

REPORT OF THE SUPERVISORY REPORT

Dear Shareholders,

The fiscal year 2015 was a year of changes for Tele Columbus AG ("Tele Columbus AG", "Tele Columbus" or the "Company") during which the Company pursued its growth strategy successfully and set the course for the future. In this respect, the Supervisory Board advised and supervised the Executive Board. In the following, we provide an overview of the activities of the Supervisory Board of Tele Columbus AG and report on the composition and number of meetings of the Supervisory Board and its committees.

Overview of activities of the Supervisory Board

In the fiscal year 2015 (the "reporting period"), the Supervisory Board performed its tasks imposed by the law, the articles of association and rules of procedure diligently. The Supervisory Board accompanied and supervised the Executive Board continuously in its management duties and advised it regularly on its decisions regarding the management of the company. In all decisions of fundamental importance for the company, the Supervisory Board was involved directly and at an early stage.

The Supervisory Board was regularly informed promptly and comprehensively during the reporting period by the Executive Board in writing and verbally about all key issues associated with the management of the Company. The Executive Board regularly reported to the Supervisory Board in particular about corporate planning, strategic development, business operations and the situation of Tele Columbus AG and the Group, including the risk situation of the Company. In addition, the Board kept the Supervisory Board informed about current developments of the Company also outside of meetings. The Chairman of the Supervisory Board in particular was in close contact with the Executive Board at all times and was kept informed about current developments and the present state of business as well as significant transactions, projects and plans. Any deviations in the development of the course of business from the plans and objectives were explained to the Supervisory Board by the Executive Board in detail.

Where the law, the articles of association, or the rules of procedure demanded the approval of the Supervisory Board or a committee for individual measures, the respective body debated these and passed a corresponding resolution. The corresponding proposals for resolution of the Executive Board were submitted timely for review. The plenary Supervisory Board was supported in this process by the competent committees, if required. Plans pending a decision were in detail discussed with the Executive Board.

Due to the Executive Board's reporting, the Supervisory Board was at all times thoroughly informed about the Company's situation and was able to perform its tasks in their entirety. The Supervisory Board reviewed the activities of the Executive Board in all meetings on the basis of the reports received. Significant main topics which the Supervisory Board discussed during the reporting period were the preparations for the successful initial public offering of the Company on 23 January 2015, the acquisition of PrimaCom Holding GmbH and pepcom GmbH, the corresponding financing as well as the capital increase which was resolved upon at the extraordinary general meeting on 14 September 2015 and successfully implemented in November. The topics for discussion in the regular consultations with the Executive Board were in particular the revenue, profit and employment trends of the Group as well as the exchange of views on the situation and strategy of the Company. The regularity, usefulness and efficiency of the company management by the Executive Board were not objectionable. The Supervisory Board also assured itself that the Executive Board formed an effective risk management system and an effective compliance program.

Conflicts of Interest

The Supervisory Board is not aware of conflicts of interest of the Management or Supervisory Board members, which must be disclosed to the Supervisory Board and the Shareholders' Meeting.

Members of the Supervisory Board and the Executive Board

In the extraordinary general meeting of the legal predecessor of Tele Columbus AG on 10 September 2014, Mr. André Krause and Ms. Catherine Mühlemann were elected, as part of the decision on the change of legal form of the Company into a German public stock corporation, to the Supervisory Board of the Company under the condition precedent of the admission of the Company's shares to trading on the Frankfurt Stock Exchange (Prime Standard). With the admission of the Company's shares to trading on the Frankfurt Stock Exchange on 21 January 2015, the condition precedent regarding the choice of André Krause and Catherine Mühlemann was fulfilled and both are, from this date on, members of the Supervisory Board, which since then consists of six persons.

Apart from that the Executive Board and the Supervisory Board remained unchanged.

Supervisory Board Committees

In order to perform its duties efficiently, the Supervisory Board has formed two permanent committees: the Executive Committee and the Audit Committee.

The task of the **Executive Committee** is to prepare the personnel decisions of the Supervisory Board, in particular the appointment and dismissal of Executive Board members, the appointment of the Chairman and decisions on the remuneration of the Executive Board. The Executive Committee consists of the Chairman of the Supervisory Board, who is also Chairman of the Executive Committee, and two other members. These are Frank Donck as Chairman, as well as Yves Leterme and Catherine Mühlemann. The Executive Committee also assumes the function of a **Nomination Committee**, in accordance with the German Corporate Governance Code, whose role is to recommend suitable candidates to the Supervisory Board for its election proposals to the Annual General Meeting. The Executive Committee held two presence meetings during the reporting period. Among others, the topics included the bonus and targets for the year 2015 as well as amendments to the terms of the Executive Board members' service contracts.

The **Audit Committee** concerns itself particularly with proper accounting, the independence of the auditor, the system of the internal company controls, risk management and compliance. The Audit Committee worked closely together with the auditors. It issued the audit mandate to the auditor, determined the key audit priorities, agreed upon a fee and brought forward a proposal to the Supervisory Board for the nomination of the auditors for the fiscal year 2015. It prepared in particular the decisions of the Supervisory Board on the adoption of the annual financial statements 2014 and to this end undertook the preliminary examination of the financial statements, the management report, the profit distribution proposal, the consolidated financial statements and consolidated management report and discussed the audit report with the auditor. Also the half-year and the quarterly financial report were discussed by the audit committee with the Executive Board before its publication.

The Audit Committee consists of three members. These are André Krause (chairman), Christian Boekhorst and Robin Bienenstock. In 2015, the audit committee held two presence meetings. Five meetings were held by way of a telephone conference. Apart from the audit of the financial statements and interim financial reports, the topics discussed included the internal control and audit system as well as the compliance.

Meetings of the Supervisory Board

The activity of the Supervisory Board in the reporting period was characterized by setting the future course for Tele Columbus AG. The advisory and monitoring activities of the bodies were focused on the following topics:

- On 20 January 2015, the Supervisory Board approved by way of a telephone conference to grant a bonus to the Executive Board, which was financially borne by Tele Columbus Holdings S.A., Luxembourg.
- By resolution dated 20 January 2015, the Supervisory Board approved to increase the share capital by EUR 33,333,334.00 in connection with the Company's IPO. On 21 January 2015 the Supervisory Board gave approval to increase the share capital by up to EUR 3,333,333.00 for the greenshoe option, if any, and approved on 30 January 2015 the actual implementation of this capital increase. All resolutions were passed by way of telephone conference.
- At the meeting on the financial statements on 7 April 2015, the Supervisory Board approved by way of a telephone conference the annual financial statements and the management report as well as the consolidated financial statements and the group management report, the report of the Supervisory Board and the Corporate Governance report in each case for the 2014 fiscal year and the 2014 declaration of compliance. Furthermore, the Supervisory Board did not object to the declaration of the Executive Board at the end of the report on relations with affiliated companies pursuant to sec. 312 (3) of the Stock Corporation Act (*Aktiengesetz*). Moreover, the Supervisory Board adopted the proposals for resolutions for the agenda of the Annual General Meeting 2015.
- On 6 July 2015, the Supervisory Board approved by way of a telephone conference the conclusion of the financing agreement for the acquisition of PrimaCom Holding GmbH. In the same meeting, a standby equity underwriting commitment was concluded with two banks in order to be able to replace a bridge financing by a capital increase at a later point in time.
- On 13 July 2015, the Supervisory Board approved by way of a telephone conference the acquisition of PrimaCom Holding GmbH, under certain conditions, and the submission of a final offer for the acquisition of pepcom GmbH.
- On 23 July 2015, the Supervisory Board approved by way of a telephone conference in connection with the acquisition of PrimaCom Holding GmbH the refinancing agreement, or alternatively the amendment of the existing senior facilities agreement with BNP Paribas as well as the conclusion of further financing agreements.
- On 5 August 2015, the Supervisory Board passed the circulation resolution to convene an extraordinary General Meeting in the third quarter of 2015 and approved the agenda to increase the Company's share capital by up to EUR 56,691,667.00.
- On 6 August 2015, the Supervisory Board decided by way of a telephone conference to reallocate some of the responsibilities within the Executive Board. The business units "Investor Relations and Capital Market Compliance" and "Corporate Communication" were combined to form the new business unit "Investor Relations / Group Communications / Press" that is part of Ronny Verhelst's responsibility.
- On 21 August 2015, the Supervisory Board approved, also by way of a telephone conference, the submission of a final offer for the purchase of pepcom GmbH.
- On 12 September 2015, after having been given detailed information and following comprehensive discussions, the Supervisory Board approved by way of a telephone conference the acquisition of pepcom GmbH.

- Another meeting of the Supervisory Board was held on 24 September 2015 by way of a telephone conference. At this meeting, the Supervisory Board extensively addressed the implementation of the law on a pari passu participation of women and men in executive positions as well as corresponding target figures regarding the proportion of women in the Supervisory and Executive Board. Following extensive consultation, target figures and corresponding implementation periods for the Supervisory and the Executive Board were adopted.
- On 8 October 2015, the Supervisory Board passed a circulation resolution regarding the approval of the conclusion of contracts in connection with the financing and acquisition of pepcom GmbH.
- On 12 October 2015, the Supervisory Board approved by way of a telephone conference the management's new organizational structure. In addition to the Executive Board members Ronny Verhelst (Chief Executive Officer) and Frank Posnanski (Chief Financial Officer), Stefan Beberweil as Chief Marketing Officer, Diana-Camilla Matz as Chief Customer Sales Officer, Ludwig Modra as Chief Technology Officer and Jens Müller as Chief Integration Officer were appointed as members of the management in the course of this restructuring. Jean-Pascal Roux was appointed as senior director for housing associations.
- On 18 October 2015, the Supervisory Board approved by way of a telephone conference the rights offering in the period from 21 October to 3 November 2015 by increasing the share capital by EUR 70,864,584.00.
- On 22 October 2015, the Supervisory Board approved by way of circulation resolution of the acquisition of Mietho&Bär Kabelkom GmbH.
- At the regular Supervisory Board meeting on 2 December 2015, an overview of the provisional budget planning for 2016 was presented to the Supervisory Board. Besides, the Supervisory Board addressed the appropriateness of the remuneration of the Executive Board pursuant to sec. 87 of the Stock Corporation Act (*Aktiengesetz*) and sec. 4.2.2 of the German Corporate Governance Code, and adjusted the share-based payment. Furthermore, the Supervisory Board was provided with extensive reports on operating developments in the key business units, in particular with regard to the integration status of PrimaCom Holding GmbH and pepcom GmbH.

In the fiscal year 2015, the Supervisory Board and its committees dealt, besides the regular reporting, with management issues such as operational management sales, distribution, marketing, customer satisfaction and technological innovations in the network.

In the reporting period, the Supervisory Board held five presence meetings in Berlin. 26 meetings were held by way of a telephone conference. In total, 31 meetings of the full Supervisory Board were held. Furthermore, resolutions were made outside of meetings, if necessary, in particular regarding urgent business transactions, which require the consent of the Supervisory Board.

No Supervisory Board member participated in less than half of the meetings.

Corporate governance

The Supervisory Board takes the German Corporate Governance Code very seriously and has dealt extensively with the corresponding recommendations of the Governance Committee. In April 2016, the current annual declaration of compliance pursuant to sec. 161 German Stock Corporation Act (*Aktiengesetz*) was adopted by the Supervisory Board together with the Executive Board. This declaration of compliance is available on the Company's website.

Audit of annual and consolidated financial statements 2015

The auditing firm KPMG AG Wirtschaftsprüfungsgesellschaft was appointed at the ordinary general meeting on 15 May 2015 to audit the annual and consolidated financial statements 2015. The Executive Board prepared the annual financial statements of Tele Columbus AG and the status report for the fiscal year 2015 in accordance with German GAAP (*Handelsgesetzbuch*) and the German Stock Corporation Act (*Aktiengesetz*). The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements were supplemented by a consolidated management report, which was combined with the status report of the individual financial results pursuant to sec. 315 (3) in conjunction with sec. 298 (3) sent. 1 German Commercial Code (*Handelsgesetzbuch*). The KPMG AG Wirtschaftsprüfungsgesellschaft reviewed the annual financial statements and the consolidated financial statements as well as the combined status report considering the accounting principles and approved them without reservation.

The financial statement documentation and the audit reports were timely submitted to all Supervisory Board members. The members of the Audit Committee discussed at their meeting on 28 April 2016 in detail and reviewed the above-mentioned statements in a joint meeting with the CFO and the auditor, and reported on this to the full Supervisory Board in its session on 28 April 2016. The Supervisory Board, in knowledge and in consideration of the audit reports of the auditor, discussed and examined in detail the annual financial statements and the consolidated financial statements as well as the combined management report in its meeting on 28 April 2016. The Executive Board also provided additional oral explanations on the financial statements documentation. The auditor participated in these meetings, reported on the essential results of the audit and was available for answering questions and to provide supplementary information to the Supervisory Board. Through this and on the basis of the report presented from the previous meeting of the Audit Committee, the Supervisory Board was able to satisfy itself as to the correctness of the audit. Inquiries of the Supervisory Board members were answered by the Executive Board and the present auditors in detail.

The Supervisory Board raised no objections to the annual financial statements and the consolidated financial statements as well as the combined management report in knowledge of and in consideration of the report of the audit committee and the audit reports of the auditor.

The Supervisory Board thus concurred with the results of the audit by the auditor and approved the annual financial statements compiled by the Executive Board of Tele Columbus AG and the consolidated financial statements as of 31 December 2015. The annual financial statements of Tele Columbus AG as of 31 December 2015 are thus adopted.

The Supervisory Board wishes to thank the Executive Board and all employees for the Company's strong results in 2015 and their outstanding performance in the preparation of the acquisitions realized in 2015 as well as the subsequent integration of the companies into the Tele Columbus group.

Berlin, 28 April 2016

A handwritten signature in black ink, appearing to read 'Frank Donck', with a stylized flourish at the end.

Frank Donck
Chairman of Supervisory Board