	<b>232,319</b>			

<sup>1</sup> A profit and loss transfer agreement is in place. Presentation of the net result for the year before profit transfer.

### Indirect holdings

Name	Registered office	Share	Shareholder	Net
		%	s' equity as of Dec. 31, 2019	profit/ loss 2019
			T€	T€
MLPdialog GmbH (Wholly-owned subsidiary of MLP Finanzberatung SE)	Wiesloch	100,00	1.262	936
TPC GmbH <sup>1</sup> (Wholly-owned subsidiary of MLP Finanzberatung SE)	Hamburg	100,00	314	518
ZSH GmbH Finanzdienstleistungen <sup>1</sup> (Wholly-owned subsidiary of MLP Finanzberatung SE)	Heidelberg	100,00	1.190	1.443
MLP Hyp GmbH (49,8% stake held by MLP Finanzberatung SE)	Wiesloch	49,80	7.438	4.438
Uniwunder GmbH <sup>2</sup> (49,0% stake held by MLP Finanzberatung SE)	Dresden	49,00	740	582
FERI Trust GmbH <sup>1</sup> (Wholly-owned subsidiary of FERI AG)	Bad Homburg v. d. H.	100,00	10.386	8.646
FEREAL AG <sup>1</sup> (Wholly-owned subsidiary of AG)	Bad Homburg v. d. H.	100,00	1.949	55
FERI Trust (Luxembourg) S. A. (Wholly-owned subsidiary of FERI AG)	Luxembourg	100,00	26.325	15.521
FPE Private Equity Beteiligungs-Treuhand GmbH <sup>2</sup> (Wholly-owned subsidiary of FERI Trust GmbH)	Munich	100,00	231	99
FPE Private Equity Koordinations GmbH <sup>2</sup> (Wholly-owned subsidiary of FERI Trust GmbH)	Munich	100,00	69	44
FPE Direct Coordination GmbH <sup>2</sup> (Wholly-owned subsidiary of FERI Trust GmbH)	Munich	100,00	7	1
FERI Private Equity GmbH & Co. KG <sup>2</sup> (Wholly-owned subsidiary of FERI Trust GmbH)	Munich	100,00	34	23

FERI Private Equity Nr. 2 GmbH & Co. KG <sup>2</sup> (Wholly-owned subsidiary of FERI Trust GmbH)	Munich	100,00	3	0
FERI (Schweiz) AG <sup>2)3)</sup> (Wholly-owned subsidiary of Feri AG)	Zurich	100,00	282 CHF	-249 CHF
AIF Komplementär GmbH <sup>2</sup> (25% stake held by FERI AG)	Munich	25,00	38	12
AIF Register-Treuhand GmbH <sup>2</sup> (Wholly-owned subsidiary of FERI AG)	Bad Homburg v. d. H.	100,00	13	-26
NORDVERS GmbH <sup>1</sup> (Wholly-owned subsidiary of DOMCURAAG)	Kiel	100,00	26	-396
Siebert GmbH Versicherungsmakler <sup>1</sup> (Wholly-owned subsidiary of nordias GmbH Versicherungsmakler)	Arnstadt	100,00	26	-122
DIEASS GmbH <sup>1</sup> (Wholly-owned subsidiary of DOMCURAAG)	Kiel	100,00	26	-14
innoAssekuranz GmbH, Kiel) <sup>1</sup> (Wholly-owned subsidiary of DOMCURAAG)	Kiel	100,00	25	-554
DIFA Research GmbH <sup>4</sup> (49% stake held by MLP Finanzberatung SE)	Berlin	49,00	25	-
DI Deutschland.Immobilien AG (75,1% subsidiary of MLP Finanzberatung SE)	Hannover	75,10	511	-359
Vertrieb Deutschland.Immobilien GmbH (Wholly-owned subsidiary of DI Deutschland.Immobilien AG)	Hannover	100,00	401	-429
Web Deutschland.Immobilien GmbH (Wholly-owned subsidiary of DI Deutschland.Immobilien AG)	Hannover	100,00	89	0
IT Deutschland.Immobilien GmbH (Wholly-owned subsidiary of DI Deutschland.Immobilien AG)	Hannover	100,00	-25	-80
Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of DI Deutschland.Immobilien AG)	Hannover	100,00	-469	-781
Pflegeprojekt Haus Netzschkau GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100,00	-15	-26
Projekte Deutschland.Immobilien Bad Münder GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100,00	-99	-97
Pflegeprojekt Rosenberg UG (94% subsidiary of der Projekte Deutschland.Immobilien GmbH)	Minden	94,00	353	15
Sechste Projekte Deutschland.Immobilien UG (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100,00	-11	-8
31. Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100,00	-13	-37
32. Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100,00	11	-13
33. Projekte Deutschland.Immobilien GmbH (80% subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	80,00	-144	-167
40. Projekte Deutschland.Immobilien UG (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100,00	0	-2



41. Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100,00	24	-1
53. Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100,00	23	-2
54. Projekte Deutschland.Immobilien GmbH (80% subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	80,00	15	-10
60. Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100,00	9	-16
61. Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100,00	23	-2
62. Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100,00	22	-3
63. Projekte Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100,00	23	-2
Projekte Deutschland.Immobilien Balingen GmbH & Co. KG (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100,00	3	-23
Projekte Deutschland.Immobilien Waldmössingen GmbH & Co. KG (Wholly-owned subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	100,00	-32	-24
Zehnte Projekte 2 Deutschland.Immobilien GmbH (75% subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	75,00	11	-5
Projekte 2 Deutschland.Immobilien Lauben GmbH (75% subsidiary of Projekte Deutschland.Immobilien GmbH)	Hannover	75,00	10	-9
Projekte 2 Deutschland.Immobilien GmbH (50% stake held by DI Deutschland.Immobilien AG)	Hannover	50,00	1.016	317
WiD Wohnungen in Deutschland GmbH & Co. KG (50% stake held by Projekte Deutschland.Immobilien GmbH)	Mainz	50,00	235	237
Projekt Deutschland.Immobilien Tengen GmbH (50% stake held by Projekte Deutschland.Immobilien GmbH)	Saarbrücken	50,00	-199	1.533
Convivo Wohnparks Deutschland.Immobilien Wittmund GmbH & Co. KG (50% stake held by Projekte Deutschland.Immobilien GmbH)	Hannover	50,00	-729	-718
Projekte Deutschland.Immobilien Bad Goegging GmbH (50% stake held by Projekte Deutschland.Immobilien GmbH)	Neustadt an der Donau	50,00	11	-10
30. Projekte Deutschland.Immobilien GmbH (50% stake held by Projekte Deutschland.Immobilien GmbH)	Hannover	50,00	-91	-114
Achte Projekte 2 Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte 2 Deutschland.Immobilien GmbH)	Hannover	50,00	218	2.003
Neunte Projekte 2 Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte 2 Deutschland.Immobilien GmbH)	Hannover	50,00	10	-2

Zwölfte Projekte 2 Deutschland.Immobilien GmbH (Wholly-owned subsidiary of Projekte 2 Deutschland.Immobilien GmbH)	Hannover	50,00	8	-3
Care Beteiligungs GmbH (50% stake held by Projekte 2 Deutschland.Immobilien GmbH)	Gießen	25,00	42	9
Seniorenresidenz „Dr.-Unruh-Str. Wismar“ Immobilien GmbH & Co.KG (41% stake held by Projekte 2 Deutschland.Immobilien GmbH)	Gießen	20,50	-134	-80
Seniorenresidenz Velten GmbH & Co. KG (41% stake held by Projekte 2 Deutschland.Immobilien GmbH)	Gießen	20,50	-2.245	-2.216
Convivo Wohnparks Deutschland.Immobilien GmbH (50% stake held by DI Deutschland.Immobilien AG)	Hannover	50,00	15	-1
WD Wohnungsverwaltung Deutschland GmbH (Wholly-owned subsidiary of DI Deutschland.Immobilien AG)	Hannover	100,00	-59	-56

<sup>1</sup> A profit and loss transfer agreement is in place. Disclosure of net profit prior to profit transfer.

<sup>2</sup> Shareholders' equity and net profit from the annual financial statements 2018.

<sup>3</sup> Currency conversion rates as of the balance sheet date: € 1 = CHF 1.08743.

<sup>4</sup> Founded in 2019. Statement of initial capital. Financial statements are not available yet .

As of December 31, 2019, neither MLP SE nor the companies shown here possessed any other holdings requiring disclosure under the provisions of § 285 No. 11 of the German Commercial Code (HGB). The voting right granted under § 286 (3) Sentence 1 No. 1 of the German Commercial Code (HGB) was exercised.

On March 19, 2019 MLP Finanzberatung SE, signed a contract to acquire a 75.1 % stake in the DI Deutschland.Immobilien AG. The transaction was then concluded on September 2, 2019. Furthermore, MLP Finanzberatung SE and the German Institute for Healthcare Research by Medical Specialists (Deutsches Institut für Fachärztliche Versorgungsforschung (DIFA)), which belongs to the National Association for Medical Specialists in Germany (Spitzenverband Fachärzte Deutschlands (SpiFa)) have jointly founded DIFA Research GmbH in 2019.

**[32] Proposal for the appropriation of MLP SE's unappropriated profit**

Pursuant to § 170 (2) of the German Stock Corporation Act (AktG), the Executive Board proposes that the unappropriated profit of € 22,960,284.06 disclosed in the annual financial statements for the year ending December 31, 2019 be used as follows:

	<b>Dec. 31, 2019</b>	<b>Dec. 31, 2018</b>
	<b>€</b>	<b>€</b>
Distribution to the shareholders	22,960,284.06	21,866,937.20
<b>Unappropriated profit</b>	<b>22,960,284.06</b>	<b>21,866,937.20</b>

**[33] Events subsequent to the reporting date**

There were no appreciable events after the balance sheet date affecting the net assets, financial position and results of operations of the MLP SE.

Wiesloch, March 5, 2020

MLP SE

Executive Board

Dr. Uwe Schroeder-Wildberg

Manfred Bauer

Reinhard Loose

# Independent Auditor's report

To MLP SE, Wiesloch

## Report on the audit of the annual financial statements and of the joint management report

### Opinions

We have audited the financial statements of MLP SE, Wiesloch, comprising the balance sheet as of December 31, 2019 and the income statement for the financial year from

January 1 to December 31, 2017, as well as the notes, including the presentation of the accounting policies. In addition, we have audited the joint management report of MLP SE and of the Group for the financial year from

January 1 to December 31, 2019. In accordance with the German legal requirements we have not audited the content of the components of the joint management report referred to in the appendix to the audit opinion.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying financial statements comply in all material respects with the German commercial law regulations that apply to stock corporations, and in compliance with the German accounting policies, give a true and fair view of the assets and financial position of the company as of December 31, 2019, and of its financial performance for the financial year from January 1, to December 31, 2019, and
- the accompanying joint management report as a whole provides an appropriate view of the company's position. In all material respects, this joint management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the joint management report does not cover the content of the components of the joint management report referred to in the appendix to the audit opinion.

Pursuant to Section 322 (3) Sentence 1 of the German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the financial statements and of the joint management report.

## **Basis for the Opinions**

We conducted our audit of the financial statements and of the joint management report in accordance with Section 317 of the German Commercial Code (HGB) and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the financial statements and of the joint management report" section of our auditor's report. We are independent of the company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the financial statements and on the joint management report.

## **Key audit matters in the audit of the financial statements**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year from January 1, to December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

### **■ Impairment of shares in affiliated companies**

With regard to the accounting policies applied, we make reference to the disclosures in the notes in the section entitled "Disclosure of accounting policies for individual balance sheet items", as well as to the disclosures with regard to shareholdings made in section 31 "Investments in affiliated companies".

## **FINANCIAL STATEMENT RISK**

As of December 31, 2019, the financial statements of MLP SE recognise shares in affiliated companies of € 232.3 million under financial investments.

The shares in affiliated companies are recognised in the balance sheet at their acquisition costs or, if ongoing impairment is anticipated, at the lower fair value pursuant to § 253 (3) Sentence 5 of the German Commercial Code (HGB). The company uses the gross rental method to determine the fair value. Shares in affiliated companies are to be tested for impairment annually and whenever there is an indication for impairment.

Calculation of the fair value in line with the gross rental method is complex and heavily dependent on both estimates and assessments of the legal representatives with regard to the assumptions made. There are significant margins of discretion when estimating future cash flows and long-term income growth rates, as well as when determining the capitalisation interest rate used for discounting. The company did not record any significant impairment losses on shares in affiliated companies in the financial year 2019.

There is a risk for the financial statements that the margin of discretion may not be exercised appropriately within the scope of applying the gross rental method and that the shares in affiliated companies may therefore be disclosed at a value that is too high.

## OUR AUDIT APPROACH

Based on our risk assessment, as well as assessment of the risks of errors, we founded our audit opinion on both control-based audit procedures and statement-based audit procedures. For this reason our audit procedures as regards impairment testing of shares in affiliated companies included:

On the basis of the corporate planning approved by the Supervisory Board, also incorporating market data and publicly available information, we are convinced of the appropriateness of the forecast cash inflows used when calculating the value of the shares in affiliated companies, based on the expectations regarding the future development of revenue from the business activities of affiliated companies.

In order to assess the reasonableness of the assumptions used for preparing the corporate planning we have gained the required understanding of the planning procedure in discussions, amongst others, with legal representatives, from the divisions and the controlling department, and we have discussed the anticipated cash flows and expected long-term growth rates with those responsible for the planning. In addition to this, we acknowledged the appropriateness of the valuation model together with our valuation experts and, using the calculation of dedicated scenarios based on the generally-accepted capitalised earnings method of MLP SE, assessed the appropriateness of the planning assumptions. We obtained assurance of the forecasting quality of the planning undertaken by the company by comparing planning figures from previous financial years with the results actually recorded and analysing any deviations detected.

Working together with our valuation experts we also compared the assumptions and parameters - such as and in particular the risk-free interest rate, the market risk premium and the beta factor - underlying the capitalisation interest rate with our own assumptions and publicly available data.

## OUR OBSERVATIONS

The procedure underlying the impairment test of shares in affiliated companies is appropriate and in line with the valuation principles under German commercial law. The underlying discretionary decisions with regard to assumptions made when measuring the value of the shares in affiliated companies were exercised appropriately.

### **Other information**

The legal representatives or the Supervisory Board are responsible for the other information. The other information comprises the unaudited components of the joint management report referred to in the appendix to the audit opinion.

The other information also comprises the remaining parts of the annual report.

The other information does not comprise the consolidated financial statements, the audited disclosures in the joint management report and our accompanying audit opinion

Our opinions on the financial statements and on the joint management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited joint management report disclosures or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Should we conclude on the basis of the work we have conducted that there is a material misstatement of this other information, we are obliged to report on this fact. We have nothing to report in this connection.

### **Responsibilities of the legal representatives and of the Supervisory Board for the financial statements and the joint management report**

The legal representatives are responsible for the preparation of the financial statements that comply, in all material respects, with the German commercial law regulations that apply to stock corporations, and, in compliance with the German accounting policies, give a true and fair view of the assets and financial position of the company.



In addition, the legal representatives are responsible for such internal controls as they have determined necessary in accordance with German accounting policies to enable the preparation of financial statements that are free from material misstatements, whether intentional or unintentional.

In preparing the financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition to this, they are responsible for securing the company's ability to continue as a going concern on the basis of the accounting policy, unless there are actual or legal circumstances for not doing so.

Furthermore, the legal representatives are responsible for the preparation of the joint management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the legal representatives are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the joint management report.

The Supervisory Board is responsible for overseeing the company's financial reporting process for the preparation of the financial statements and of the joint management report.

### **Auditor's responsibilities for the audit of the consolidated financial statements and of the joint management report**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the joint management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the financial statements and the knowledge obtained in the audit, whether it complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the financial statements and on the joint management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 of the German Commercial Code (HGB) and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error 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 consolidated financial statements and this joint management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and of the joint management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial statements and of arrangements and measures (systems) relevant to the audit of the joint management report 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 these systems of the company.
- Evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of estimates made by the legal representatives and related disclosures.
- Conclude on the appropriateness of the legal representatives 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 the auditor's report to the related disclosures in the financial statements and in the joint management report or, if such disclosures are inadequate, to modify our respective opinions. 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 to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements present the underlying transactions and events in a manner that the financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the company in compliance with the German accounting policies.
- Evaluate the consistency of the joint management report with the financial statements, its conformity with law, and the view of the company's position it provides.
- Perform audit procedures on the prospective information presented by the legal representatives in the joint management report. On the basis of

sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the legal representatives as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions.. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance, inter alia regarding the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current reporting 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.

## Other legal and regulatory requirements

### **Further information pursuant to Article 10 of the EU Audit Regulation**

We were elected as auditor by the annual general meeting on May 29, 2019. We were commissioned by the Supervisory Board on December 20, 2019. We have been the auditor of MLP SE without interruption since the financial year 2011.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

We performed the following services in addition to the audit of the annual and consolidated financial statements, as well as audit of the joint management report for the audited company or the companies controlled by this:

- Audit pursuant to the General Terms of Business of Deutsche Bundesbank in conjunction with the use of loan receivables to collateralise central bank lending (credit submission process) at MLP Banking AG,

- Assuring the quality of the disclosure report as per Section 26a of the German Banking Act (KWG) drafted by MLP Banking AG.
- Assuring the quality of the process set up for the external trade reports of FERREAL AG.
- Business management audit of the risk management system of MLP Banking AG as at December 31, 2018 , in the form of a Limited Assurance Engagement (audit of the implementation of the measures taken as a result of the conclusions from the deposit insurance audit).
- Audit of FERI Trust GmbH in accordance with Section 89 (1) of the German Securities Trading Act (WpHG).
- Audit of the listing of the amounts recognised as deductible items in connection with the cost allocation obligation of MLP Banking AG as per Section 16j (2) Sentence 2 of the Financial Services Supervision Act (FinDAG)
- Confirmation of administration costs to be paid by Nordvers GmbH to DOMCURA AG on behalf of DOMCURA AG for a potential interested party in a joint venture.
- Certification in accordance with Section 2 (6) of the German Concession Levy Ordinance (KAV) concerning concession fees for electricity and gas pursuant to Section 2 (4) KAV for MLP SE.
- Workshop with MLP Banking AG to answer questions in connection with shadow banks.
- Audit of the consolidated financial statements as of December 31, 2018 , and accounting of the purchase price in connection with the acquisition of the 75.1 % stake in DI DEUTSCHLAND. Immobilien AG by MLP Finanzberatung SE in the financial year 2019.
- Agreed investigation activities for the final purchase price calculation in connection with the acquisition of the 75.1 % stake in DI Deutschland. Immobilien AG by MLP Finanzberatung SE.

## German public auditor responsible for the engagement

The German public auditor responsible for the engagement is Jörg Kügler.

Frankfurt am Main, March 6, 2020

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Kügler  
Wirtschaftsprüfer

Hahn  
Wirtschaftsprüfer

## Appendix to the audit opinion: Unaudited components of the joint management report

We did not audit the content of the following components of the joint management report:

- the declaration or corporate governance which is contained in the joint management report
- the separately drafted non-financial report which will in all likelihood not be available to us until after the date of this audit opinion as well as the report on compensation transparency, which is referred to in the joint management report, and
- the unaudited and non-management report disclosures listed below. Disclosures that are not normally part of the management report in the combined management report are disclosures that are neither required as per Sections 289, 289a Sections 289b to 289f of the German Commercial Code (HGB).
  - P. 2: The MLP Group – The partner for all financial matters
  - P. 2: Five brands, each of which enjoys a leading position in their respective markets, offer a broad range of services:
  - P. 3: The qualifications and further training offered at the MLP Corporate University, the company's accredited in-house training facility, are considered a benchmark in the financial consulting sector.
  - P. 4: These concepts clearly set us apart from the majority of players in the market, who either only offer their own products or a very limited selection of third party products.

## Responsibility statement

"To the best of our knowledge and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the company, and the joint management report gives a fair view of the performance of the business including business results and the overall position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company."

Wiesloch, March 5, 2020

MLP SE

Executive Board

Dr. Uwe Schroeder-Wildberg

Manfred Bauer

Reinhard Loose

## Financial calendar 2020

MARCH

**March 5, 2020**

Publication of results for the financial year 2019

Annual Press and Analyst Conference

MARCH

**March 26, 2020**

Publication of the Annual Report for the financial year 2019.

MAY

**May 14, 2020**

Publication of the results for the first quarter 2020.

JUNE

**June 25, 2020**

Annual General Meeting (AGM) of MLP SE in Wiesloch

MLP SE holds its AGM at the Palatin Congress Center in Wiesloch

AUGUST

**August 13, 2020**

Publication of the results for the first half-year and the second quarter 2020.

NOVEMBER

**November 12, 2020**

Publication of the results for the first nine months and the third quarter 2020.

More Information at [www.mlp-se.com](http://www.mlp-se.com), Investors, Financial calendar

## **Imprint**

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