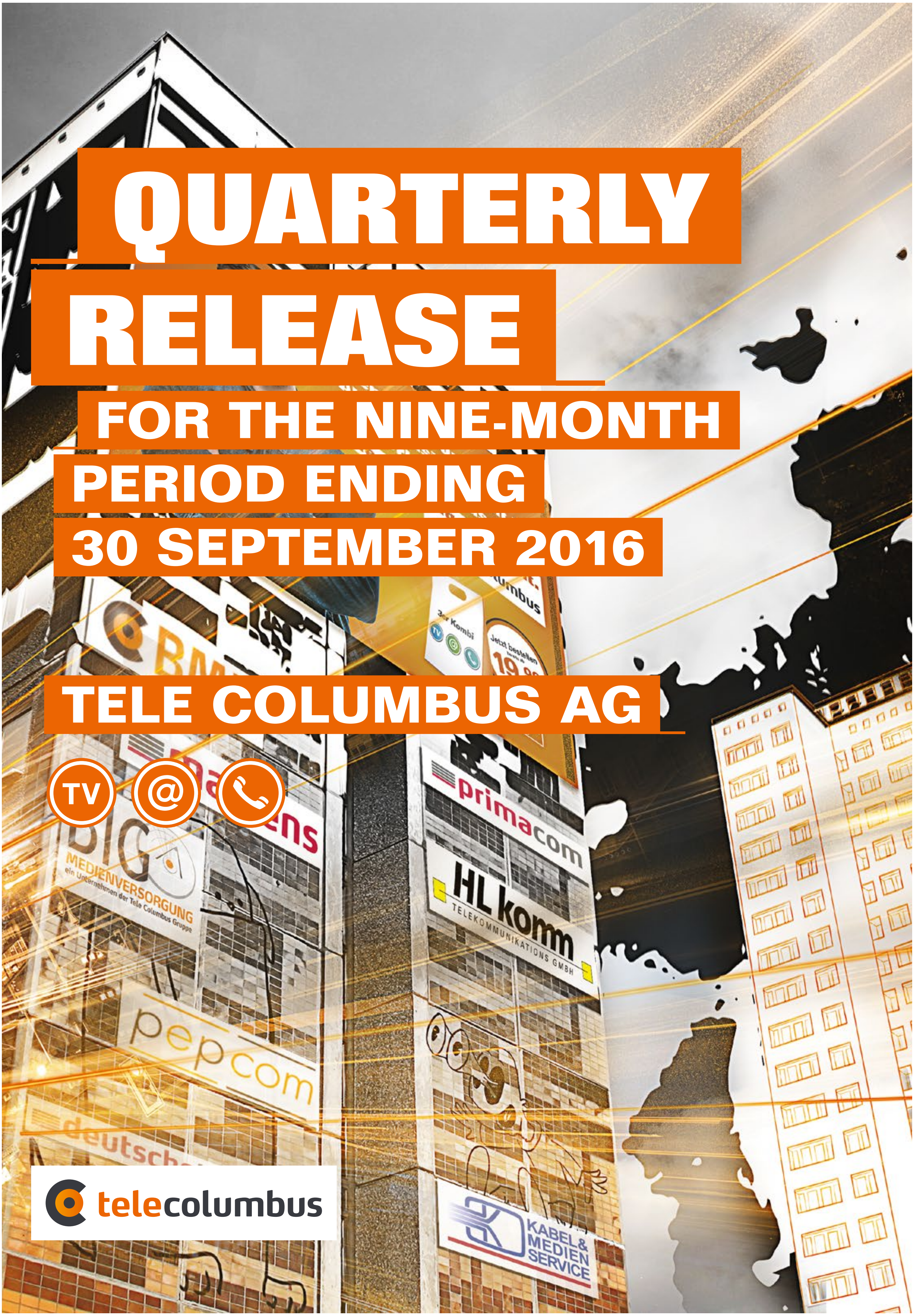
QUARTERLY RELEASE

FOR THE NINE-MONTH PERIOD ENDING 30 SEPTEMBER 2016

TELE COLUMBUS AG



telecolumbus

Group Quarterly Statement
for the first nine months to 30 September 2016

for

Tele Columbus AG

GROUP QUARTERLY STATEMENT

I Consolidated income statement

KEUR	Notes	1 Jan to 30 Sep 2016	1 Jan to 30 Sep 2015 adjusted[1)]
Sales revenue	D.1	354,166	183,096
Capitalised own work		12,524	6,221
Other income	D.2	12,425	21,952
Overall performance		*379,115*	*211,269*
Material costs	E.5.1	-109,014	-62,000
Employee benefits		-63,251	-33,537
Other expenses	D.3	-57,210	-47,369
EBITDA	E.5.1	***149,640***	***68,363***
Depreciation		-123,321	-44,201
EBIT		***26,319***	***24,162***
Earnings from equity holdings and associated companies		5	20
Interest and similar income	D.4	569	15
Interest and similar expenses	D.4	-62,965	-27,391
Other financial results	D.5	15,272	-4,065
Earnings before taxes		*-20,800*	*-7,259*
Taxes on income and profit		-2,402	-1,163
Profit (+) / loss (-) for the period		***-23,202***	***-8,422***
Profit attributable to shareholders of the Tele Columbus Group		-25,159	-10,185
Profit attributable to non-controlling interests		1,957	1,763
Undiluted earnings per share in EUR		-0.20	-0.19
Diluted earnings per share in EUR		-0.20	-0.19

[1)] The information on the income from services and connection/disconnection costs in other income was changed and shown in the "sales revenue" item with the corresponding reclassification of the amounts for the previous 2015 reporting period, so that a comparison with the previous year is ensured.

II Consolidated statement of other comprehensive income

KEUR	Notes	1 Jan to 30 Sep 2016	1 Jan to 30 Sep 2015
Profit (+) / loss (-) for the period		-23,202	-8,422
Other comprehensive income			
Expenses and income that will not be reclassified to profit or loss in future			
Reassessment of the performance-related pension obligations (after deferred taxes)		-3,827	-753
Overall result		-27,029	-9,175
Of which is attributable to:			
Shareholders of the Tele Columbus Group		-28,986	-10,938
Non-controlling interests		1,957	1,763

III Consolidated statement of financial position

Assets

KEUR	Notes	30 September 2016	31 December 2015
Long-term assets			
Tangible assets	D.6	622,324	648,570
Intangible assets and goodwill	D.6	1,350,609	1,378,836
Interests in unconsolidated subsidiaries		20	18
Interests in associated companies		302	302
Receivables from related companies		-	164
Trade receivables	D.7	193	193
Other assets	D.7	1,041	-
Other financial receivables	D.7	1,792	283
Deferred income		3,802	4,340
Deferred tax assets		-	99
Derivative financial instruments	D.7	8,371	-
		1,988,454	**2,032,805**
Current assets			
Inventories		10,580	10,121
Trade receivables	D.7	50,802	39,592
Receivables from related companies		3,394	3,579
Other financial receivables	D.7	4,409	8,855
Other assets	D.7	10,431	5,251
Income tax assets		1,508	3,907
Cash and cash equivalents		47,049	85,178
Deferred income		7,099	6,163
Assets held for sale		932	303
		136,204	**162,949**
Assets		**2,124,658**	**2,195,754**

Liabilities

KEUR	Notes	30 September 2016	31 December 2015
Equity capital			
Share capital		127,556	127,556
Capital reserves		620,838	620,838
Other components of equity		-237,339	-208,952
Other shareholders' minority interests		6,781	6,240
		517,836	**545,682**
Non-current liabilities			
Pensions and other long-term employee benefits		13,773	10,331
Other provisions	D.8	27,576	20,111
Liabilities to credit institutions	D.9	1,234,596	1,220,879
Trade payables	D.10	1,197	1,153
Other liabilities	D.10	509	509
Other financial liabilities	D.10	74,080	77,558
Deferred income	D.10	1,765	1,836
Deferred tax liabilities	D.10	93,618	106,021
Derivative financial instruments		-	13,011
		1,447,114	**1,451,409**
Current liabilities			
Other provisions	D.8	19,904	28,529
Liabilities to credit institutions	D.9	12,397	49,909
Trade payables	D.10	54,055	75,203
Liabilities to related companies and persons		404	522
Other liabilities	D.10	37,012	21,224
Other financial liabilities	D.10	8,716	8,011
Income tax liabilities		13,535	10,277
Deferred income	D.10	13,685	4,823
Derivative financial instruments		-	165
		159,708	**198,663**
Liabilities		**2,124,658**	**2,195,754**

IV Consolidated cash flow statement

KEUR	Notes	1 Jan to 30 Sep 2016	1 Jan to 30 Sep 2015 adjusted[1]
Cash flow from operating activities			
Profit (+) / loss (-) for the period		-23,202	-8,422
Financial result		47,124	31,441
Taxes on income and profit		2,402	1,163
Earnings from investments and associated companies		-5	-20
Earnings before interest and taxes (EBIT)		**26,319**	**24,162**
Depreciation		123,321	44,201
Equity-settled share-based payments		600	572
Loss (+) / profit (-) from the sale of fixed assets		-3,851	-933
Increase (-) / decrease (+) in:			
Inventories		-460	-609
Trade receivables and other assets not classified as investing or financing activities		-11,683	4,272
Deferred expenses		-399	-4,288
Increase (+) / decrease (-) in:			
Trade payables and other liabilities not classified as investing or financing activities		-12,930	-35,265
Provisions		-1,544	-5,482
Deferred expenses		8,791	2,872
Income tax paid		-5,758	-6,158
Cash flow from operating activities		**122,406**	**23,344**
Cash flow from investing activities			
Proceeds from the sale of fixed assets		1,089	2,988
Acquisition of fixed assets	D.6	-58,606	-34,374
Investments in intangible assets	D.6	-17,730	-10,080
Investments in financial assets		-	-12
Interest received		109	15
Acquisition of companies, net of cash and cash equivalents acquired		-5	-722,109
Cash flow from investing activities		**-75,143**	**-763,572**

[1] For a better comparability and differing to the prior year disclosure the Tele Columbus Group presents the statement of cash flow starting with the net profit/ loss which is subsequently reconciliated to the EBIT, as well as restricted cash and cash equivalents under the "trade receivables and other assets" item.

KEUR	Notes	1 Jan to 30 Sep 2016	1 Jan to 30 Sep 2015 adjusted[1)]
Cash flow from financing activities			
Changes in net assets because of the IPO		-	-15,105
Payment of financial lease liabilities		-4,831	-4,695
Dividends paid		-1,415	-1,387
Proceeds from loans, bonds or short-term or long-term borrowings from credit institutions		125,000	1,074,033
Repayment of loans and short-term or long-term borrowings		-161,604	-643,344
Interest paid		-42,542	-18,454
Proceeds from capital increase		-	366,667
Cash flow from financing activities		**-85,392**	**757,715**
Cash and cash equivalents at the end of the period			
Increase / decrease in cash and cash equivalents from cash relevant transactions		-38,129	17,487
Cash and cash equivalents at the beginning of the period		85,178	24,441
Cash and cash equivalents at the end of the period		**47,049**	**41,928**

1) For a better comparability and differing to the prior year disclosure the Tele Columbus Group presents the statement of cash flow starting with the net profit/ loss which is subsequently reconciliated to the EBIT, as well as restricted cash and cash equivalents under the "trade receivables and other assets" item.

A General principles

Introduction and Overview

This quarterly statement for the Tele Columbus AG Group contains essential information about the reporting period.

Following the introduction, the consolidated statement of financial position, consolidated income statement and consolidated cash flow statement as of 30 September 2016 are presented. Furthermore, explanations regarding individual items as well as a description of the asset, financial and profit situation are presented.

The functional currency of the consolidated quarterly statement is the euro. Amounts are stated in thousands of euro (hereinafter “KEUR”) unless stated otherwise. Due to the figures being stated in KEUR, rounding differences (both positive and negative) may arise due to commercial rounding.

In respect of financial information set out in the quarterly statement, a dash (“—“) means that the relevant item is not applicable, whereas a zero (“0”) means that the relevant number has been rounded to or equals zero.

The consolidated quarterly statement was prepared based on the assumption of continued business operations (“going concern”).

Description of the Group

Tele Columbus AG, Goslarer Ufer 39, 10589 Berlin is the parent company of the Tele Columbus Group. The Tele Columbus Group is the third largest cable operator in Germany in terms of the number of customers, as well a regional market leader in most of the Eastern Germany Federal States. The range of services is exclusively limited to the Federal Republic of Germany, notably to the Eastern German Federal States of Berlin, Brandenburg, Saxony, Saxony-Anhalt and Thuringia. Approximately 38 % of the group´s holdings are in the remaining region of the Federal Republic of Germany.

The Tele Columbus Group primarily operates level 3 and 4 cable networks. Network Level 3, also called NE3, Level 3 or L3, refers to a cable network that transmits the signals from regional distribution networks to the transfer point outside the customer's residential unit. Network Level 4, also called NE4, Level 4 or L4, refers to a cable network within a residential building that distributes the signal from the transfer point outside the residential building to the socket in the customer's residential unit. As an integrated network operator for both network levels, the Group specialises in the provision of high-quality, integrated end-user services from a single source. In locations where the group cannot rely on its own networks, corresponding network services are purchased. In addition to the operation of cable networks, the Tele Columbus Group is also active in the B2B busuness and construction services sectors. The B2B business comprises products for providing businesses with broadband services and business customer networking, products for supplying business customers with the internet and telephony, as well as network monitoring and the marketing of data centres. Construction services include the establishment of fibreoptic urban networks or connecting residential areas to a proprietary backbone.

Tele Columbus customers are offered numerous services in the fields of television and telecommunications, in particular a basic range of cable television channels (CATV), premium TV packages (premium TV), internet and telephone services on the fixed network and, since September 2015, mobile voice and data services. On 30 September 2016, Tele Columbus reported approximately 3.6 million residential units (connected homes). The Tele Columbus Group generates its revenue primarily from access fees that are paid by customers for the purchase of a CATV product. About 95 % of the end customers are tenants in multi-dwelling units (MDUs) which are owned by residential property management companies or housing associations or are managed by these for third parties. The group has concluded long term licence and signal delivery contracts with these companies.

On 30 September 2016, unchanged since 31 December 2015, the Group maintained locations in Berlin, Hanover, Chemnitz, Dresden, Magdeburg, Ratingen, Jena, Leipzig, Munich and Frankfurt am Main.

The business model has not changed since 31 December 2015.

B Changes in the scope of consolidation

There were no significant changes in the scope of consolidation in the quarterly statement compared to the reports on 31 December 2015, with the exception of the following. The opening balance sheet for the pepcom Group is still preliminary due to the extensive accounting requirements and documentation work stipulated by IFRS.

Acquisition of Lindentor 200. V V GmbH and Lindentor 201. V V GmbH

Through agreements dated 28 June 2016, Tele Columbus AG, Berlin purchased 100 % of the shares in Lindentor 200. V V GmbH, Berlin as well as 100 % of the shares in Lindentor 201. V V GmbH, Berlin. The companies were thereafter renamed Tele Columbus Betriebs GmbH and Tele Columbus Vertriebs GmbH. The articles of association were adjusted accordingly.

Tele Columbus Betriebs GmbH focuses on the direct and indirect sale of services in connection with telecommunications. These include the construction and operation of broadband cable networks for the delivery of multimedia services. Tele Columbus Vertriebs GmbH specialises in selling multimedia services to private and business customers.

The purchase price was KEUR 27.6 in each case and was paid in cash. At the time of the initial consolidation, the newly acquired companies' net assets came to KEUR 50. This corresponds to goodwill in the amount of KEUR 5.2.

The companies did not have any significant active operations on the balance sheet date.

C Accounting and valuation methods

For the nine-month period to 30 September 2016, essentially the same accounting principles and calculation and valuation methods were applied as for the consolidated financial statements as of 31 December 2015. There were no significant changes through new applicable IFRS or accounting and valuation methods.

There were no changes to the significant discretionary decisions and assumptions or the uncertainty regarding the use of estimates for the nine-month period ending on 30 September 2016 in comparison with the consolidated financial statements as of 31 December 2015.

D Notes to the income statement and balance sheet

D.1 Sales revenue

KEUR	1 Jan to 30 Sep 2016	1 Jan to 30 Sep 2015 adjusted[1)]
Analogue, ongoing	153,137	91,399
Internet / telephony	107,055	50,951
Analogue, one-time	21,296	11,788
Additional digital services	21,241	11,031
Other transmission fees and miscellaneous feed-in charges	14,074	8,590
Network rental	13,249	2,184
Lease charges for receivers	8,494	3,105
Construction work	6,199	314
Sale of hardware	3,160	1,154
Data centre	2,949	149
Other	3,312	2,431
	354,166	**183,096**

1) For the purpose of better comparability, unlike the previous year's consolidated interim financial statements, the Tele Columbus Group has shown the business customer sales divided according to their service types and the revenue from services as well as the income from connection/disconnection costs amended as sales revenues.

The Tele Columbus Group's sales revenue mainly comprises monthly subscription fees and, to a lesser extent, one-off installation and connection charges for basic analogue and digital cable television as well as the additional digital services. They also include fees for high-speed internet access and telephony charges. Further sales revenue includes the other transmission fees and feed-in charges payable to the group in return for distribution of the programmes. Other revenue is primarily from one-time fees for business customers.

Generally, the increase in sales revenue compared to the same period of the previous year is mainly attributable to the acquisitions of the pepcom Group and the primacom Group.

D.2 Other income

KEUR	1 Jan to 30 Sep 2016	1 Jan to 30 Sep 2015 adjusted[1)]
Income from the disposal of fixed assets	4,522	1,199
Income from sales	2,060	560
Income from dunning fees	1,427	1,003
Income from the recognition of liabilities and the dissolution of provisions	1,177	9,890
Income from marketing subsidies	613	577
Income from refundable IPO costs	-	4,395
Miscellaneous other income	2,626	4,328
	12,425	**21,952**

1) For the purpose of better comparability, unlike the previous year's consolidated interim financial statements, the Tele Columbus Group has shown the revenue from services as well as the income from connection/disconnection costs amended as sales revenues.

Income from the recognition of liabilities and the dissolution of provisions decreased by KEUR 8,713 compared to the previous reporting period. This decrease mainly resulted from the dissolution of provisions for onerous contracts in connection with a new long-term signal delivery contract in 2015.

The increase in income from sales is mainly attributable to the sale of different materials. This primarily resulted from the acquisition of the pepcom Group.

The proceeds from the disposal of fixed assets compared to the comparison period increased by KEUR 3,323, mainly due to the sale of technical equipment.

D.3 Other expenses

Other expenses were incurred for the following items in particular:

KEUR	1 Jan to 30 Sep 2016	1 Jan to 30 Sep 2015
Legal and advisory fees	-14,207	-20,166
Advertising	-9,860	-7,029
Occupancy costs	-6,193	-3,244
Restructuring	-5,563	-
Value adjustments on receivables	-4,297	-3,532
IT costs	-3,479	-2,834
Communication costs	-2,345	-1,186
Vehicle costs	-2,021	-1,060
Insurance, fees and contributions	-1,499	-620
Travel expenses	-1,391	-621
Office supplies and miscellaneous administrative expenses	-1,199	-1,052
Maintenance	-1,075	-323
Tax Audit	-918	-
Incidental bank charges	-916	-4,146
Losses on disposal of non-current assets	-671	-266
Income from cancellations, prior year	-491	-298
Miscellaneous other expenses	-1,085	-992
	-57,210	**-47,369**

The expenses for legal and advisory fees fell by KEUR 5,959 in comparison with the previous reporting period. This decline is mainly due to additional legal and advisory fees incurred in connection with the preparation of the IPO, the acquisition of new investments and the capital increase procedure in the 2015 report period.

The decrease in incidental bank charges resulted mainly from banking fees in the course of the IPO in the 2015 reporting period that were not recognised in equity with connection with the capital increase. Regarding the restructuring, please refer to Section D.8 "Other provisions".

The general increase in expenses is mainly attributable to the acquisitions of the pepcom Group and the primacom Group.

D.4 Net interest income and expenses

KEUR	1 Jan to 30 Sep 2016	1 Jan to 30 Sep 2015
Interest income from third parties	227	15
Income resulting from compounding of interest caps	342	-
Interest income from affiliated companies	-	-
Interest and similar income	**569**	**15**
Interest paid to third parties	-49,157	-24,371
Expenses resulting from compounding of loans according to the effective interest rate method	-6,970	-3,020
Expenses resulting from the revaluation of interest caps	-6,838	-
Interest paid to affiliated companies	-	-
Interest and similar expenses	**-62,965**	**-27,391**
	-62,396	**-27,376**

The interest paid to third parties mainly relates to liabilities to banks (loans and borrowings).

Please refer to the explanatory notes under Section D.9 "Liabilities to credit institutions".

D.5 Other financial income and financing expenses

The increase in income from other financial income and financing expenses is primarily due to the revaluation of embedded derivatives in loans in the amount of KEUR 18,211 (comparison period 2015: KEUR –). In addition, the effect of the decline in the cost recording of previously defined transaction costs in the context of debt restructuring was in the amount of KEUR 2,935 (comparison period 2015: KEUR 4,065).

D.6 Fixed assets

Additions to the fixed assets and intangible assets in the first nine months of the 2016 financial year resulted mainly from investments in machinery and technical equipment, plant under construction and advance payments as well as from customer bases. The decline is mainly attributable to the depreciation and sale of technical plant and machinery.

Additionally, an opening balance adjustment due to finance leases of the primacom Group in the amount of KEUR 2,713 was made during the 2016 reporting period.

Goodwill was reduced by KEUR 4,296 to KEUR 1,072,966 (2015: KEUR 1,077,262) compared to the previous year resulting from preliminary adjustments in the opening balances of the pepcom Group and the primacom Group in regard to deferred taxes and new insights regarding provisions.

No impairment losses were recognised during the reporting period in relation to the intangible assets and goodwill.

An impairment loss of KEUR 2,948 (comparison period 2015: KEUR 445) was recognised for fixed assets in the current reporting period. Thereof an amount of KEUR 2,200 results from calculation of lower net realisable value due to triggering events for network level 4.

D.7 Trade receivables, other financial receivables, other assets and derivative financial instruments

The following table shows the development of impairment losses on trade receivables at Group level:

KEUR	30 September 2016	31 December 2015
Trade receivables - gross	62,376	53,196
Impairment losses	-11,381	-13,409
Trade receivables - net	**50,995**	**39,785**

Additionally, there were also trade receivables from related companies and persons.

Impairment losses are recognised under "Other expenses".

Regarding the carrying amounts for trade receivables pledged as collateral for liabilities, please refer to the explanations in section D.9 “Liabilities to credit institutions”.

There are no receivables that are overdue and for which no impairment loss was recognised.

The other financial receivables in the amount of KEUR 6,201 (2015: KEUR 9,138) primarily comprise cash deposits for the debit limit, rent deposits and claims under employer pension liability insurance policies. The decrease in other financial receivables by KEUR 2,937 relates to the reduction of cash deposits for the debit limit.

Other assets in the amount of KEUR 11,472 (2015: KEUR 5,251) mainly comprise prepayments, receivables from value-added tax and creditors with debit balances. The increase of other assets resulted mainly from higher receivables from value-added tax.

The derivative financial instruments shown in the amount of KEUR 8,371 (2015: KEUR -) concern two interest rate caps in the amount of KEUR 2,016, acquired by Tele Columbus AG in February 2016, and embedded derivatives in the amount of KEUR 6,355 (2015: KEUR -13,176) that are bound by credit agreements concluded with banks. We refer to the explanations in Section D.9 "Liabilities to credit institutions".

D.8 Other provisions

Other provisions disclosed on 30 September 2016 can be classified as short-term obligations in the amount of KEUR 19,904 (2015: KEUR 28,529) and long-term obligations in the amount of KEUR 27,576 (2015: KEUR 20,111). As before, the other provisions still mainly comprise provisions for restructuring, onerous contracts and supplementary payment obligations due to tax auditing of a former company of the group.

The provision formed in the amount of KEUR 21,869 for the restructuring measures announced in November 2015 was increased by KEUR 4,465 on 30 September 2016, mainly because of the decision to restructure the pepcom Group. The provision thus covers all measures of the entire group (the Tele Columbus Group including the primacom Group and the pepcom Group) insofar as they should be charged to provisions in accordance with IFRS.

Provisions for onerous contracts were mainly formed in connection with a long-term signal delivery contract in the amount of KEUR 7,361 (2015: KEUR 13,768). The decline is mainly due to the use of an annual settlement. Additionally, due to opening balance adjustments for the pepcom Group, the value of these provisions has fallen by KEUR 1,525.

The litigation provisions in the amount of KEUR 3,914 (2015: KEUR 4,397) decreased by KEUR 483. This is mainly due to the adjustment of opening balance sheet values for the primacom Group in the amount of KEUR 371.

The provision recognized in 2015 related to supplementary payment obligations resulting from tax audit amounting to KEUR 5,799 was increased by KEUR 872 due to new insights from the ongoing tax audit.

Current provisions are expected to be used within one year. It is considered likely that actually use will correspond to the reserved amounts on the reporting date.

D.9 Liabilities to credit institutions

KEUR	30 September 2016	31 December 2015
Liabilities to credit institutions - nominal values	1,227,626	1,218,184
Accrued interest	6,970	2,695
Non-current liabilities to banks	**1,234,596**	**1,220,879**
Liabilities to banks - nominal values	2,235	44,398
Accrued interest	10,162	5,511
Current liabilities to credit institutions	**12,397**	**49,909**
	1,246,993	**1,270,788**

Within the framework of the Senior Financing Agreement, the following credit facilities are available to the group: KEUR 375,000 Facility A, KEUR 435,000 Facility C, KEUR 320,000 Incremental Facility and KEUR 125,000 Second Incremental Facility (all of which are term loans) as well as unused facilities in the amount of KEUR 75,000 for investments (Capex Facility) and KEUR 50,000 for working capital financing (Revolving Facility). The facilities A, C, Incremental and Second Incremental will mature on 2 January 2021 while Capex and Revolving Facility will have already matured on 2 January 2020. The margin amounts to 4.50 % plus EURIBOR for Facility A, C, Incremental & 2nd Incremental and 3.75 % for CAPEX and Revolving Facility. Furthermore, the loan agreement for all facilities contains a EURIBOR floor of 0 %. A loan commitment fee is charged at 35 % of the applicable margin for any undrawn share of the Capex and Revolving Facility, which is to be paid on a quarterly basis.

For all loans, the group can choose between a 1-month, 3-month or 6-month EURIBOR. On the reporting date, the 6-month EURIBOR was selected for all term loans.

The described floors regarding the EURIBOR and the repayment options are embedded derivatives (hybrids) and are subject to the obligation to separate into disclosure and valuation in accordance with IAS 39.11.

On the reporting dates, the balances (including outstanding interest) for the Senior Tranche A, Senior Tranche C, Senior Tranche Incremental and the Senior Tranche 2nd Incremental loans as well as the Capex and Revolving Facility Senior liabilities were as follows:

KEUR	30 September 2016	31 December 2015
Senior Tranche A loan (matures on 02 January 2021)	373,205	370,987
Senior Tranche C loan (matures on 02 January 2021)	427,361	423,907
Senior Tranche Incremental (matures on 02 January 2021)	314,331	311,783
Senior Tranche 2nd Incremental (matures on 02 January 2021)	120,153	-
Second Lien Tranche A (matures on 30 July 2022)	-	111,964
Senior Revolving Facility (matures on 02 January 2020)	278	278
	1,235,328	**1,218,919**

Furthermore, loans in the amount of KEUR 1,864 (2015: KEUR 43,198) were recognised for the pepcom Group. The change mainly results from the premature repayment of the outstanding loans of Kabelfernsehen München Servicenter GmbH & Co. KG (hereafter “KMS KG”) and HL komm Telekommunikations GmbH in the amount of KEUR 40,523 with Deutsche Bank Luxembourg S.A. in January 2016.

The other loan levels in the amount of KEUR 5,715 (2015: KEUR 8,671) on the balance sheet date consist of the following lenders to the Tele Columbus AG subgroup entities: Stadtparkasse Gelsenkirchen in the amount of KEUR 2,356 (2015: KEUR 3,240), Stadtsparkasse Magdeburg in the amount of KEUR 2,268 (2015: KEUR 3,647) and other lenders in the amount of KEUR 1,091 (2015: KEUR 1,784).

In addition, Tele Columbus AG entered into two interest rate cap agreements in February 2016 (Cap rate 0.75 % vs. 3-month EURIBOR) with a nominal amount of KEUR 550,000 each, and a term running until December 2020. The transaction amounting to KEUR 8,854, of which half, in the amount of KEUR 4,427, was already paid at the time of acquisition. For the remaining KEUR 4,427 of the option premium, a bullet debt due on 31 March 2018 is shown as liabilities to banks amounting to KEUR 4,085 (present value) on 30 September 2016.

The value of the loan collateral pledged on the respective reporting dates is as follows:

KEUR	30 September 2016	31 December 2015
Shares in affiliated companies	1,463,443	1,479,043
Trade receivables	11,685	14,042
	1,475,128	**1,493,085**

D.10 Trade payables, other financial liabilities and other liabilities, deferred income and deferred tax liabilities

The trade payables in the amount of KEUR 55,252 (2015: KEUR 76,356) essentially comprise payments in connection with signal supply contracts, services, security deposits, legal and consulting costs and public contracts including the appropriate provisions for outstanding invoices.

The deferred income in the amount of KEUR 15,450 (2015: KEUR 6,659) essentially consists of deferred revenue from customers for prepaid annual fees and investment grants received.
The other financial liabilities in the amount of KEUR 82,796 (2015: KEUR 85,569) primarily relate to lease obligations in the amount of KEUR 26,852 (2015: KEUR 28,583), as well as minority interests in KMS KG in the amount of KEUR 53,541 (2015: KEUR 54,583), which are accounted for as long-term liabilities in the financial statements, as the owner has the right to sell all of the shares at any time.

Additionally, an opening balance adjustment for long-term other financial liabilities of the pepcom Group in the amount of KEUR 357 and for lease liabilities of the primacom Group in the amount of KEUR 2,994 was made during the 2016 reporting period.

The other liabilities in the amount of KEUR 37,521 (2015: KEUR 21,733) primarily include customer deposits, annual financial statement costs, compensation and other provisions with characteristics of liabilities.

The reduction of deferred tax liabilities in the opening balance for the pepcom Group in the amount of KEUR 3,192 was not recognised in the income statement.

E Additional Explanatory Notes

E.1 Leases and other financial obligations

Compared to the balance sheet date on 31 December 2015, there were no material changes to the nature or extent of finance leases.

The future minimum lease payments resulting from operating leases have the following maturity dates:

KEUR	30 September 2016	31 December 2015
Less than one year	18,718	21,793
Between one and five years	24,479	40,049
More than five years	7,708	12,215
	50,905	**74,057**

The general decrease in other financial obligations is largely attributable to synergy effects and partially to adjustments following detailed screening of the pepcom Group and the primacom Group data (in the course of finalisation of the opening balances).

The total future minimum lease payments under operating and finance leases came to KEUR 77,757 on 30 September 2016 and KEUR 106,059 for 2015.

E.2 Information on related companies and persons

There were no material changes in the relationships with related companies and persons compared to 31 December 2015.

The following table shows the income and expenses from transactions with related companies and persons:

KEUR	1 Jan to 30 Sep 2016	1 Jan to 30 Sep 2015
Sale of goods and services		
Related companies	2,631	1,610
Purchase of goods and services		
Related companies	-1,720	-2,014
Others		
Related companies		
Other income (+) / expenditure (-)	-19	-889

The increase in the sales of goods and services position is related to the acquisition of Deutsche Netzmarketing GmbH in the third quarter of 2015.

The other net income and expenses mainly include rental income and expenses in the 2015 comparison period toward Stadtwerke Magdeburg, which has not been a related company since the second quarter of 2015.

The decrease in the acquisition of goods and services position as well as in the other net income and expenses is related to the departure of Stadtwerke Magdeburg, which is has not been a related company since the second quarter of 2015.

During the current reporting period, the transactions concerning reimbursement of expenses with related persons came to KEUR 130. Apart from the reimbursement of the cost of the IPO in the amount of KEUR 4,395 (Tele Columbus Management S.à r.l.), there were only minor transactions for the reimbursement of expenses with related companies and persons during the first nine months of 2015.

E.3 Risk Management

E.3.1 Risk management of financial instruments and interest rate risks

In February 2016, two interest caps (interest rate for three-month EURIBOR plus 0.75 %) were acquired at a nominal amount of KEUR 550,000 each, maturing in December 2020.

Moreover, there were no significant changes either to the risk management objectives and methods of the company or the nature and extent of risks arising from financial instruments for the nine-month period ending 30 September 2016 compared to the consolidated financial statements as of 31 December 2015.

E.3.2 Liquidity Risks

The liquidity risk is the risk that the group will not be able to meet its financial obligations with existing liquidity reserves within the time frame required. Liquidity risks can also arise if cash outflows are necessary due to operating activities or investment activities. Furthermore, liquidity risks may arise from financing activities. This would be the case if cash outflows were required in the short term to settle liabilities but sufficient cash inflows are not generated from operating activities to cover expenses and no other liquid assets are available in sufficient quantities to meet such repayments.

Liquidity projections for a specific planning horizon as well as credit facilities available within the Tele Columbus Group of KEUR 75,000 for investing purposes and KEUR 50,000 for general expenses both with a term ending on 02 January 2020 which were unused on the reporting date should ensure a continuous supply of liquidity for operating business activities. Therefore on 30 September 2016, Tele Columbus Group's unused credit facilities came to KEUR 125,000 (2015: KEUR 125,000), of which KEUR 50,000 were a revolving credit line. On 30 September 2016, cash came to KEUR 47,049 (2015: KEUR 85,178).

The following overview shows the contractually agreed maturity dates for loan liabilities:

KEUR	30 September 2016	31 December 2015
Less than one year	12,397	49,909
Between one and five years	1,234,596	1,108,916
More than five years	-	111,963
	1,246,993	1,270,788

The slight decline in the loan liabilities in comparison to 2015 is mainly due to the repayment of the loan liabilities of the pepcom Group with the Deutsche Bank minus the net new borrowing from the refinancing of the subordinated Second Lien loan by the Second Incremental Facility on 30. September 2016.

There were no other relevant changes to the liquidity risk in the first nine months to 30 September 2016.

E.4 Segment information

The Group divides its operative business into two product segments: TV business and Internet and telephony business.

Relationships between the individual segments have been eliminated.

For the detailed description of the segments please refer to the Group Financial Statement as of 31 December 2015.

The following table contains information about the individual reportable segments:

1 Jan to 30 Sep 2016

in KEUR	TV	Internet & Telephony	Other	Group total
Revenue	216,450	104,343	33,373	354,166
Normalised EBITDA	125,345	68,379	-14,592	179,132
Non-recurring expenses / income	-78	-2,056	-27,358	-29,492
EBITDA	**125,267**	**66,323**	**-41,950**	**149,640**

1 Jan to 30 Sep 2015

in KEUR	TV	Internet & Telephony	Other	Group total[1)]
Revenue	126,344	51,316	5,436	183,096
Normalised EBITDA	69,034	32,917	-12,949	89,002
Non-recurring expenses / income	-3,492	-537	-16,610	-20,639
EBITDA	**65,542**	**32,380**	**-29,559**	**68,363**

1) The information on the income from services and connection/disconnection costs in other income was changed and shown in the "sales revenue" item with the corresponding reclassification of the amounts for the previous 2015 reporting period, so that a comparison with the previous year is ensured.

E.5 Further Information regarding the quarterly statement

The further information regarding the quarterly statement summarised below relates to the Tele Columbus Group and represents the asset, financial and profit situation for the quarter ending on 30 September 2016.

E.5.1 Profit Situation

The table below shows the development of the profit situation for the first nine months of 2016 in comparison to the first nine months of 2015.

KEUR	1 Jan to 30 Sep 2016	1 Jan to 30 Sep 2015
Sales revenue	354,166	183,096
EBITDA	***149,640***	***68,363***
Non recurring expenses (+) / income (-)	29,492	20,639
Normalised EBITDA	***179,132***	***89,002***
EBITDA	***149,640***	***68,363***
Financial result	-47,119	-31,421
Depreciation	-123,321	-44,201
Taxes on income	-2,402	-1,163
Net loss for the year	***-23,202***	***-8,422***

The development of revenues is mainly due to the acquisition of the primacom Group and pepcom Group.

Proceeds in the “TV” segment increased by 71,3 % to KEUR 216,450 (comparison period 2015: KEUR 126,344). Proceeds in the “Internet and Telephony” segment showed a significant increase of 103,3 %, from KEUR 51,316 to KEUR 104,343.

Adjusted for the acquisition of primacom and pepcom, revenues in the first three quarters increased in comparison to the previous year by KEUR 2,761 to KEUR 164,408.

The significant decrease of 43.4% in other income to KEUR 12,425 (comparison period 2015: KEUR 21,952) mainly resulted from lower income from the dissolution of provisions and the write-off of liabilities. Furthermore, there were higher than expected IPO costs in the first three quarters of 2015, which were passed on to the former parent company, Tele Columbus Management S.à r.l.

In comparison to the first three quarters of 2015, the cost of materials in the first three quarters of 2016 increased by KEUR 47,014 to KEUR 109,014 (comparison period 2015: KEUR 62,000). This increase was primarily driven by the cost of materials for the primacom Group and the pepcom Group with a total of KEUR 49,967.

Based on factors described above, during the first three quarters of 2016, EBITDA was KEUR 149,640 and had increased in comparison to prior year period by KEUR 81,277 (comparison period 2015: KEUR 68,363). The decrease at the former Tele Columbus Group of KEUR 5,366 is mainly the result of other income. The first three quarters of 2015 included higher than expected IPO costs, which were passed on to the former parent company, Tele Columbus Management S.à r.l.

"Normalised EBITDA" improved by 101.3 % to KEUR 179,132 in comparison to the prior year (comparison period 2015: KEUR 89,002).

The operating margin, which is defined as the ratio of "normalised EBITDA" to sales revenues, therefore increased to 50.6 % in the reporting period (comparison period 2015: 48.6 %).

The negative financial result increased in comparison to the period in the previous year by KEUR 15,698 to KEUR 47,119. This primarily contains interest expenses of KEUR 62,965. This is an increase of KEUR 35,574 (comparison period 2015: KEUR 27,391) in comparison to the prior year period.

Depreciation increased to KEUR 123,321 (comparison period 2015: KEUR 44,201). Of this, KEUR 73,716 is attributable to the addition of the primacom Group and the pepcom Group. Without taking into account the two big acquisitions, there a slight increase in depreciation of KEUR 4,292 to KEUR 40,018 due to higher investments having been recorded.

E.5.2 Asset situation

To 30 September 2016 in comparison with 31 December 2015

The fixed assets decreased by KEUR 26,246 to KEUR 622,324 in comparison to 31 December 2015. This decrease mainly resulted from the lower value of technical equipment. Furthermore, depreciation exceeded the investments in the reporting period.

Intangible assets and goodwill decreased by KEUR 28,227 to KEUR 1,350,609 in comparison to 31 December 2015. This decrease was predominantly driven by the reduction in goodwill of KEUR 4,296 and the customer base of KEUR 26,227. While the decrease in the customer base mainly resulted from depreciation, the reduction in goodwill was a result of adjustments in the opening balances of the pepcom Group and the primacom Group.

Long-term derivative financial instruments (assets) came to KEUR 8,371 on 30 September 2016 (2015: KEUR 13,011 liabilities). They resulted from embedded derivatives and two interest rate caps.

The Group's level of debt from loans and borrowings on 30 September 2016 was KEUR 1,246,993 (2015: KEUR 1,270,788). This corresponds to approx. 58.7 % of the balance sheet total (2015: 57.9 %).

Other long-term financial liabilities came to KEUR 74,080 (2015: KEUR 77,558). This item predominantly contains long-term leasing liabilities as well as liabilities of the pepcom Group to minority shareholders.

Other short-term provisions decreased by KEUR 8,624 in comparison to the prior year and came to KEUR 19,904 (2015: KEUR 28,529). Other short-term provisions mainly include provisions for restructuring, onerous contracts and supplementary payment obligations.

Short-term loans and borrowings from banks came to KEUR 12,397 (2015: KEUR 49,909). The value for the prior year primarily included liabilities of the pepcom Group in the amount of KEUR 40,523, which were replaced by internal group loans.

E.5.3 Financing structure

Lender	Borrower	Total in EUR on 30/09/2016	Share	Total in EUR on 31/12/2015	Share
IPO Facility A	TC AG	373,205,467	29.93%	370,987,323	29.19%
Senior Tranche C	TC AG	427,360,572	34.27%	423,907,171	33.36%
Senior Incremental	TC AG	314,331,166	25.21%	311,783,274	24.53%
Rev. Facility / IPO Facility B&C	TC AG	277,995	0.02%	277,995	0.02%
Second Lien	TC AG	-	-	111,963,406	8.81%
Second Incremental	TC AG	120,153,276	9.64%	-	-
DB Lux / Diverse	Pepcom	1,863,969	0.15%	43,198,374	3.40%
Miscellaneous		9,800,756	0.79%	8,670,594	0.68%
Total		**1,246,993,201**	**100%**	**1,270,788,137**	**100%**

Use of the loans from Tele Columbus AG group financing in the first 9 months was mainly attributable to the repayment of two major pepcom Group loans to Deutsche Bank for a total nominal value of KEUR 40,523. Running counter to this was the net new borrowing of KEUR 7,500 from the refinancing of the Second Lien Tranche by the Second Incremental Tranche and the taking into account of the liabilities from the interest rate caps of KEUR 4,085 concluded in 2016 in the "Miscellaneous" item.

E.5.4 Forecast change report

The forecast presented in the consolidated financial statements as of 31 December 2015 for the 2016 financial year 2016 and after basically remained unchanged as of 30 September 2016.

E.6 Events after the balance sheet date

Amendments to the existing loan agreements

In October 2016, Tele Columbus AG successfully negotiated various adjustments to the existing group financing with the banking syndicate. With effect from 31 October 2016, the terms of the long-term tranches A, C, Incremental I & II for a total of EUR 1.255 billion for 2 years was extended for two years respectively to January 2023, while at the same time the credit margin was reduced by 50 base points to EURIBOR plus 400 base points. This leads to an interest rate saving in the amount of approximately KEUR 6,300 annually. The existing investment credit line and the revolving credit line for a total of KEUR 125,000 remain unchanged.

Furthermore, within the context of the transaction, the four tranches mentioned above were consolidated into a new A tranche of EUR 1.255 billion and an increase in specific baskets was agreed. The latter as well as other minor adjustments to the credit agreements concern the entire current financing of EUR 1.380 billion.

Sale of shares in BGC Breitbandgesellschaft Cottbus mbH

With closing on 06 October 2016, Teleco GmbH Cottbus Telekommunikation, Cottbus, Mietho und Bär Kabelkom Kabelkommunikations-Betriebs GmbH, Gablenz and Funk und Technik GmbH Forst, Forst sold their shares in BGC Breitbandgesellschaft Cottbus mbH, Cottbus. Together, the group companies held 100 % of the shares in BGC Breitbandgesellschaft Cottbus mbH in the amount of KEUR 90, 37 % have been distributed to Teleco GmbH Cottbus Telekommunikation, 26 % to Mietho und Bär Kabelkom Kabelkommunikations-Betriebs GmbH and 37 % to Funk und Technik GmbH Forst in accordance with the participation rates. The total purchase price was KEUR 141 and was paid fully in cash.

Acquisition of kabel.digital.service gmbh

On 8 November 2016 (legally taking effect on 1 January 2017) a share purchase and transfer agreement was concluded by Tele Columbus AG on 100 % of the shares in kabel.digital.service gmbh, based in Frankfurt (Oder). Kabel.digital.service gmbh, in turn, holds 100 % of the shares in Lehmensiek Kabelnetze & Antennentechnik GmbH, based in Lübeck, which focuses on the planning, installation, maintenance, distribution of and the troubleshooting antenna and contracts relating to wide fire distribution systems as well as the mediation and the exclusion of above mentioned tasks. The provisional purchase price is KEUR 7,433.

Restructuring

On 8 November 2016 the negotiations on the so called Sozialplan and Interessenausgleich for pepcom Group were concluded with the works committee. The measures are – as far as provisionable – included in the provision for restructuring.

No other significant events occurred after the balance sheet date.