

Annual Report

2012

# Equity Story:

*Capital Stage AG invests in solar parks and wind farms and is the largest solar park operator in Germany. Solar parks and wind farms yield attractive financial results and predictable cash flows. In times of great turbulence on the stock and bond markets, shares in Capital Stage offer above-average stability.*



## Key-Figures (in TEUR)

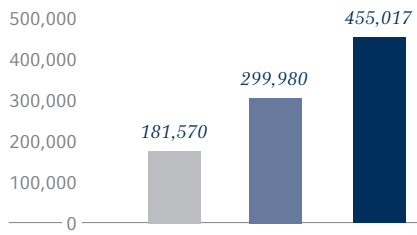
IFRS	2009	2010	2011	2012	+/-	2013 (e)
Revenues	10	12,980	35,463	45,118	+27.23%	60,000
EBITDA	-1,043	13,591	24,774	33,729	+36.15%	44,000
EBIT	-1,127	7,023	13,308	20,546	+54.39%	26,000
EBT	-627	1,772	5,212	9,495	+82.18%	14,000
EAT	-220	1,653	2,497	9,142	+266.12%	n.a.
Balance sheet total	67,041	181,570	299,980	455,017	+51.68%	n.a.
Equity	56,419	63,083	91,586	130,262	+42.23%	n.a.
FFO*	n.a.	4.8	12.7	15.1	+18.90%	n.a.
FFOPS**	n.a.	0.17	0.40	0.32	-20.00%	n.a.

\* FFO: Funds From Operations | \*\* FFOPS: Funds From Operations Per Share

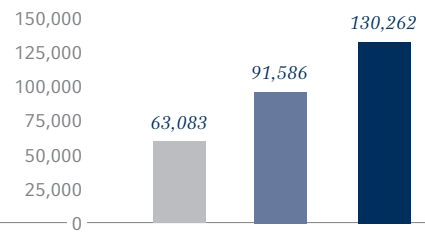
TEUR = Thousand EURO



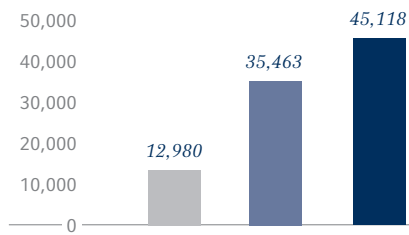
## Balance sheet (in TEUR)



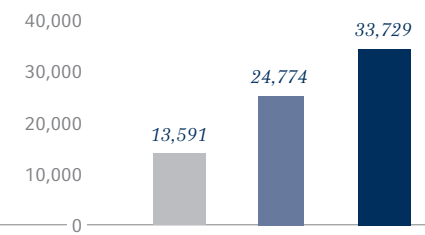
## Equity (in TEUR)



## Revenues (in TEUR)



## EBITDA (in TEUR)



2010 2011 2012

**75%**

Expansion  
of capacity

**60%**

Increase in  
dividend

**27%**

Increase  
in sales

## Highlights

**42%**

Increase in  
equity

**266%**

Increase  
in EAT

**52%**

Increase in  
total assets

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*Felix Goedhart / CEO*



*Dr. Zoltan Bogнар /Member of the Board*

## Dear Shareholders, Ladies and Gentlemen,

2012 was a very positive year for Capital Stage AG. We succeeded in significantly improving all our key company figures. As a result, our position as Germany's biggest solar park operator has been reinforced. The consequent implementation of our strategy - focusing on operating solar parks and wind farms - has been rewarded by increasing turnover and profit margins and ever greater awareness in the capital markets. Our shareholders are pleased by a rising share price and dividends. With a current market capitalisation of over EUR 200 million Capital Stage AG is the second largest listed solar energy company after SMA Technologies AG, and as such a candidate for a listing in the SDAX.

In 2012 the growth of renewable energy continued unabated both in Germany and worldwide. However, due to severe overcapacity and falling prices the productive sector was unable to benefit from this development. Quite the reverse: coverage of the solar sector was again dominated by stories about struggling module manufacturers. However, the capital markets recognised that, at the other end of the value chain, Capital Stage AG operates with growing success.

Renewable energy continues to enjoy widespread support among the general public. The images of the nuclear accident in Fukushima and subsequent reports of the huge costs of clearing up after this disaster have certainly contributed to this. The overriding arguments, though, remain the need for sustainable, low-carbon energy supply coupled with greater energy independence and substantial savings on fuel imports. However necessary, the debate about controlling energy price rises has done nothing to change this fundamental stance. After all, the debate has clearly shown that renewable energy is responsible only for parts of these rises. Capital Stage AG has contributed constructively to this debate and supports all efforts towards the goal, while safeguarding investment security, of developing renewable energy over the coming years to the point where feed-in tariffs will no longer be needed and full grid integration has been achieved.

In 2012 the Group increased the capacity of the solar park and wind farm portfolio from 105 MWp to 175 MWp. The policy of regional diversification has been continued, with the addition of facilities in Germany and northern Italy. These invol-

ved both the acquisition of existing parks and the realisation of our own projects in Germany. A total of eight solar parks and three wind farms were acquired during the course of the year. Over the same period the operations of our operations and management (O&M) company Capital Stage Solar Service GmbH were significantly expanded, with the signing of further service contracts for third-party solar parks. Thus, taking together its internal and external operations, the Group succeeded in expanding its O&M volume to over 130 MW. The Group generated the funds necessary for our business expansion through a capital increase undertaken during February 2012 at an issue price of EUR 3 per share, yielding proceeds of EUR 30.5 million.

In 2012 we achieved turnover of TEUR 45,118 (2011: TEUR 35,463). EBIT was TEUR 20,546 (2011: EUR 13,308) and EBT came in at TEUR 9,495 (2011: 5,212). The consolidated net profit after taxes (IFRS) stood at TEUR 9,142 (2011: 2,497). The Group's balance sheet total rose from almost TEUR 300,000 to TEUR 455,000, and its equity from TEUR 91,586 to TEUR 130,262. The operating cash flow increased from TEUR 14,386 to TEUR 27,108. In light of these figures the Management Board and Supervisory Board decided to propose to the Annual General Meeting the distribution of a dividend of EUR 0.08 (2011: EUR 0.05) per share for the 2012 financial year. The Management Board has now released its first forecasts for 2013. These forecasts are based on the Group's existing portfolio, in other words they do not take into account any new investments. They envisage turnover in excess of TEUR 60,000, with EBIT of over TEUR 26,000 and EBT of over TEUR 14,000. All these figures underscore the highly encouraging performance of our corporation.

Since 2009 Capital Stage AG has positioned itself in the downstream segment of the solar and wind value chain, meaning the operation of plants for the production of renewable energy, and is now Germany's largest solar park operator with 185 MW of power plant output. During 2013 we shall further expand our portfolio of solar parks and wind farms. Our focus lies on the acquisition of existing facilities both in Germany and abroad, and to this end we are continuously analysing a range of attractive investment opportunities. With this strategy we differentiate ourselves fundamentally from other companies in the solar sector, es-

pecially for instance solar module manufacturers and project developers.

Thanks to the capital increase executed in February 2013 Capital Stage AG currently holds funds of around TEUR 20,000, which are available to finance our growth strategy. Capital Stage AG has an experienced team with deep knowledge in all aspects of the acquisition and operation of solar parks and wind farms. From today's perspective, there are no obstacles to the company's continuing growth, and as a result the Capital Stage share will continue to be an attractive option for private and institutional investors alike, offering attractive returns combined with limited risk.

Hamburg, March 2013

The Management Board



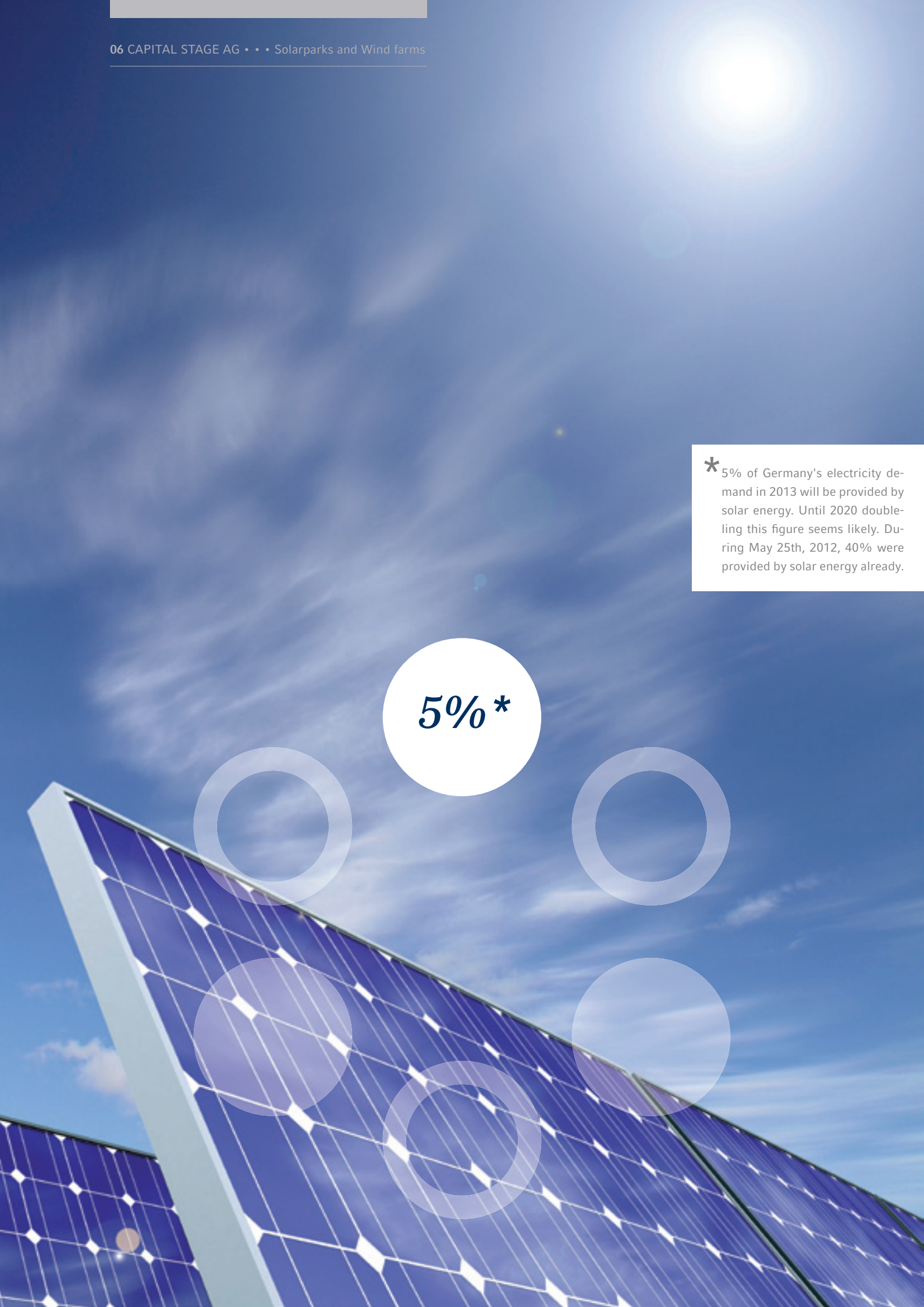
Felix Goedhart  
Chairman



Dr. Zoltan Bognar

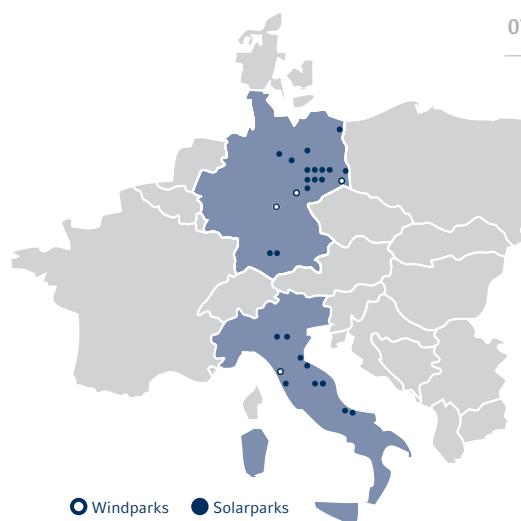
5%\*

\* 5% of Germany's electricity demand in 2013 will be provided by solar energy. Until 2020 doubling this figure seems likely. During May 25th, 2012, 40% were provided by solar energy already.





# Solarparks and Wind farms



Parks in Germany	Performance	Sufficient to Number of households	CO <sub>2</sub> -savings p.a.	Share Capital Stage
	in MWp		in t	in %
Solarpark Brandenburg (Havel) GmbH	18.64	ca. 5,000	ca. 8,000	*51%
Asperg Sechste Solar GmbH (Köthen)	14.8	ca. 4,300	ca. 6,700	100%
Solarpark Roitzsch GmbH	12.7	ca. 4,000	ca. 6,100	100%
Solarpark Lettewitz GmbH	12.6	ca. 3,900	ca. 6,000	100%
Solarpark Neuhausen GmbH	10.6	ca. 3,000	ca. 4,700	100%
Asperg Fünfte Solar GmbH (Stedten)	9.1	ca. 2,500	ca. 4,000	100%
Energiepark Solar GmbH & Co. SP Ramin KG	9.0	ca. 2,900	ca. 4,500	100%
Solarpark Rassnitz GmbH	7.0	ca. 2,000	ca. 3,000	100%
Asperg Erste Solar GmbH (Rödgen)	6.8	ca. 2,000	ca. 3,000	100%
Solarpark Glebitzsch GmbH	3.9	ca. 1,250	ca. 1,900	100%
Asperg Zweite Solar GmbH (Halberstadt)	3.8	ca. 1,200	ca. 1,800	100%
Solarpark Lochau GmbH	3.3	ca. 1,200	ca. 1,800	100%
Krumbach Photovoltaik GmbH	3.0	ca. 950	ca. 1,400	100%
Krumbach Zwei Photovoltaik GmbH	2.0	ca. 650	ca. 1,000	100%
Solarpark Bad Harzburg GmbH	2.0	ca. 600	ca. 900	100%
Solarpark PVA GmbH	1.0	ca. 270	ca. 430	100%
Windkraft Greußen GmbH & Co. KG	22.0	ca. 13,000	ca. 23,090	71,4%
Windkraft Sohland GmbH & Co. KG	6.0	ca. 5,300	ca. 9,779	74,3%
Windpark Gauaschach GmbH & Co. KG	6.0	ca. 4,000	ca. 6,000	100%
<b>Total</b>	<b>154.24</b>	<b>ca. 58,020</b>	<b>ca. 94,099</b>	

Parks in Italy	Performance	Sufficient to Number of households	CO <sub>2</sub> -savings p.a.	Share Capital Stage
	in MWp		in t	in %
DE Stern 10 Srl (Parma)	6.24	ca. 2,200	ca. 3,300	100%
Solarpark Polesine Srl	4.64	ca. 1,600	ca. 2,500	100%
Solar Farm FC1 Srl (Cesena)	3.97	ca. 1,400	ca. 2,300	100%
Alameda Srl (Suvereto)	1.5	ca. 700	ca. 1,100	100%
Casette Srl (Fresa)	1.5	ca. 680	ca. 1,000	100%
Vallone Srl (Cupello)	1.0	ca. 500	ca. 700	100%
Solar Farm FC3 Srl (Forlì)	0.99	ca. 500	ca. 700	100%
Oetzi Srl (Resina I)	0.9	ca. 450	ca. 635	100%
Solar Energy Srl (Resina II)	0.8	ca. 400	ca. 665	100%
Parco Eolico Monte Vitalba Srl	6.0	ca. 4,600	ca. 6,947	85%
<b>Total</b>	<b>27.54</b>	<b>ca. 13,030</b>	<b>ca. 19,847</b>	

<b>Germany + Italy Total</b>	<b>181.78</b>	<b>71,050</b>	<b>113,946</b>	
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1.28m\*





# **T**he German Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz – EEG): a success story<sup>1</sup>

Although the energy turnaround certainly does not come cheap, eventually it will pay off handsomely for the economy as a whole. In a study commissioned by the Federal Ministry for the Environment, the 12 research institutes making up Germany's Renewable Energy Research Association (Forschungsverbund Erneuerbare Energien – FVEE) put the savings generated through the energy turnaround as compared with continuing to use fossil energy sources at 570 billion euros by 2050. The energy turnaround demands major start-up investment, because although installations for the generation of renewable energy have far lower operating costs than fossil fuel-fired power stations and are getting ever cheaper, their initial erection is generally associated with extra costs.

However, one factor which is often overlooked is that, even if we did not convert to renewable energy we would inevitably have to modernise and renovate our existing stock of power stations and power grids. Even if the energy turnaround were stopped in its tracks, electricity prices would continue to rise. Most of the existing power stations are old and will need replacing now or in the near future, and the costs of conventional coal-fired power stations have been rising sharply. The Federal Ministry of Economics has calculated that the cost of building coal-fired power stations rose by over 40 per cent between 2005 and 2010, while the cost of photovoltaic installations fell by 66 per cent between 2006 and 2012.

Whereas solar energy was one of the most expensive sources of power just a few years ago, solar generation costs are now much the same as those for other renewable energy sources. In the medium term, solar power will become one of the most economical sources of energy, even in central Europe. Moreover, in the long term, only developing our own renewable energy sources can protect us from rising oil, gas, coal and uranium prices. Solar energy and wind power represent two central pillars of a secure and affordable energy supply system. Furthermore, since the start-up costs necessary to convert power stations and grids will be borne by many shoulders and spread over many years, they will place hardly any strain on private household budgets. The reality is that the EEG reallocation charge only accounts for 0.3 per cent of an average German household budget.

## **An honest debate about the costs would also have to bear the following facts in mind:**

- If direct government subsidies of conventional fossil energy, and also indirect ones which are still granted in large measure, were transparently paid via people's energy bills, as they are in the case of renewable energy in the form of the EEG reallocation charge, then electricity prices would be significantly higher. In 2012 a 'fossil energy reallocation charge' would have amounted to about ten cents per kilowatt hour, the organisation Green Budget Germany (Forum Ökologisch-Soziale Marktwirtschaft - FÖS) has calculated. By comparison, next year private electricity consumers will pay about five cents per kWh for renewable energy.
- If we look at electricity price increases over the five years from 2006 to 2011, we can see that over half (56 per cent) is attributable to factors not primarily connected with the expansion of renewable energy. These factors include the rising cost of fossil fuels and increasing distribution costs. The German Renewable Energy Federation (Bundesverband Erneuerbare Energien - BEE), forecasts that the subsidy for the expansion of ecological power generation

\* 1.28 million solar systems (32,400 MW) were installed in Germany until the end of 2012.



is likely to rise from 2.1 cents to 2.3 cents per kilowatt hour in 2013. Thus the pure subsidy cost of renewables amounts to less than half the total 2013 EEG reallocation charge, which has risen to 5.27 cents per kilowatt hour.

- Just one fifth of the rise in electricity prices paid by the consumer over the past 12 years can be attributed to solar power. Since the Renewable Energy Act came into force for photovoltaics in 2000, consumer electricity tariffs have risen from 14 cents to the current forecast of about 27 cents in 2013. Of this rise of about 13 cents per kilowatt hour, photovoltaics is accountable for a net share of just 2.5 cents. 25 per cent of 2012 electricity costs and 20 per cent of the electricity price rise during the five years from 2006 to 2011 are made up of taxes and government levies not necessary for the financing of the energy turnaround. For example, if the government stopped charging VAT on the EEG reallocation charge and exempted renewable energy from eco taxes, electricity would be a whole cent per kilowatt hour cheaper. This would save an average household consuming 3,500 kWh per year about 35 euros.
- The simplest way of offsetting the temporary energy turnaround start-up costs is by saving energy. For example, simply by switching off appliances such as television sets rather than leaving them on standby, the average household would save an amount well in excess of the extra costs expected during 2013 for the expansion of renewable energy. The Federal Environment Agency has put the cost of unnecessarily keeping electrical appliances on standby at 90 euros per year for an average household.
- The most important issue is how to allocate the costs of the energy turnaround. In doing so a fair-minded environmental policy is to apply the polluter pays principle. In relation to the energy turnaround this would mean that those who consume more fossil fuel-generated energy and thus harming the climate more should be expected to pay more towards the conversion to renewable sources. However, over recent years this principle has been progressively undermined through the partial or complete exemption from the EEG reallocation charge of

(to date) over 1,400 companies. That means the cost of the energy turnaround is being borne by ever fewer shoulders. As a result, private electricity consumers are paying 30 per cent more for the energy turnaround than they would be without these exemptions.

- Already today renewable energy is reducing the prices payable on the energy exchanges by replacing more expensive electricity produced by fossil fuel-fired power stations during peak periods. However, instead of passing these electricity price cuts on to the consumer, which totalled in the order of 4.18 billion euros during 2012, the main beneficiaries are industrial operations which buy their electricity directly from the energy exchanges. Paradoxically, these energy market price cuts lead to the EEG reallocation charge being increased. This significant cost-cutting effect of renewable energy should be passed on to all electricity consumers by altering the basis on which the prices are calculated.

One factor cheerfully overlooked in the debate about the cost of renewable energy is the huge economic benefits they bring. Even today, at a minimum of 21 billion euros per year the social benefits of renewable energy are far greater than the temporary start-up costs of 13.5 billion euros.

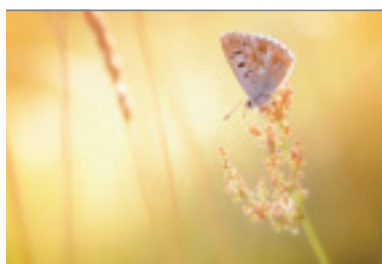


An average of EUR 90 per year can be saved by avoiding standby time.

This differential takes into account the currently higher cost of electricity from regenerative sources as compared with that of cheaper but more polluting electricity generated by conventional power stations. Moreover, on the credit side, according to the German Renewable Energy Agency's figures, in the electricity sector alone beneficial



effects to a value of at least 21 billion euros can be attributed to renewable energy, due to factors such as avoided environmental and climate damage (8 billion euros), communal wealth creation (7.5 billion euros) and energy imports rendered unnecessary (6 billion euros).



Renewable energies are saving about 8 billion Euro by avoiding environmental and climate damages.

### Would further cuts in solar power subsidies generate additional savings?

In the past three years alone the German government has more than halved the Feed-in-Tariffs available for new solar power plants. Furthermore, the latest amendment to the Renewable Energy Act signed off by the German President last August provides for automatic monthly cuts ranging from 1.0 to 2.8 per cent. Thus the extra costs involved in the continuing roll-out of photovoltaics are now negligible. Rapid growth in new installations would not entail a greater financial burden since this would lead automatically to more rapid reductions in subsidy rates. In 2005 substituting one per cent of the German conventional electricity mix with solar technology entailed additional costs for an average household of 1.99 euros per month. However, by next year that figure will have fallen to just 50 eurocents a month. Meanwhile, the extra costs involved in upgrading power grids to cater for the expansion of photovoltaics are also extremely low. According to figures published by the Fraunhofer Institute IWES and the consultancy firm Ecofys, if we assume that solar energy accounts for ten per cent of the electricity mix by 2020, these would come to just 11 eurocents a month for an average household. Against that there will be savings due to reduced grid expansion and lower transmission losses due to a reduction in the distance between electricity generators and consumers. Currently solar energy meets about

five per cent of Germany's electricity demand, and a doubling of this figure to ten per cent by 2020 appears highly likely. Reducing the subsidy rates for solar power plants even faster would not lead to significant savings but could weaken demand for solar power plants and thus put the brakes on the energy turnaround. This would in turn compromise our climate goals and threaten the existence of the SME-dominated solar industry. Both for the economy as a whole and for every individual rapid capping of renewable energy subsidies would not pay off. Indeed, due to consequential climate-related costs, the cost of energy imports and the loss of tens of thousands of jobs, the bottom line would be substantial extra cost.

### Who benefits from photovoltaics?

No other form of energy production is as close to the people as solar energy, nor is any other form so popular with the general public. There are already 1.2 million solar power plants in operation throughout Germany. It is right and proper that everyone should be able to benefit from solar power plants, whether they are home owners or tenants. In many cases people can get involved for sums as low as 100 euros, via the growing number of energy cooperatives operating citizen's solar plants. With returns on investment generally in the four to six per cent range, this currently represents a more attractive proposition than putting the money in a savings account. Meanwhile, due to the steady fall in solar power generation costs an increasing number of companies benefits by meeting a significant proportion of their electricity demand by producing their own electricity, and soon this will not entail any higher remuneration for feeding surplus electricity into the national grid.



Companies can benefit from decreasing production costs of solar power.



**18.63m\***



# The Capital Stage Share

Key information	
Listed since	28.07.1998
Share capital	52,973,158 EUR
Number of shares	52.97m
Stock exchange segment	Prime Standard
2011 dividend per share	0.05 EUR
2012 dividend (e) per share	0.08 EUR
52-week high	3.98 EUR
52-week low	2.85 EUR
Share price (April 11, 2013)	3.84 EUR
Market capitalisation (April 11, 2013)	203.42m EUR
Indices	HASPAX, RENIXX; PPVX
Trading centres	XEXTRA, Frankfurt/Main, Hamburg
ISIN	DE 0006095003
Designated Sponsor	Close Brothers Seydler Bank AG

## Turbulent year on the stock markets

Like 2011, 2012 was strongly affected by the sovereign debt crisis. Although the financial markets began the year with a rally, following the turbulence at the end of 2011. This came to an end in April as the financial situation of the eurozone countries Spain, Italy and France once again deteriorated. As a result, after its initial recovery the leading German index DAX hit its low point for the year at the beginning of June, and only after intervention by the ECB and the European Financial Stability Facility was there any notable calming of the markets. However, over the year as a whole the DAX performed extremely well, ending the year around 25 per cent up. Meanwhile, the MDAX and TecDAX also registered excellent results, being up 34 per cent and 20 per cent respectively, and the SDAX, which represents the comparative index for Capital Stage AG, also registered gains to finish the year 18 per cent up at 5,249.35.

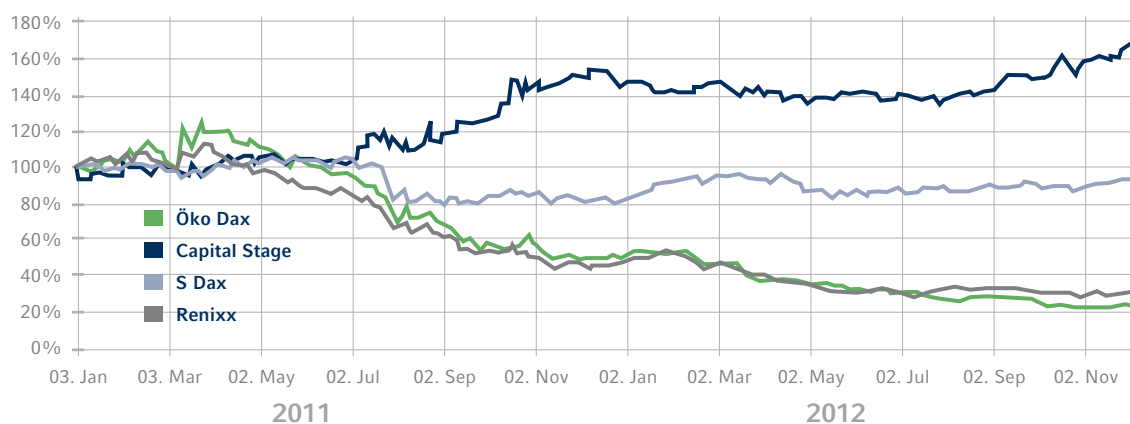
Renewable energy shares continued to suffer last year as a result of growing competition from far eastern manufacturers. Component manufacturers were particularly hard hit, but project developers were also affected. In consequence the sectoral index ÖkoDAX virtually halved in price during 2012, ending the year at just 47.62.

## Capital Stage share reaches ten-year high

In contrast to virtually the entire renewable energy sector, the Capital Stage AG share performed well in 2012. The publication of good trading results coupled with positive news such as the decision to pay a first-time dividend gave the share price a boost. However, general market trends, exacerbated by the intensification of the debt crisis in April, meant that the share hit its low point in June of EUR 2.93 (XETRA). Then from mid-August onwards the share exhibited a strong upward trend, as the continuous expansion of our solar park and wind farm portfolio throughout the summer and autumn, and our admission for trading on the HASPAX and PPVX (Photon Photovoltaik-Index) selection indices, gave the share further impetus. In December reports of the purchase of a solar park in Brandenburg and another one in Northern Italy also saw a surge in the share price. The share closed the year at EUR 3.79, almost 15 per cent up over the year as a whole, and the highest level during the past decade.

\* 18.63 million tonnes – by that amount emissions of carbon dioxide decreased in 2012 by solar power production. Our solar parks provided a savings contribution of approximately 114,000 tonnes.





### Capital increases fully subscribed

During a capital increase at the beginning of 2012 10,285,004 new shares were placed at a price of EUR 3.00 per share, thereby raising the company's equity capital to TEUR 48,400. The company received gross proceeds of EUR 30.85 million.

In February 2013 Capital Stage successfully placed a further capital increase, as 4,163,158 shares were fully subscribed at an issue price of EUR 3.80 per share, thus further increasing the share capital to EUR 52,973,158.

### Increasing market capitalisation and liquidity

Thanks to the share's positive performance in 2012 our market capitalisation also increased. At 200 million on 31 December 2012, it had risen 60% during the course of the year.

### Successful admission to the RENIXX and Prime Standard indices

Since the beginning of 2013 Capital Stage AG shares have been listed on RENIXX World, the oldest index for renewable energy industry equities according to index operator Internationales Wirtschaftsforum Regenerative Energien (IWR) (International Economic Forum for Regenerative Energy). Then in March 2013, with a view to increasing our transparency and in response to growing interest from international investors, Capital Stage was admitted for trading on Frankfurt Stock Exchange's most strongly regulated market segment, the Prime Standard. This means Capital Stage will have to meet a range of requirements, including the publication of quarterly reports in both German and English. By switching to the Prime Standard Capital Stage has also satisfied the requirements for listing on one of Frankfurt Stock Exchange's selection indices.

### Listing on the most important German stock exchanges

In 2012 the Capital Stage AG share was tradable on the regulated market of Frankfurt and Hamburg, Stock Exchange's General Standard and also over the counter in Berlin, Düsseldorf, Munich and Stuttgart. Since April 2007 the share has also been traded on the XETRA electronic trading system. In March 2013 the share was admitted for trading on the Prime Standard.

### Recommendations by analysts

The Capital Stage share was again covered by Warburg Research in 2012, with the publication of a total of nine reports or news flashes and several buy recommendations by M. M. Warburg. The current target price is EUR 4.50. These reports can be viewed on the Capital Stage AG website. At the beginning of 2012 WGZ Bank commenced coverage of Capital Stage AG, and a comprehensive study, arriving at a target price of EUR 4.90, can also be received on our website. This extensive coverage enables interested potential investors to gain an in-depth insight into the Capital Stage business model

### Dividend of EUR 0.08 planned

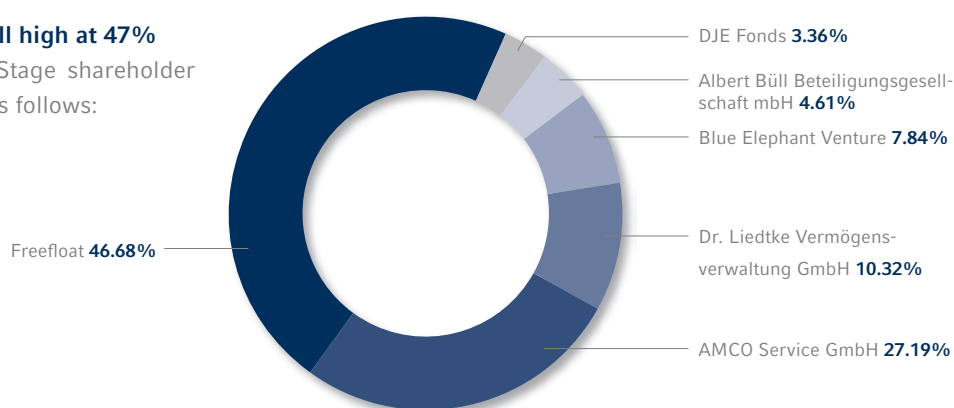
In 2012 Capital Stage paid a dividend to shareholders for the financial year 2011, thus enabling them to participate directly in our success. Based on the price of the Capital Stage AG share on 31 December 2012, this represented a net dividend yield of 2.1 per cent.

For 2013 Management Board and Supervisory Board plan to propose to the Annual General Meeting on 18 June 2013 the distribution of a dividend of 0.08 EUR per share for the 2012 fiscal year.



### Free float still high at 47%

The Capital Stage shareholder structure is as follows:



Shares: 52,97m

### Dialogue with the capital markets

Capital Stage shareholders and the financial community at large are promptly furnished with information on Capital Stage's current situation and all significant events affecting the company. Furthermore, the Management Board regularly reports on developments at Capital Stage through its investor relations and press work.

Because of its experience in the field of renewable energy Capital Stage AG was invited to deliver presentations at various trade conferences in Germany and abroad, among them the Handelsblatt conference Renewable Energy 2012, one of the leading industry events held in Germany. This further underpins the company's reputation in the renewable energy industry and fosters corporate networking.

Capital Stage also regularly contributes to various trade publications, showcasing its specialist expertise in the field of renewable energy.

During 2012 Capital Stage was also present at several capital market conferences such as the German Equity Forum 2012 (Deutsches Eigenkapitalforum 2012), where we answered the questions of prospective shareholders and analysts. Moreover, the management of Capital Stage AG undertakes road shows across Europe in connection with which we meet up with institutional investors and analysts.

Our comprehensive investor relations offering for prospective future shareholders is clearly presented on our website. Alongside financial reports, presentations and publications, analysts' appraisals are also available to download. The site also furnishes details and explanations of our corporate governance policies, as well as everything you need to know about the upcoming Annual General Meeting. On request we will be glad to directly e-mail to you all the latest information published by Capital Stage, and anyone wishing to get in direct personal touch can access expert advice by ringing 040 378562-0. Our dedicated investor relations team will be glad to discuss their questions with market participants of every kind.

#### Financial calendar 2013

Date	Financial Event
28 March	Annual financial statements and consolidated financial statements online
10 May	Annual report
31 May	Quarterly financial report
18 June	2013 Annual General Meeting
30 August	Half-yearly financial report
11–13 November	German Equity Forum in Frankfurt am Main
29 November	Quarterly financial report



325,000\*





# Supervisory board report

Dear Shareholders,

In 2012, the supervisory board discharged its duties and obligations with all due care and attention and in accordance with statutory requirements, the Articles of Association and rules of procedure. In doing so it subjected the Group's commercial and strategic performance to intensive scrutiny.

The supervisory board provided the management board with advice and support in the running of the company, as well as monitoring their executive activities. Furthermore, the supervisory board was directly involved in all decisions of fundamental importance. The supervisory board passed judgement, after in-depth assessment and consultation, on decisions it is required to give its approval to. This requirement is laid down in the law, the Articles of Association and rules of procedure.

The management board provided the supervisory board with continuous, prompt and detailed written and verbal reports on the Group's business performance, economic and financial position and also its investment planning. The management board also kept the supervisory board informed about the Group's risk management and compliance activities. Outside their meetings, the chairman of the supervisory board and management board remained in close contact in order to discuss important business incidents and current business policy issues. Thus the supervisory board was always well informed about the Group's current operational development, principal business occurrences, changes in the key financial figures and significant upcoming decisions. The manage-



*Dr. Manfred Krüper*  
Vorsitzender



*Alexander Stuhlmann*  
stellv. Vorsitzender



*Albert Büll*



*Dr. Cornelius Liedtke*



*Dr. Dr. h.c. Jörn Kreke*

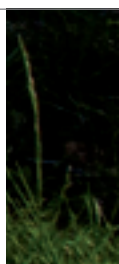


*Prof. Dr. Fritz Vahrenholt*

ment board and supervisory board regularly consult each other concerning the Group's strategic alignment and progress.

The supervisory board's four meetings during 2012 took place on 30 March, 20 June, 27 September and 14 December. Before each supervisory board meeting, the management board furnished the supervisory board's members with comprehensive reports. Where the decisions to be taken required supervisory board consent, the documents included appropriate decision-making presentations. In addition, three decisions were taken in writing via circular resolutions on the basis of discussions held at the meetings plus comprehensive documentation.

\* In Germany 325,000 employees are working in the wind and solar industry - in 2004 there were only 89,000. - Not included are 1,176 sheep on the green fields of our solar parks.



### Central issues discussed

The supervisory board and management board intensively discussed the Group's business performance and the progress of the photovoltaic and wind farm segments. At each of its meetings, the supervisory board received explanations of all matters concerning the Group companies and had the opportunity to engage in in-depth discussions of the Group's current position. Furthermore the management board gave a report at every supervisory board meeting regarding investment opportunities and the current status of the investment process. In the case of projects where completion was impending, the management board furnished the supervisory board with comprehensive details of the due diligence process. Moreover, the management board informed the supervisory board of developments in the relevant sectors and the resultant risks and opportunities.

### Discussions were held and decisions taken on the following principal issues:

- The expansion of our international business activities through the acquisition of three solar parks and one wind farm in Italy
- The expansion of the photovoltaic parks segment through the acquisition of eight further parks
- The expansion of the wind farm segment through the acquisition of three further wind farms
- The reappointment of both management board members
- The first-time payment of a dividend
- The conclusion of a control and profit transfer agreement with Capital Stage Solar Service GmbH
- The execution of a capital increase in February 2012

None of the supervisory board members attended less than half of the meetings.

### Staff committee meetings

The staff committee, which was set up in 2009, previously had a purely advisory function. However, at its meeting on 14 December 2012, the supervisory board decided to expand the committee, thereby conferring on it decision-making power. The staff committee, which comprises Albert Büll, Dr Manfred Krüper and Alexander Stuhlmann, held one meeting during 2012. The principal subjects of its deliberations were the upcoming appointments to the management board and the conclusion of management board contracts

### Personnel

Alongside the regularly recurring issues and investment activities, another principal matter discussed by the supervisory board in 2012 was the reappointment of both management board members. Felix Goedhart was reappointed for the period from 1 November 2012 to 31 October 2015, and was also appointed chairman of the management board (CEO).

Dr Zoltan Bognar was reappointed to the management board for the period from 1 January 2013 to 31 December 2015.

The recurring reappointments to the supervisory board were also on the agenda at the annual general meeting on 20 June 2012.

After serving five years on the supervisory board, Berthold Brinkmann decided not to stand for re-election at the annual general meeting. Accordingly the supervisory board would like to take this opportunity to thank Berthold Brinkmann for his many years of dedicated service to the Company.

At the annual general meeting, Albert Büll, Dr Jörn Kreke, Dr Manfred Krüper, Dr Cornelius Liedtke, Alexander Stuhlmann and Professor Fritz Vahrenholt were appointed to the supervisory board. At its inaugural meeting, also on 20 June 2012, the supervisory board appointed Dr Manfred Krüper as its chairman and Alexander Stuhlmann as deputy chairman.



### Corporate governance

At the supervisory board meeting on 14 December 2012, the declaration of conformity with the Corporate Governance Code pursuant to Section 161 of the German Stock Corporations Act (Aktiengesetz – AktG) was discussed, with specific reference to the amendment of the German Corporate Governance Code which came into force in June 2012, in light of which the decision was taken to update said declaration. Said declaration forms part of the corporate governance statement and can be viewed online at [www.capitalstage.com](http://www.capitalstage.com).

During 2012, there were no conflicts of interest affecting supervisory board or management board members.

The routine efficiency audit passed a positive verdict on the supervisory board's performance.

### Audit and adoption of the annual financial statements, approval of the consolidated financial statements

As resolved by the annual general meeting, the supervisory board appointed the Hamburg branch of auditors Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft to audit the 2012 consolidated financial statements and annual financial statements. The supervisory board also decided on the central issues to be addressed by the audit.

The auditors also examined Capital Stage AG's internal control and early risk detection system and found that the system duly performed its function.

The accounting and annual financial statements of Capital Stage AG, the consolidated financial statements for 2012 and the combined Group and Company management report were scrutinised by the auditors. They were found to be in conformity with the law and with the Company's Articles of Association and were given an unqualified opinion. As soon as they were available, every member of the supervisory board was furnished with copies of the annual financial statements, consolidated financial statements and combined management report and consolidated management report, as well as the auditors' report.

The auditors attended the portion of the supervisory board's financial statements meeting on 21 March 2013 relating to their work, where they reported their principle audit findings and answered

the board's questions. After concluding its own examinations, the supervisory board raised no objections to the annual financial statements, consolidated financial statements and combined management report and consolidated management report. Accordingly the supervisory board duly acknowledged and expressed its agreement with the auditor's report.

The supervisory board has scrutinised and has duly approved the Capital Stage AG annual financial statements, the consolidated financial statements and the combined management report and consolidated management report, as well as the proposal for the appropriation of the distributable profit in conformity with statutory provisions. Pursuant to Section 172 AktG, the annual financial statements have therefore been duly adopted, while the consolidated financial statements were cleared for publication on 28 March 2012. Finally, the supervisory board has endorsed the management board's proposal for the appropriation of the distributable profit for 2012, i.e. the distribution of a dividend of EUR 0.08 per dividend-entitled share.

The supervisory board would like to take this opportunity to thank the management board and all of the Capital Stage Group's employees for their commitment and successful efforts during 2012.

Hamburg, 26 March 2013

On behalf of the supervisory board

  
Dr Manfred Krüper



## Corporate governance report

The principles of corporate governance are an integral part of our responsible, value-oriented approach to management and internal control at the Capital Stage Group. The management board and supervisory board work in an efficient relationship based on trust with the aim to achieve a sustainable increase in corporate value, building the confidence of shareholders, employees and business partners in the way the organisation is managed and supervised. Transparent reporting and a close consideration of shareholders' interests are two expressions of the responsibility embraced by the management board and supervisory board.

### Directors' dealings

Transactions involving securities by those in a managerial position (directors' dealings) must be disclosed under § 15a of the German Securities Trading Act (WpHG). In 2012, the members of the management board and supervisory board and other senior executives adhered to applicable reporting requirements of the Securities Trading Act with respect to transactions involving shares in Capital Stage. We have published the relevant notifications about these transactions in 2012 online at [www.capitalstage.com](http://www.capitalstage.com) under 'Investor Relations/Directors' Dealings'.

Based on the transactions notified pursuant to § 15a WpHG, on 31 December 2012 the management board was in possession of notifiable assets under Item 6.6 of the German Corporate Governance Code. On this date, the management board was entitled to voting rights consisting of 2.6% of the shares of Capital Stage AG.

The notifiable holdings of members of the supervisory board under Item 6.6 of the German Corporate Governance Code amounted to 19.9% on 31 December 2012 based on the transactions notified pursuant to § 15a WpHG. The increase in supervisory board members' holdings requiring disclosure as compared with 2011 is the result of the corporate restructuring during the year of the supervisory board members' companies and consequent changes in allocations pursuant to the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG).

### No conflicts of interest

There were no conflicts of interest between members of the management board and the supervisory board, and there is a policy in place whereby any such conflict is immediately made known to the supervisory board. In the opinion of the supervisory board, the same body has a sufficient number of independent members. As a result of a scheduled efficiency audit, the supervisory board determined that its work is organised efficiently and the cooperation between the management board and the supervisory board is very good. No contracts were made between a member of the supervisory board and the company during the reporting period for consulting, other services, or employment.

### Remuneration report

To create long-term incentives, management board members are granted share options under the share option programme. The subscription rights attached to the share options may only be exercised after a two-year waiting period. The subscription price (exercise price) is the arithmetic mean of the closing price of Capital Stage AG shares in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) on the last five trading days preceding the date on which the options are granted. A condition for the exercise of subscription rights is that the performance target has been met. The performance target has been achieved if the price of shares in Capital Stage AG in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange exceeds the exercise price by at least 25% during the ten trading days preceding the date on which the subscription rights are exercised. The applicable exercise period shall be that period in which the relevant subscription rights may first be exercised, having reached or exceeded the performance target.

Full details of the share option programme and the valuation process can be found in the notes to the consolidated financial statements.

Management board members receive a gross annual salary for their services. They also receive a variable remuneration package depending on re-

sults and performance (annual bonus). This is calculated and awarded by the supervisory board based on a proposed figure by the staff committee for the previous financial year, taking into account company profit, the financial position of the company and the performance of the management board. The annual bonus becomes due for payment immediately after the supervisory board meeting in which the corresponding annual financial statements are approved and the bonus is fixed.

No substantially different compensation payments will be made in case employment of the board members is terminated.

The management board remuneration during 2012 came to EUR 1,166,000. This amount breaks down as follows:

in EUR	Fixed remuneration	Performance-related Remuneration Financial years 2011 + 2012	Components with long-term incentives
Felix Goedhart	281,308.18	200,000.00 275,000.00	1,431.54
Dr. Zoltan Bognar	257,208.72	150,000.00	1,431.54

The performance-related remuneration was set by the supervisory board after due consideration of the annual result achieved, the Group's economic circumstances, and the management board's performance during 2011. In addition, the supervisory board granted the management board members options to 160,000 shares at an option price of EUR 3.08 per share. This was in line with the share option programme set up in 2007 (AOP 2007). The associated expense carried in the 2012 consolidated income statement was EUR 3,000.

The management board remuneration also includes a provision for Felix Goedhart's performance-related remuneration. Unlike in previous years, it proved necessary to set up this provision to cater for the fact that Felix Goedhart's prevailing employment contract since 1 November 2012 provides for the calculation of the performance-related remuneration on the basis of the IFRS consolidated results.

The total remuneration earmarked for the activities of the supervisory board in the financial year amount to EUR 223,000. According to § 15 paragraph 1 of the Articles of Association, the supervisory board members receive a level of remuneration determined by the annual general meeting that should not fall below EUR 15,000 for each member, or EUR 30,000 for the chairperson and EUR 22,500 for the deputy chairperson.

The sums set aside are based on the remuneration assigned by the annual general meeting for the 2011 financial year. A new supervisory board of

Capital Stage AG was elected by the annual general meeting on 20 June 2012. Supervisory board members' terms of office run until the end of the annual general meeting during which formal approval is given of that member's conduct in the fourth financial year of his or her term of office.

#### **Independence of the auditor**

Independence of the auditor Prior to the submission of a proposal to the AGM for the appointment of an auditor for the 2013 annual accounts, the supervisory board obtained a declaration of an auditing company. The declaration includes a statement that no relationships of a business, financial, personal or any other nature that may cast doubt on the independence of the auditor exist between the auditing company, its institutions and the chief auditors on the one hand, and between the company and its institution members on the other hand. The declaration also includes a statement to confirm that no consulting services were provided by this auditing company in the previous financial year, and that no such services had been agreed for the 2013 financial year.

#### **Declaration on corporate governance pursuant to § 289a**

##### **Description of the work of the management board and supervisory board and their composition**

#### **Management board**

The management board of Capital Stage AG has consisted of two members since the 2010 fiscal year, and there is one chairman. By-laws govern



the various responsibilities and cooperation within the board. When appointing management board members and other leadership roles, effort is made to represent women adequately.

The additional appointments of the board members are shown in the notes to the company financial statements and the consolidated financial statements.

### **Supervisory board**

The supervisory board monitors the activities of the management board and offers advice in accordance with the provisions of company law and internal by-laws. The supervisory board of Capital Stage AG consists of six professionally qualified members who represent the shareholders of Capital Stage AG. As chairman of the supervisory board, Dr Manfred Krüper coordinates its work, leads supervisory board meetings and attends to the affairs of the supervisory board externally. Each member of the supervisory board is independent and has many years of business experience. The members were duly elected by the shareholders at the annual general meeting. The chairman of the supervisory board is not a former member of the management board at Capital Stage AG.

The supervisory board has established rules of procedure.

The supervisory board has not set any specific goals to optimise its composition. Since 2007, the supervisory board has operated in a composition that is exceptionally well suited to the specific situation of Capital Stage AG. There is therefore no need to optimise the composition of its members.

The supervisory board members are required to disclose any existing conflicts of interest to the chairman of the supervisory board regarding individual decisions. The supervisory board sets out in its report to the annual general meeting whether any conflicts of interest arose and how they were treated. If a supervisory board member has a substantial and not merely temporary conflict of interest, this should result in the termination of the mandate.

The supervisory board members have no business or personal relationship to Capital Stage AG that could represent a conflict of interest and therefore a limited level of independence.

Contracts for consulting, other services or employment between a member of the supervisory board and the company are subject to the approval of the supervisory board.

Specific information about the work of the supervisory board can be found in the supervisory board's report on the relevant pages of the annual report.

Capital Stage AG has arranged D and O insurance for members of the supervisory board which, in line with international standards, does not include an excess. Furthermore, Capital Stage is of the opinion that an agreement to pay an excess would not be appropriate to improve the sense of responsibility with which the members of the supervisory board perform their assigned tasks and functions

The additional appointments of the board members are shown in the notes to the company financial statements and the consolidated financial statements.

### **Staff committee**

The central task of the staff committee is to prepare matters relating to personnel that are to be decided by the supervisory board. These include, in particular, managing the selection process for the management board, appointing members, compiling and negotiating executive employment contracts, and granting share options to management board members and high-performance staff at Capital Stage AG. As a rule, the decisions of the supervisory board are made collectively by the entire supervisory board; the committee has an advisory role only.

The supervisory board has decided not to form additional committees. Operating as a complete body, the supervisory board ensures the efficiency of its work and the successful handling of complex issues. The creation of an audit committee, nomination committee or a committee for any other topic would result in increased organisational costs for both the supervisory board members and the company. Furthermore, due to the company's size and the number of supervisory board members, it has proved a practical solution for the entire supervisory board to work together.

### **Cooperation between the management board and supervisory board**

In accordance with statutory requirements, there is a dual management system at Capital Stage AG

with a clear separation between management and supervisory functions. The management board has sole responsibility for running the company. The supervisory board of Capital Stage AG is composed of members elected by the AGM and is active in a supervisory and advisory capacity. The two bodies are strictly separated in terms of membership and with respect to their responsibilities.

The management board and supervisory boards work closely together in a trusting relationship for the benefit of Capital Stage. The management board develops the strategic direction of Capital Stage, discusses it with the supervisory board and ensures it is implemented in the company. The management board provides a prompt and continuous stream of information to the supervisory board covering all aspects of business development, strategy, planning and risk management at Capital Stage. In particular, the chairman of the management board is in regular contact with the chairman of the supervisory board. Whenever there is an event of major significance for an assessment of the current situation, future developments or general management of the company, the chairman of the management board informs the chairman of the supervisory board without delay. For dealings of fundamental importance, approval requirements are set out in the Articles of Association or by the supervisory board. Such dealings include decisions or measures that fundamentally change the financial position or profitability of the company.

Due to the close cooperation between the management board and supervisory board, the supervisory board has waived the requirement for an additional discussion about biannual and quarterly financial reports prior to publication. Such a requirement would not provide any additional information to serve the board, yet it would result in increased organisational costs for the supervisory board members and the company.

#### **Relevant information about corporate governance practices**

The corporate governance principles are based on the German Corporate Governance Code. The management board and supervisory board constantly focus on the recommendations and suggestions of the code and monitor its implementation, taking into account the annual declaration of compliance that has to be submitted by the management board and supervisory board.

The shareholders of Capital Stage AG are regularly kept up to date regarding the company situation and any significant changes on the business side. To provide comprehensive and timely information that is accessible to all, Capital Stage mainly uses the Internet. Shareholders are informed about important dates with a financial calendar. This is included in the annual report and can be found online at [www.capitalstage.com](http://www.capitalstage.com) under 'Investor Relations/Financial Calendar'.

Reports on the financial situation and business results of Capital Stage AG are presented in the annual report, the half-year financial report and quarterly financial reports.

Any events that occur at Capital Stage AG outside the regular reporting intervals and that are likely to have a significant effect on the price of company shares will be announced in ad hoc reports.

Under § 10 of the German Securities Prospectus Act, Capital Stage AG is required to publish a document each year (an 'annual document') that summarises all publications from the preceding twelve months that relate to corporate and capital market law.

The financial calendar and the annual document are available online at [www.capitalstage.com](http://www.capitalstage.com) under 'Investor Relations'. Ad hoc notifications and press releases can be found under 'Press/Ad hoc' on the same website.

Good corporate governance also involves a responsible approach to risks. The management board ensures there is an appropriate risk management system in place and controls the overall risk position of the company. The supervisory board is frequently told about existing risks and their development by the management board. Details about risk management can be found in the combined report under the 'Risk Report' section.

#### **Annual general meeting**

The shareholders of Capital Stage AG exercise their rights at the annual general meeting and use their voting rights.

Shareholders have the opportunity to cast their votes at the annual general meeting either in person, by nominating a proxy of their choice, or by sending an authorised representative of the company

bound by written instructions. However, there are no provisions for postal voting in the Articles of Association.

#### Accounting and auditing

An auditor is selected by the AGM in accordance with the statutory provisions. A detailed explanation of the rules for Group accounting can be found in the notes to the consolidated financial statements.

#### Declaration by the management board and supervisory board of Capital Stage AG on the recommendations of the governmental commission on the German Corporate Governance Codeas per § 161 of the German Companies Act (AktG)

Capital Stage AG complies with the recommendations of the new version of the Corporate Governance Code revised on 15 May 2012 and published in the official section of the electronic Bundesanzeiger newspaper on 15 June 2012 with the following exceptions (numbers in parentheses correspond to the numbering of the Corporate Governance Code):

- Invitation to the annual general meeting, postal voting, voting proxies (Items 2.3, 2.3.1 and 2.3.3).

The adjustments to the Articles of Association agreed on at the annual general meeting of 18 June 2010 in line with the Act Implementing the Shareholders' Rights Directive (ARUG) do not provide an opportunity for postal voting.

- The directors and officers liability insurance for the supervisory board does not include an excess (Item 3.8).

For members of the supervisory board, there is D and O insurance that does not include an excess, and this conforms to international standards.

Furthermore, Capital Stage is of the opinion that an agreement to pay an excess would not be appropriate to improve the sense of responsibility with which the members of the supervisory board perform their assigned tasks and functions.

- The supervisory board has not appointed an audit committee or a nomination committee (Items 5.3.2 and 5.3.3)

The supervisory board has decided not to form an audit committee or a nomination committee.

Operating as a complete body, the supervisory board ensures the efficiency of its work and the successful handling of complex issues.

The formation of an audit committee and nomination committee would result in increased organisational costs for both the supervisory board members and the company.

Furthermore, due to the company's size and the number of supervisory board members, it has proved a practical solution for the entire supervisory board to work together.

- The supervisory board has named no specific targets for its composition (Item 5.4.1).

Since 2007, the supervisory board of Capital Stage AG has operated as a team in a composition that is well adapted to the specific situation of the company.

There is no need to optimise the composition. For this reason, the supervisory board has not defined any targets in this regard.

- The remuneration structure for board members contains only a fixed component and no performance-related component (Item 5.4.6).

Supervisory board members receive only a fixed remuneration package. However, this is to be decided by the annual general meeting in accordance with § 15, Paragraph 1 of the Articles of Association.

The amount of time required by each member and the profit situation of the relevant financial year are taken into account.

- The supervisory board or its audit committee should discuss biannual financial reports and any quarterly financial reports with the management board before they are published (Item 7.1.2).



At all times, the management board takes prompt action to ensure that the supervisory board is kept fully informed of the latest developments regarding net assets, financial status and profitability.

Due to the close cooperation between the management board and supervisory board, the supervisory board has waived the requirement for an additional discussion about biannual and quarterly financial reports. Such a requirement would result in increased organisational costs for the supervisory board members and the company, but it would not provide any additional information to serve the board.

This declaration replaces the declaration of December 2012. Since December 2012, Capital Stage AG has conformed to the recommendations of the Corporate Governance Code as amended on 26 May 2010 with the exceptions set out in the declaration of compliance of December 2012.

Hamburg, April 2013

On behalf of the supervisory board



Dr Manfred Krüper

On behalf of the management board



Felix Goedhart



**6.8m\***



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\* 6.8 million three-person households cover – arithmetically – their electricity demands by the installed capacity of photovoltaic systems (around 28 gigawatts). – Our systems already generate clean energy for approximately 71,050 households.





# Combined management report and consolidated management report for Capital Stage AG, Hamburg for the 2012 financial year

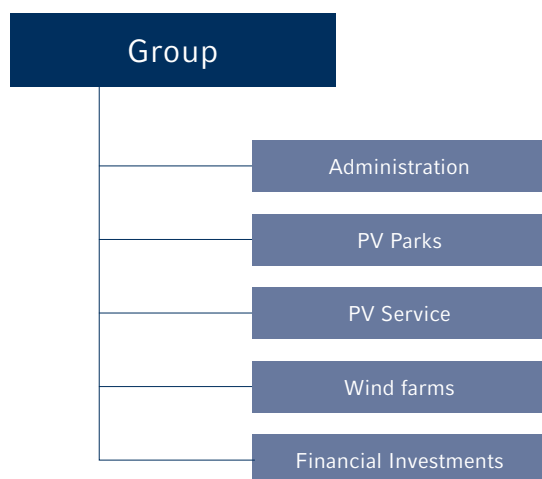
## Business activity

Capital Stage is Germany's largest solar park operator. With their 175 MW capacity, our 28 solar parks and wind farms provide clean energy for some 71,000 households. The Group thus makes a contribution to protecting the climate and increasing our independence from energy imports. Our investments in photovoltaic and wind power plants are complemented by the Solar Service division. A subsidiary in Germany and an investment partner in Italy provide the Group with technical and O&M services in the planning, setting up and operation of our solar parks.

The Group also holds two minor financial investments in companies operating in the PV and Solar-thermal sector.

## Group structure

This diagram shows the Group's segments as of 31 December 2012:



## Strategy

The Capital Stage Group acquires and operates solar parks and wind farms. Due to their stable, predictable revenue, solar parks and wind farms offer a good risk–return ratio. As an operator of solar and wind facilities the Group is entirely independent of business trends in the manufacturing segment – and we do indeed benefit from the fierce competition among module producers. The deve-

lopment of our portfolio will be pursued consequently, and the acquisition pipeline currently features projects with a total capacity of over 200 MW both in Germany and abroad, in view of which further growth is a realistic prospect.

Our focus is on OECD countries, where feed-in tariff systems are in place whereby the law guarantees the rates of remuneration per kilowatt hour over a period of 15 to 25 years. Further investment criteria are: a good location, a stable, reliable legal system, experienced project developers or general contractors, the use of first-class components, sound financial backing and, last but not least, attractive returns.

As well as the acquisition and running of operationally ready solar parks, the Capital Stage Group is also active at other stages along the value chain, most significantly in the technical management (O&M) of existing parks, a field which offers attractive margins. In Germany only the Group also provides project development services. The principle advantages over acquiring completed parks are the better project structuring opportunities and optimised returns.

## Macroeconomic framework

### The economy

As expected the German economy experienced no more than sluggish growth during 2012. According to the German federal statistical office Destatis, the price-adjusted 2012 gross domestic product (GDP) rose by 0.7%. The economy cooled off markedly during the second half of the year after somewhat stronger growth during the first two quarters.

Despite the difficult global economic environment, foreign trade remained very robust, with Germany's price-adjusted 2012 exports of goods and services up 4.1% on the 2011 figure. During the same period imports rose by just 2.3%. This positive balance of trade contributed 1.1 percentage points to 2012 GDP growth, thereby yet again constituting the most im-

portant engine of growth for the German economy. Domestic demand showed a variable picture. Although consumption in Germany went up, for the first time since the 2009 economic crisis investment failed to make any positive contribution to GDP growth, in some cases even falling sharply.

GDP across the EU fell by 0.5% in 2012 (source: Eurostat), and the US economy also slid into negative figures towards the end of the year. This spelt a disappointing end to 2012 for the USA, after the world's biggest economy had registered growth during the first three quarters. The year's end downturn was chiefly due to falling government spending and weak exports.

### Stock markets

After registering sharp losses from mid-March to early June, the DAX recovered strongly to post a 29% increase for 2012 as a whole.

The SDAX was somewhat less dynamic, but still recorded a 19% rise during 2012.

The Capital Stage AG share was admitted for trading on the HASPAX on 1 September 2012. The HASPAX is a performance index which tracks not just the prices of individual shares but also their dividends. It lists the 25 most successful listed companies in the Hamburg metropolitan region, thus reflecting Hamburg's mix of sectors and providing insight into current changes within the regional economic structure. The HASPAX committee reappraises the make-up of the index once a year.

The PPVX (PHOTON photovoltaic equities index), to which the Capital Stage share was admitted on 16 July 2012, has lost over 40 percentage points since the beginning of the year, a slump which only the leading trio of shares on the index have managed to avoid. Apart from Capital Stage AG, this leading trio comprises the equities of Sunrise Global Solar Energy and Power One.

On 1 January 2013 the Capital Stage AG share was admitted for trading on yet another index, the RENIXX World. The reason for the share's admittance to the index was the rising market capitalisation of Capital Stage AG, which then stood at around EUR 190 million. Capital Stage is carried in RENIXX in the Utility sector. The RENIXX® (Renewable Energy Industrial Index) is the first index to portray the performance of the world's 30

leading listed companies in the fast-rising regenerative energy industry.

### Legal and political factors

#### German Renewable Energy Act (Erneuerbare-Energien-Gesetz – EEG)

Thanks to the EEG, regarded as one of the world's most successful pieces of legislation for the promotion of renewable energy, the sector has registered impressive progress over recent years in Germany. Between the passing of the EEG in 2000 and the end of 2012, a total of over 32 gigawatts of solar and 31.3 gigawatts of wind power have come into operation.

#### The core elements of the EEG are:

- priority connection of installations producing electricity from renewable energy
- priority acceptance and transmission of electricity generated from renewable sources and
- constant payment by the grid operator for the electricity produced by commissioned installations over a long period, generally 20 years.

The payment of fixed rates of remuneration higher than those on the general energy market is financed by a levy on energy bills. This EEG levy is exacted pro rata on all electricity consumers via their electricity bills. As a result, the activities of renewable energy providers are founded on a broad societal base, thus avoiding the direct subsidising of regenerative energy from government funds.

In the past the highest sums paid under the EEG were for electricity produced from solar energy. This changed in 2012, however, with energy produced by off-shore wind farms now attracting the highest payment of 15 cents per kWh. The remuneration paid for photovoltaic plants and on-shore wind farms over a period of 20 years is based on the rates applying in their year of commissioning, as determined by the size of the installation.

To ensure the constant furtherance of innovation, cost cutting and grid parity (i.e., equality of cost of electricity produced from renewable energy as compared with conventional power stations), amendments to the EEG were enacted on 1 August 2004, 1 January 2009 and 1 January 2012. These embodied changes are in relation to volumes of financial support, remuneration rates and classes.

These parameters are reassessed at regular intervals and adjusted to reflect degrees of market penetration and technological progress. The initial 5% per annum decreases in remuneration rates are raised, depending on capacity expansion, to a maximum of 24%.

Here are the remuneration rates for ground mounted photovoltaic installations, Capital Stage's preferred segment:

Year/Remuneration in Cent/kWh	2004	2005	2006	2007	2008	2009	2010	2010 July	2010 Oct.	2011	2012 Jan.	2012 Jul. - 30.09.
Converted land	45.70	43.40	40.60	37.96	35.49	31.94	28.43	26.16	25.37	22.07	18.76	15.95
Arable land	45.70	43.40	40.60	37.96	35.49	31.94	28.43	-	-	-	-	-
Other areas	45.70	43.40	40.60	37.96	35.49	31.94	28.43	25.02	24.26	21.11	17.94	15.25

of the EEG-compliant commissioning of the project by the qualifying date, the rates of remuneration set out in the above table were able to be secured up to this date.

However, the following rates apply to all new ground mounted projects:

Year/Remuneration in Cent/kWh	2012										2013			
	Apr.	Mar.	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	
Converted and other land up to 10 MW	13.50	13.37	13.23	13.10	12.97	12.84	12.71	12.39	12.08	11.78	11.52	11.27	11.02	
Reduction p.M.	-	1.0	1.0	1.0	1.0	1.0	1.0	2.5	2.5	2.5	2.2	2.2	2.2	

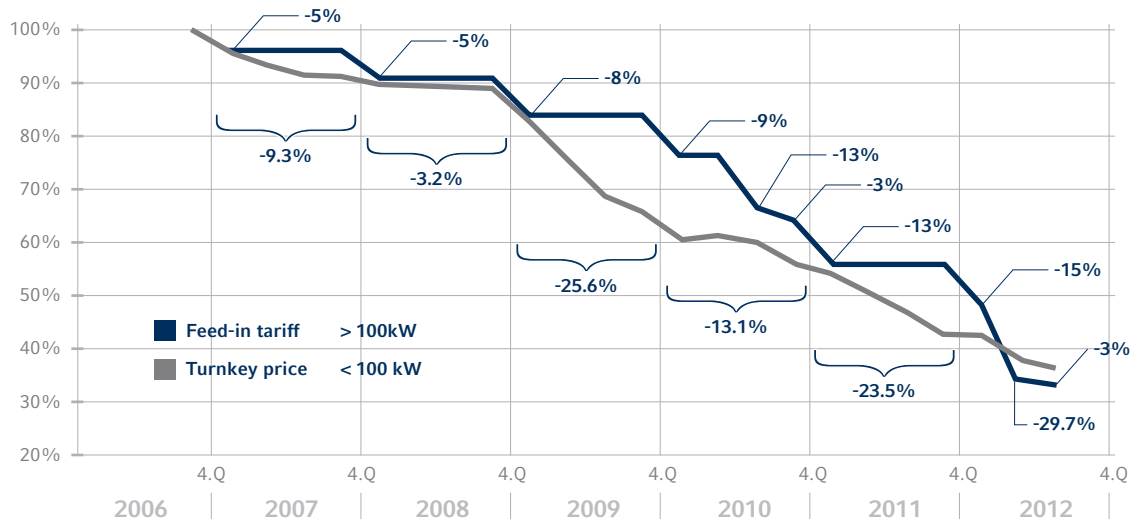
assessed after three months to determine whether new installations mean that the federal government's capacity expansion window has been exceeded – in which case the remuneration will be readjusted. Accordingly, the remuneration fell by 70% between 2008 and the end of 2012 alone. During the same period the system costs also fell markedly. The pace of the cuts was thus significantly faster than envisaged when the EEG came into force.

Due to the 10 MW ceiling and the cuts in the feed-in tariff for free-standing installations, the brakes have been put on solar energy just as it was set to finally become competitive. Because of its decen-

trated nature and price-cutting effect on the electricity market, solar energy offers substantial benefits. However, the government's decisions mean that in future, small roof-mounted systems will be favoured. These systems receive a significantly higher tariff. This will result in solar energy becoming considerably more expensive for the general public than it has to be. This sends out a false signal given the objectives of the energy turnaround. Furthermore, as a result of this so-called 'breathing ceiling', it should be noted that the remuneration for new photovoltaic installations is set to fall further, meaning that in the near future photovoltaic electricity will be produced in Germany for less than 10 cents per kWh.

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Source: BSW-Solar/IZES

As a result of the cuts in remuneration for free-standing solar installations, offshore wind energy is now the renewable energy source attracting the highest feed-in tariff. However, off-shore wind energy is also associated with huge extra costs for the connection with the land, building the required power grid and transporting electricity from northern to southern Germany, as well as the cost of insuring the installations. Onshore wind farms continue to attract the lowest remuneration rates, at a total of around nine cents per kWh.

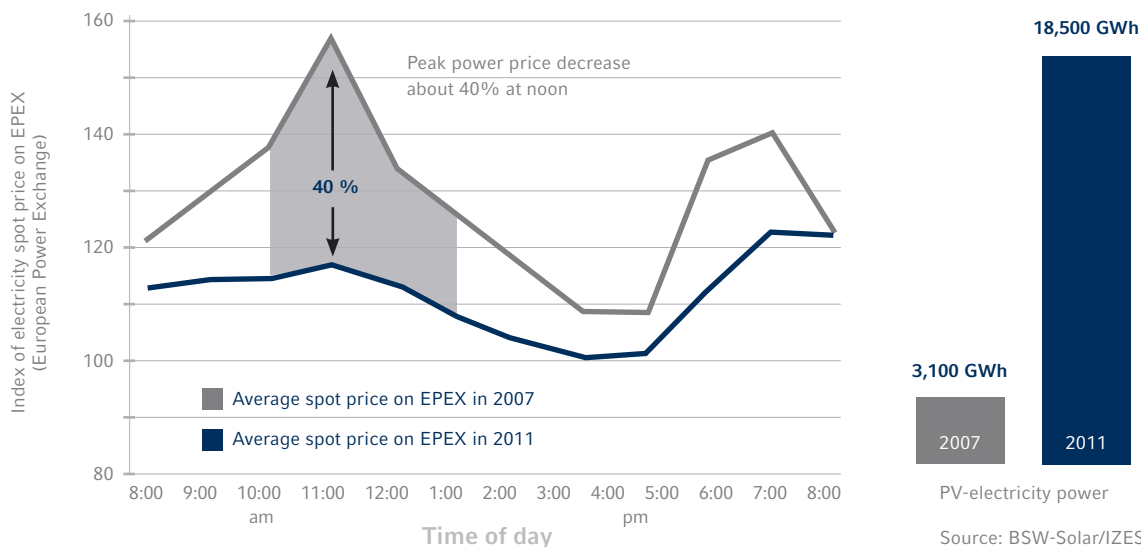
park portfolio in consultation with our financing partners. The system involves the solar energy produced by the solar parks being sold at market price on the energy markets via a direct marketer. On top of the market price received, the market premium for the solar energy continues to be paid by the energy provider in question, the total amount received thus corresponding to 100% of the remuneration laid down in the EEG. The direct marketer pays a monthly bonus to the project companies responsible for operating the solar electricity direct-marketing system.

### Direct marketing

Since 2012 Capital Stage AG has been introducing a direct marketing system for its German solar

By introducing the direct marketing of the electricity produced by its German solar park portfolio,

### With the expansion of solar power market electricity prices fall



Source: BSW-Solar/IZES

Capital Stage AG is making a contribution to the sustained reduction in electricity prices, to the benefit of society as a whole.

### Current political debate

The EEG amendment which came into force on 1 April 2012 stipulates that, once installed production exceeds 52,000 MWp (as against production on 31 December 2012 of 32,389 MWp), newly installed photovoltaic plants will receive no financial support. This is on the grounds that, by that point, grid parity with conventional energy producers can be deemed to have been achieved and, in view of which, should be able to compete successfully on the open market.

The increase in electricity prices at the start of the year has triggered a political debate concerning the ongoing development of alternative energy, and in particular photovoltaics. Photovoltaics have been singled out as bearing the chief responsibility for the sharp increase in the proportion of electricity prices attributable to the EEG levy. However, the first ground mounted projects are now supplying major industrial areas with electricity under direct marketing arrangements, thus contributing to the establishment of a decentralised, cost-efficient electricity supply system. Furthermore, EEG electricity demonstrably contributes to lower up the market price of electricity. The public acceptance of renewable energy producers, and in particular photovoltaics, is still great.

It is right to have a debate on the need for a brake on rising electricity prices, but there is sometimes a very one-sided stance on the matter. After the decision to abandon nuclear power, the acceptance of renewable energy producers has a broad societal base, as production increase figures clearly demonstrate.

### Italy: Conto Energia Photovoltaics

The Italian photovoltaic industry has also enjoyed strong growth in recent years, making it the world's third-largest photovoltaics market in 2012 after Germany and China. Italy's Conto Energia plays a similar role to the German EEG in regulating the prioritisation of electricity generated from renewable sources and guaranteeing a 20-year remuneration period from the date of commissioning. However, the new Conto Energia V, passed on 27 August 2012, involves significant cuts in the

subsidies available in Italy. The sector should nevertheless continue to enjoy steady growth, reaching grid parity in the medium term.

Conto Energia V embodies the following principal changes:

1. All photovoltaic installations generating over 12 kWp must be registered;
2. Budget cap of EUR 6.76 billion, of which EUR 5.7 billion has already been paid out according to the GSE energy agency;
3. In future only a 'tariffa omnicomprensiva' will be paid, so that no additional remuneration can be generated via electricity consumption.

The registration requirement means that photovoltaic installations only receive subsidised tariffs, if they are entered in the corresponding register and the following budget caps are not surpassed:

- a) 1st register: EUR 140 million,
- b) 2nd register: EUR 120 million,
- c) Subsequent registers: EUR 80 million per register until the EUR 6.76 billion upper limit is reached.

The total amount of subsidy funds available will be reassessed every six months. If the available resources are not exhausted in a given six-month period, the remaining sum will be carried forward to the following such period. Conversely, if the funding allocated for a given six-month period is exceeded, the subsidy limit available for the following period will be cut accordingly.

The new compensation systems provides a unitary tariff for the volume of energy fed into the grid, plus a premium for the supplier's own consumption. As of 2013 the following remuneration rates apply:

in EUR/kWh	Building-mounted installations		Other installations	
	Unitary tariff	Own consumption	Unitary tariff	Own consumption
1 < P < 3	0.208	0.126	0.201	0.119
3 < P < 20	0.196	0.114	0.189	0.107
20 < P < 200	0.175	0.093	0.168	0.086
200 < P < 1000	0.142	0.060	0.135	0.053
1.000 < P < 5000	0.126	0.044	0.120	0.038
P > 5000	0.119	0.037	0.113	0.031

If the subsidy limit has not been reached, installations coming online after the fifth six-month period, which commences on 27 February 2015, will be subject to a tariff reduction of 15% per six-month period.

In southern Italy, the first projects with no fixed tariff are being developed.

Despite the subsidy reductions investment conditions remain investor-friendly. Accordingly, Capital Stage AG is keeping the Italian photovoltaic market under close observation and is continuing to focus on the acquisition of operating solar parks with a guaranteed remuneration over a 20-year period.

### Wind

The rapid increase in onshore wind farms over recent years, also due to generous incentives, has led in some cases to the construction of inefficient wind farms.

The new regulations laid down in the Ministerial Decree of 6 July 2012 have the aim of more efficient subsidy allocation, as well as limiting the amount of new installations.

The key elements of the new scheme are as follows:

- Registration required for all installations generating over 60 kW,
- Total capacity of all registered installations limited to 60 MW per year,

- Installations with a capacity of over 5 MW (starting price EUR127/MWh) to be approved through a centralized tender process and a
- total capacity of 500 MW for all installations involved in the annual tendering.

The remuneration allocated in connection with the tender will be paid out by the GSE at fixed rates over a period of 15 years. Due to the relatively brief run-up period, the maximum total capacity allowed for 2012 was not exhausted. Therefore the allocated remuneration remained at the level of the original starting price. In 2013, industry insiders are expecting increased interest in the new auction process and a possible reduction of the allocated tariffs.

### Subsidies and legislation in other European countries

#### France

Remuneration entitlements are time-limited via the feed-in tariffs laid down in technology-specific regulations known as "Arrêtés". The duration of the guaranteed remuneration depends on the energy source. In the case of wind, the durations are 15 years for on-shore and 20 years for offshore (Arrêté du 17 novembre 2008). For photovoltaics the duration is 20 years (Arrêté du 4 mars 2011 soleil). Only installations up to a maximum of 12 MW will receive a guaranteed feed-in-tariff.

Arrêtés guarantee a fixed minimum feed-in tariff (FIT), which for some energy producers can be supplemented by a premium. The extent of the premium is linked to the investment and operating costs that the electricity suppliers (EDF and non-state suppliers) save through the electricity



purchase. An additional premium can be paid in case of meeting France's national energy policy objectives (Article 10, Loi No. 2000-108). Furthermore, in 2012 several hundred MW were auctioned via a tendering procedure.

The current FITs for new photovoltaic installation projects are around 11 cents per kWh, and for some tender projects up to 12 cents per kWh.

The current FIT for onshore wind installations is around eight cents per kWh. A complaint about this remuneration has been filed at France's highest administrative court. However, the complaint is based on alleged formal errors in the legislative process and is not expected to succeed.

### Spain

In general, installations with an capacity of up to 50 MW are subsidised (Article 27, Ley 54/1997).

Electricity from photovoltaic installations is remunerated exclusively via a fixed feed-in tariff which is adjusted for new installations on a quarterly basis (RD 1578/2008). Feed-in remuneration begins when an installation is connected to the grid and is paid for the duration of the installation's operation, though at a reduced rate after the expiry of a statutory operational period. The durations are as follows: photovoltaics: 30 years for installations entered in the register before 29 September 2008; hydroelectric power: 25 years; wind: 20 years; geothermal energy: 20 years; biomass: 15 years.

Technology	Equivalent Hours				
	Zone I	Zone II	Zone III	Zone IV	Zone V
Fix Installation	1,232	1,362	1,492	1,632	1,753
Single Axis	1,602	1,770	1,940	2,122	2,279
Dual Axis	1,664	1,838	2,015	2,204	2,367

international investors in a case brought before the London Court of International Arbitration in June 2012 on the grounds that it breaches the terms of the Energy Charter Treaty. The case is expected to take up to two years to resolve.

On 23 December 2010, the Spanish government passed a Royal Decree-law (Real Decreto-Ley 14/2010) limiting the number of hours for which FITs are payable on photovoltaic installations. This provision, which affects all completed and operational installations to that date, came into force on 25 December 2010 and applies until 31 December 2013. It limits the payment of FITs to a set number of production hours per year:

#### For installations qualifying for RD 661/2007 remuneration

Fixed installations	1,250 h/Jahr
Single-axis installations:	1,644 h/Jahr
Dual-axis installations	1,707 h/Jahr

To compensate for the above-mentioned caps, RD 661/2007 provides that existing installations receive an additional three years of remuneration, increasing the period from 25 to 28 years. In economic terms the hour limits are equivalent to a retrograde cut in remuneration.

Installations operating on RD 1578/2008 are subject to different hour limits depending where they are located, as well as on the technology installed. The limits range from 1,232 to 2,367 hours per year.

Payment for production in excess of the operating hours is at the prevailing pool price. This retrospective introduction of a remuneration limitation via RD 14/2010 is being contested by a group of

Pursuant to RD 661, onshore wind power installations receive a FIT of 8.127 EUR/cents per kWh and a bonus determined in line with supply and demand, currently set at around 8.7 EUR/cents per kWh.

In January 2012, RD-Ley 1/2012 imposed a provisional moratorium on new projects, as a result of which no further fixed remuneration is available. Since the end of December 2012, an additional

7% revenue tax applies on all forms of energy generation (Regulation 1/2012). Furthermore, in February 2013 the Spanish government replaced the general consumer inflation index hitherto used when adjusting the feed-in tariffs with a so-called core inflation index which does not include commodity prices, food prices or tax.

### United Kingdom

The UK government has set a target of 15% of total national energy needs met from renewable sources. In December 2012 concrete proposals to reform the energy market were put before a House of Commons Select Committee. Photovoltaic and wind installations shall be remunerated through a so-called "Contracts for Difference". The precise details of the provisions, and in particular the amount of the remuneration, will be determined during the legislative process. The proposals are likely to be enacted in 2014. The corresponding Act of Parliament is expected to provide for transitional periods in relation to existing projects.

For photovoltaic plants connected before 1 April 2014, the following provisions apply:

- Photovoltaic plants with a capacity of up to 5 MW receive a fixed feed-in tariff of GBP 0.12/kWh for a 20-year period.
- In addition to the pool price they obtain on the free market, installations over 5 MW receive 1.6 Renewables Obligation Certificates (ROCs) per MWh generated. The price of the ROCs is set by the Office of Gas and Electricity Markets (Ofgem) retroactively for each year. ROCs can either be freely traded or sold to a provider or a major electricity consumer at a fixed price under a power purchase agreement (PPA). Current price levels applied in PPAs are around GBP 40 per MWh.

Onshore wind projects also receive both remuneration in excess of the pool price and ROCs, with the number of ROCs per MWh for new projects being set by Ofgem.

### Denmark

For onshore wind, the remuneration comprises three components and currently totals around 8.75 EUR/cents per kWh. For the first 22,000 equivalent full-load hours, a supplement of 3.36 EUR/cents per kWh is guaranteed over and above the

market price achievable on the 'Nord-Pool', the integrated Scandinavian electricity market. Thereafter the prevailing Nord-Pool market price (currently around 3.8 EUR/cents per kWh) is paid, plus a premium of 0.3 EUR/cents per kWh known as the *balanceingsomkostninger*. On top of this a scrap-page bonus of between 1.07 and 1.61 EUR/cents/kWh is payable when installations are dismantled.

On 23 December 2012 Queen Margrethe II of Denmark signed a new law setting a fixed feed-in tariff of 130 øre (c. 17.4 EUR/cents) per kWh over a ten-year period for photovoltaic installations with a capacity of up to 400 kWp. Installations with a higher capacity receive a FIT of 65 øre per kWh (around 8.7 EUR/cents/kWh). Thereafter the electricity is sold on the Nord-Pool at market prices.

### Sweden and Norway

The remuneration for onshore wind power installations comprises the prevailing Nord-Pool market price plus EL certificates, which are priced on a supply-and-demand basis. Many installation operators sell the electricity they produce to brokers or electricity traders under five- to ten-year PPAs. The current PPA price for ten-year agreements is around 6.5 EUR/cents/kWh.

### Finland

Onshore wind power installations in Finland receive a legally guaranteed FIT over a 20-year period:

- Fixed feed-in tariff of EUR 105.30/MWh up to the end of 2015, and thereafter EUR 83.50/MWh until the end of the 12th year of operation.
- Nord-Pool market price from the 13th year of operation onwards (estimated to then stand at EUR 65.00/MWh)

### German Renewable Energies Heat Act (Erneuerbare-Energien-Wärmegesetz – EEWärmeG)

Since 2009 the EEWärmeG has defined the proportion of renewable energy to be used in the heating of new buildings. The requirement can be met through the use of solar energy (15%), biomass (30%) or geothermal energy (50%). However, substitute measures may be taken instead, such as heat insulation for the building, connection to the district heating grid or a combined heat and power plant, provided at least 50% of the building's heating needs are met by

these means. In the view of the German Renewable Energy Federation (Bundesverband Erneuerbare Energien – BEE), the EEWärmeG represents a first step in the right direction, providing the newbuild sector with fresh impetus and fostering the use of renewable energy.

The EEWärmeG was amended on 1 May 2011, since when the use of renewable energy to heat both existing public buildings and buildings leased by public bodies has been mandatory. Using public buildings to set an example in this fashion is a requirement of the EU renewable energy directive.

Despite the 2011 amendment, growth in the use of renewables in the housing stock, to which 85% of all residential and commercial buildings in Germany belong, is not fast enough. The use of renewable energy here is promoted via subsidies under the market incentive programme (Marktanreizprogramm – MAP), but the scale of the programme is dependent on the state of the public finances.

The MAP subsidises heating, hot water, refrigeration and process heat installations which use renewable energy. On 15 August 2012 the subsidies were increased by the Federal Ministry for the Environment (Bundsumweltministerium).

#### **The two elements of the MAP respectively subsidise**

- installations for the needs of family homes and smaller public and commercial buildings (via the Federal Office of Economics and Export Control (Bundesamt für Wirtschaft und Ausfuhrkontrolle – BAFA) and
- large buildings and commercial usage via Kreditinstitut für Wiederaufbau – KfW renewable energies bonus programme).

The changes and new provisions introduced into the MAP concern both the investment subsidies element of the programme (BAFA) and the KfW element for larger-scale installations.

#### **The renewable energy market**

The facts and figures quoted in the market section of the combined management report and consolidated management report stem from publicly

available sources, whereas the figures provided in the section on renewable energy and its various segments are mainly provided by the trade associations for the segments in question. In some cases the previous year's figures differ from those given in the 2011 management report and consolidated management report. This is because the reported figures were adjusted during the course of the year as further information came in.

The upward trend enjoyed by the renewable energy industry continues apace. According to figures published by the German Association of Energy and Water Industries (Bundesverband der Energie- und Wasserwirtschaft – BDEW), its 2012 share of gross electricity production came to 21.9% (2011: 20.3%). Noteworthy here is the recent rise in photovoltaics, whose share shot up from 3.2% to 4.6%. Nuclear power's share fell to 16% (2011: 17.7%), while coal-fired power stations accounted for 19.1% of gross 2012 electricity production (2011: 18.5%). However, lignite power stations remained the preeminent means of electricity generation at 25.6% (2011: 24.6%). Heating oil, hydroelectricity and other installations together amounted to some 6% (2011: 5.3%).

#### **Photovoltaics**

The total photovoltaic installations capacity increase in 2012 was 7.6 GW, thus topping the 2011 installation figure of 7.5 GW. However, towards the end of the year growth slackened off markedly and stood at around 65 % of the figure for the same period in 2011, as the sharp cuts in solar subsidies from summer 2012 manifestly took effect. As expected, once the final transitional periods for major solar power stations came to an end on 30 September 2012, there was a noticeable drop in the number of solar plants being installed.

Photovoltaics currently meets around 5% of Germany's electricity demand. According to the German Solar Industry Association (Bundesverband Solarwirtschaft – BSW-Solar), in 2012 the roughly 1.3 million solar electricity installations in Germany notionally met the annual electricity needs of eight million households, up some 45% on the year before.

In 2012 new photovoltaic capacity of 32.3 gigawatts (GW) was installed (2011: 26.4 GW). In 2013



analysts are expecting a capacity increase of some 38 GW, with China (10 GW), the USA (4.6 GW) and Japan (4.2 GW) making the biggest contributions. In the ten largest markets, some 30 gigawatts will be installed in total (Germany: 3.8 GW, India 1.9 GW, Italy 1.7 GW, UK 1.5 GW, Australia 1.1 GW, France 1 GW, Canada 1 GW). Other growth markets include South Africa (2013: 760 MW), Thailand (2013: 360 MW), South Korea (2013: 360 MW), various Latin American countries such as Peru, Mexico and Chile, and Israel.

### **Solar thermal energy**

In 2012 about 145,000 new solar thermal energy facilities were installed. According to figures put out by the Federal Industrial Association of Germany House, Energy and Environmental Technology and the BSW-Solar, a total of some 1.8 million solar heating installations are currently being operated in Germany, which represents a near doubling in the figure over the past six years (2006: 0.94 million).

For the current year both these associations are expecting rising demand given that switching to solar heating pays for itself against a backdrop of fast-rising heating costs. Just last year came improvements in the conditions for subsidies granted by the BAFA under its market incentive programme for renewable energy. As a result, the installation of solar heating including a new boiler attracts a subsidy of at least EUR 2,000, while a particularly environmentally friendly combination with pellet heating offers further attractive subsidies.

From the start of March 2013, this has been further augmented by low-interest loans from the KfW which can be combined with BAFA subsidies under Programme 167.

In 2012, around 1.15 million square metres of new collector area were installed. The vast majority of the installed systems continue to use flat-plate collector technology, with just a under a tenth (9.9%) using vacuum tube collectors. Producing heat directly from the sun's rays has long ceased to be purely the province of environmentally and price-conscious private citizens. Today the commercial and industrial markets for solar process heat are also growing fast. Depending on the type of collector, this government-subsidised technology can generate operating temperatures in the

low- to mid-temperature ranges, thus meeting a significant portion of a company's heating requirements.

However, both associations stress that the 2012 solar thermal energy industry merely recovered to the 2010 level and still falls well short of the record figures posted in the boom year of 2008. The proportion of renewable energy in Germany's heat market stands at just 11%.

### **Wind energy**

In 2012, the German wind power industry again registered steady growth. According to recent surveys conducted by Deutsche WindGuard and commissioned by the German Wind Energy Association (Bundesverband WindEnergie – BWE) and VDMA Power Systems (VDMA PS), in 2012 998 new wind energy facilities (2011: 895) were installed, with a capacity of 2,415 megawatts (2011: 2,007), with a corresponding 20 per cent increase in the power being fed into the grid.

According to VDMA PS, Germany remains a stable market for the wind industry in a time of volatile world markets.

Among German federal states, Lower Saxony (2012 capacity increase: 356 megawatts, 152 wind energy installations) and Schleswig-Holstein (315 megawatts, 128 wind energy installations) continue at top position, but southern states such as Rhineland Palatinate (292 megawatts, 102 wind energy installations) and Bavaria (288 megawatts, 76 wind energy installations) are catching up fast. With just 19 megawatts and nine wind turbines, Baden-Württemberg was still lagging behind.

In the field of offshore wind energy, last year 16 new wind energy installations with a total capacity of 80 megawatts came online. These increase the total number of wind energy installations feeding electricity into the grid from the German North Sea and Baltic to 68, with a total capacity of 280 megawatts. In 2012, 109 foundation structures were installed at sea, and according to VDMA PS six offshore wind farms with over 350 installations and a capacity of 1,700 megawatts are currently under construction.

The survey of manufacturers conducted by Deutsche WindGuard also extended to the configurati-

on of the newly connected installations, revealing among other things significant nationwide variations in wind turbine heights. Installations in Schleswig-Holstein are by far the smallest, with average hub heights of 82 metres, whereas the average hub height in Bavaria is 134 metres and in Baden-Württemberg 130 metres.

There was an estimated 13,200 megawatts of newly installed wind energy capacity in the USA in 2012 (2011: 6,800 megawatts), and little more than 5,000 megawatts is forecasted for 2013. The corresponding figures for China are 14,000 megawatts in 2012 (2011: 17,600 megawatts), with stagnating installation figures expected in 2013. Both markets are thus highly unstable, with serious consequences for their domestic wind industries. VDMA PS estimates indicate that the world market could slump by as much as 10% this year.

## Capital Stage business performance

### Overview of business progress

During the previous financial year the Group succeeded in significantly increasing the capacity of its solar park and wind farm portfolio. The acquisition of parks in Germany and Italy represented a continuation of our regional diversification policy, which involved both acquiring existing parks and undertaking our own projects in Germany.

In 2012, the Group acquired eight solar parks and three wind farms, while simultaneously significantly expanding the business activities of the O&M company in Halle, Saxony-Anhalt. On top of that, Capital Stage Solar Service GmbH succeeded in acquiring service contracts for third-party parks. The Group has thus built up an overall inhouse and external O&M volume of over 130 MW.

### Highlights of 2012:

<b>30 Jan.</b>	Capital Stage decides on capital increase with subscription rights to up to 10.3 million shares
<b>23 Feb.</b>	Capital Stage complies a capital increase with subscription rights to up to 10.3 million shares
<b>2 Mar.</b>	Acquisition (signing) of three solar parks in Northern Italy with a capacity of 11.2 MW
<b>10 May</b>	Sale of the Wildenfels roof-mounted installation and acquisition of the Göttingen roof-mounted installation
<b>11 May</b>	Completion of the acquisition of a 6.2 MW solar park in Parma, Italy Contract is signed for the sale of a participating interest in Inventux Technologies AG
<b>25 May</b>	Capital Stage AG solar parks achieve record total revenue, producing half a million kilowatt hours of clean electricity
<b>1 June</b>	Construction of the extension to the Brandenburg solar park begins (1 MW)
<b>6 June</b>	Completion of the acquisition of the solar parks in Cesena and Forlì, Italy (totalling 5 MW)
<b>13 June</b>	Capital Stage Solar Service signs external service contract for a 3.3 MW solar park in Saxony-Anhalt
<b>15 June</b>	Grid connection of the Bad Harzburg solar park developed in-house by Capital Stage (2 MW)
<b>18 June</b>	Acquisition (signing) of the Glebitzsch and Lettewitz solar parks (17 MW)
<b>20 June</b>	Annual general meeting passes resolution to pay a dividend for the first time. The dividend is set at 0.05 euros per share Change of personnel in the Capital Stage AG supervisory board: Professor Dr. Vahrenholt replaces Berthold Brinkmann
<b>30 July</b>	Completion (closing) of the acquisition of the Glebitzsch solar park in Saxony-Anhalt (3.9 MW)
<b>1 Sept.</b>	The Capital Stage AG share is included in the HASPAX index
<b>7 Sept.</b>	Acquisition (signing) of three wind farms with a capacity of 34 MW
<b>30 Oct.</b>	Capital Stage Solar Service GmbH takes on a further external service contract for a 5.6 MW solar park in Thüringen
<b>2 Nov.</b>	Completion of the acquisition of wind farms in Thüringen, Saxony and Tuscany, Italy, with a total capacity of 34 MW
<b>2 Nov.</b>	Publication of figures to 30 September 2012. Forecast for the year as a whole is revised upwards
<b>20 Dec.</b>	Acquisition of a 10.6 MW solar park in Brandenburg
<b>21 Dec.</b>	Acquisition (signing) of a 4.6 MW solar park in Northern Italy

The Group generated the funds necessary for the expansion of our business activities through the capital increase carried out in February 2012 with gross proceeds of EUR 30 mill.

### Portfolio developments

In both Germany and Italy, 2012 solar revenue was above average. However, they fell slightly short of the figures posted the previous year. At the end of December 2012, our solar park portfolio as a whole stood at around five per cent above target. In almost all cases, operation of the installations ran smoothly.

Solarparks in Germany	Size in MWp	Group share in %	Revenue to 31 Dec. 2012
Brandenburg, Brandenburg	18.64	51	Above target
Köthen, Saxony-Anhalt	14.8	100	Above target
Roitzsch, Saxony-Anhalt	12.7	100	Above target
Neuhausen, Brandenburg	10.6	100	N/A
Stedten, Saxony-Anhalt	9.1	100	Above target
Rassnitz, Saxony-Anhalt	7.0	100	Above target
Rödgen, Saxony-Anhalt	6.8	100	Above target
Glebitzsch, Saxony-Anhalt	3.9	100	Above target
Halberstadt, Saxony-Anhalt	3.8	100	Above target
Lochau, Saxony-Anhalt	3.3	100	Above target
Krumbach I, Bavaria	3.0	100	Above target
Krumbach II, Bavaria	2.0	100	Above target
Bad Harzburg, Lower Saxony	1.9	100	Above target
Solarpark PVA, Brandenburg	0.9	100	Above target
CS Göttingen, Lower Saxony	0.5	100	Above target

Solarparks in Italy	Size in MWp	Group share in %	Revenue to 31 Dec. 2012
Parma, Emilia Romagna	6.24	100	Above target
Cesena, Emilia Romagna	3.97	100	Above target
Resina I + II, Umbria	1.7	100	On target
Suvereto, Tuscany	1.5	100	Above target
Fresa, Abruzzo	1.5	100	Above target
Cupello, Abruzzo	1.0	100	On target
Forli, Emilia Romagna	0.99	100	On target

Wind power output in Germany was below the long-term average due to unfavourable weather conditions

Wind farms in Germany	Size in MW	Group share in %	Revenue to 31 Dec. 2012
Windpark Greußen, Thuringia	22	71.4	Below target
Windpark Sohland, Saxony	6	74.3	Below target
Windpark Gauaschach, Bavaria	6	100	Below target

Wind farm in Italy	Size in MW	Group share in %	Revenue to 31 Dec. 2012
Windpark Vitalba, Tuscany	6	85	Below target

**Photovoltaic Parks acquired in 2012****Solarpark Glebitzsch, Group share 100 %**

Solarpark Glebitzsch is located in Saxony-Anhalt, a state in eastern Germany. The park, which has a capacity of 3.9 MWp, came into operation at the end of June 2012. It was built on a site owned by the operating company, in view of which operation of the park can continue after the 20-year feed-in remuneration period expires. The location's annual radiation is 1,051 kWh/m<sup>2</sup> (source: DWD).

**Solarpark Bad Harzburg, Group share 100%**

Solarpark Bad Harzburg is located in the north-west German state of Lower Saxony. The park, which has a capacity of around 2 MW, was connected to the grid in June 2012. It was built by partners with a proven track record and financed by a reputable bank.

As we were able to acquire the project rights to the park at an early stage in the project planning process, Capital Stage had full control of the project execution – from the selection of the general contractor to the choice of components, thus participating in the entire value chain for this ground mounted solar park.

Solarpark Bad Harzburg was also built on an operator-owned site, so once again operation of the park will be able to continue after the 20-year feed-in remuneration period expires. As of 31 December 2012, sales revenue was three per cent above target.

**Extension of Solarpark Brandenburg, Group share 100%**

During the first half of 2012 the Group began the extension of the park's capacity by about one megawatt. The land used for this had to also be available for vehicle access during the park's construction. On 31 December 2012 the park was connected to the grid.

**Solarpark Neuhausen, Group share 100%**

On 20 December 2012, the Group announced the acquisition of a 10.6 MWp solar park in Brandenburg. The park was already in operation, having come online pursuant to the Renewable Energy Act at the end of 2011. It was built on a 17-hectare open field site by an experienced general contractor, using inverters and polycrystalline modules produced by top-class manufacturers. The non-recourse finance was provided by a reputable German bank.

**Solar parks in Italy, Group share 100%**

On 2 March 2012, the Group announced the signing of a contract for the acquisition of three operating solar parks in northern Italy, with a total capacity of 11.2 MWp. The contract was subject to a series of conditions precedent, as a result of which completion of the acquisitions took place in May and June 2012. The inclusion of the parks in the Capital Stage consolidated financial statements took place with effect from the respective closing dates.

The parks are located in the Emilia-Romagna region of northern Italy, in the cities of Parma, Cesena and Forli. Thanks to its high radiation figures, the Emilia-Romagna region offers excellent conditions for the operation of photovoltaic parks. Annual radiation (horizontal) is around 50% higher than in Germany. The parks came into operation in December 2010 and the summer of 2011.

In December 2012, the contracts for the acquisition of another solar park in the Parma region were signed, and the park was included in the consolidated financial statements from January 2013 onwards. The park, which is in the immediate vicinity of our existing park in Parma, has a capacity of 4.6 MWp. It was completed in March 2012 and has been feeding electricity into the national grid since then. Its annual turnover is around EUR 1.4 million. Furthermore, due to the financing structure it has yielded a attractive cash flow right from the initial stages.

After this acquisition, the Group owns a total photovoltaic capacity on the Italian market of 17 MWp, which represents ten per cent of our total portfolio.

**Operations & Management Services****Capital Stage Solar Service GmbH, Group share 100%**

Capital Stage Solar Service has assumed responsibility for the technical operation (O&M) of all Capital Stage Group solar parks in Germany and also the Italian parks acquired in 2012. The total Group-internal operated volume thus increased to over 125 MW. The Asperg solar parks have been operated by Capital Stage Solar Service since their



completion in 2008 and 2009, along with the Brandenburg, Lochau and Rassnitz parks since their acquisition in 2011, followed by Krumbach, Bad Harzburg, Roitzsch and Glebitzsch in 2012.

In May and October 2012, the Company took over contracts for the O&M of parks not belonging to the Capital Stage Group. The parks in question are located in Zahna/Wittenberg, Saxony-Anhalt, and Ilfeld, in the central-German state of Thuringia. The Group-external operated volume comes to around 9 MW. These contracts highlight the expertise and reliability of our team, which operates out of the city of Halle. We aim to further expand our technical operations for third parties.

The O&M company's business progress throughout 2012 was highly satisfactory. The after-tax result to 31 December 2012 was TEUR 608. With a view to optimising tax efficiency, the annual general meeting of Capital Stage AG was asked to approve a control and profit transfer agreement, and the corresponding resolution was passed by a 99.99% vote. The corresponding agreement has been added to the Company Register entry for Capital Stage Solar Service GmbH and applies retroactively with effect from 1 January 2012, thus establishing fiscal unity between the two companies for corporation tax and VAT purposes. This brings about the composite taxation of the two companies, with the results registered by Capital Stage Solar Service GmbH being imputed to Capital Stage AG for corporation tax and VAT purposes. Furthermore, the control and profit transfer agreement ensures that Capital Stage AG can avail itself of the profits made by Capital Stage Solar Service GmbH within the same financial year.



#### **Eneri PV Service, Group share 49%**

Capital Stage Solar Service GmbH holds a 49% share in Eneri PV Service Srl, Bolzano, Italy. Eneri PV Service Srl specialises in the technical and commercial O&M of solar parks in Italy. The company currently operates the five photovoltaic parks acquired by Capital Stage in Tuscany, Umbria and Abruzzo. In 2012, its business progressed according to plan.

#### **Wind farms acquired in 2012**

##### **Windkraft Sohland GmbH & Co. KG, Group share 74.3%**

The wind turbines of Windkraft Sohland GmbH & Co. KG were erected and connected to the grid in 2007 in Sohland, Saxony. Their capacity is 6 MW, allowing them to produce enough power for 5,300 households.

The wind turbines are Vestas V90 models. They have a hub height of 105 m and a rotor diameter of 90 m. The mean wind speed at Sohland is 6.7 m/s, permitting the generation of 15.8 million kWh of electricity under normal wind conditions. As of 31 December 2012, the park's performance was around 10% below target.

##### **Windkraft Greußen GmbH & Co. KG, Group share 71.4%**

The turbines at Greußen wind farm in Thuringia were erected and connected to the grid in 2007. They generate output of 22 MW, thus providing power for around 13,000 households.

The 11 wind turbines are Vestas V90 models. They have a hub height of 105 metres and a rotor diameter of around 90 metres. The average wind speed at the site in Greußen is 6.5 m/s. Under normal wind conditions, the turbines generate 38.5 million kWh of electricity. As of 31 December 2012, the park's performance was 3% below target.

##### **Parco Eolico Monte Vitalba, Group share 85%**

Parco Eolico Vitalba Srl (Vitalba Srl wind farm) was built in 2006 in the Vitalba region of Tuscany, Italy, and began feeding electricity into the grid at the start of 2007. The site generates 6 MW, providing power for around 4,600 households.

The seven turbines are Vestas V52 models. They have a hub height of 60 metres and a rotor diameter of around 52 metres. The average wind speed at the site is 6.79 m/s. Under normal wind conditions, the power plant generates around 11.5 million kWh of electricity. As of 31 December 2012, the park's performance was slightly below target.

## Financial investments



### Helvetic Energy GmbH, Group share 100%

Helvetic Energy is a leading supplier of roof-mounted solar thermal energy and photovoltaic systems in Switzerland. In 2013, the company celebrated its 25th anniversary. As a developer and supplier of solar energy systems for hot water, heating and electricity, Helvetic Energy GmbH offers a comprehensive range of products and complete systems. It sells its systems via installation and retail partners throughout Switzerland.

In November 2012, Helvetic Energy was granted Solar Keymark certification for the production of vacuum tube collectors, and is now one of the first Swiss firms to manufacture the new Xinox® DF-6S vacuum tube collector, which it does at its facility in Flurlingen.

The Xinox DF-6S vacuum tube collector has also passed the hail test with resistance to hail-stones of up to 45 mm in diameter (HW 4). Currently it is the only vacuum tube collector to satisfy this exacting test requirement.

Helvetic's business volume to 31 December 2012 fell slightly short of the 2011 level.

## Results of operations, financial and assets position

Capital Stage AG produces its individual annual financial statements according to German HGB accounting principles and the consolidated financial statements according to IFRS accounting principles. The management report and consolidated management report have been combined, whereas the assets position, financial position and results of operations are each disclosed separately.

## Capital Stage Group

### Results of operations

In 2012, the Group achieved sales of TEUR 45,118 (2011: TEUR 35,463). The sales figures are broken down into electricity fed into the grid, which were worth TEUR 32,998 (2011: TEUR 23,287), and proceeds from the sale of solar thermal energy and

photovoltaic installations, which amounted to TEUR 12,120 (2011: TEUR 12,176). The associated material costs came to TEUR 6,523 (2011: 5,135). The material cost of electricity for the operation of the solar parks was TEUR 282 (2011: TEUR 165). Capital Stage Solar Service GmbH's material costs were TEUR 65 (2011: EUR 0).

The Group registered other income totalling TEUR 15,907 (2011: TEUR 10,621). Pursuant to IFRS 3, at the time of acquisition of the three Italian solar parks, the Italian wind farms, the Glebitzsch and Neuhausen solar parks and the two wind farms in Greußen and Sohland, the Capital Stage Group carried out a purchase price allocation process in order to include the acquired assets and debts in the consolidated financial statements. In connection with this purchase price allocation process all acquired assets and debts were identified and their fair value was determined. This yielded a differential of TEUR 15,122 (2011: TEUR 7,134), which was carried as income for the 2012 financial year.

Other income also included insurance payouts received by the solar parks, as well as income from the reversal of provisions.

The personnel costs stood at TEUR 5,910 (2011: TEUR 4,462). This increase was mainly due to the expansion of the teams at Capital Stage AG as well as modest salary rises and bonus payments. In 2012, TEUR 34 (2011: TEUR 30) from the share option programme was carried as personnel costs. This item arose from the valuation of the options at their fair value on their respective dates of issue. For the 4th tranche, this is for the entire year; whereas for the options issued in 2012 it is pro rata for the period from 1 April 2012 (the date of issue) to 31 December 2012.

On the 2012 balance sheet date, the Capital Stage Group was employing 61 people (2011: 53) excluding the management board.

Other expenses came to TEUR 14,516 (2011: TEUR 11,548). The costs of ongoing business management chiefly comprise the other operating expenses of Helvetic Energy (TEUR 1,409) as well as the costs of due diligence and advice concerning Company acquisitions, totalling TEUR 274 (2011: TEUR 194). Other expenses of TEUR 108 (2011: TEUR 102) were incurred for legal and tax

advice; TEUR 116 (2011: TEUR 156) for drawing up and auditing financial statements; TEUR 149 (2011: TEUR 96) for publications and the annual general meeting; TEUR 123 (2011: TEUR 145) for investor relations and designated sponsoring, and TEUR 414 (2011: TEUR 336) for premises costs. The cost of erecting and operating the solar parks came to TEUR 2,622 (2011: TEUR 830). This included the general cost of erecting the installations, repair and maintenance costs, insurance premiums and land leases. Also included here is the cost of wind farm commercial management and technical operation services provided by companies not being part of the Group.

A loss on the sale of our shareholding in Inventux Technologies AG is also carried here.

The Group registered 2012 EBITDA of TEUR 33,729 (2011: TEUR 24,774).

The depreciation and amortisation of TEUR 13,183 (2011: TEUR 11,465) mainly comprises scheduled depreciation of the photovoltaic and wind power installations.

Earnings before interest and tax (EBIT) totalled TEUR 20,546 (2011: TEUR 13,308).

The Group's income from participating interests was TEUR 46 (2011: TEUR 295). This resulted from a dividend distribution by BlueTec GmbH & Co. KG. Further financial income came in from a time deposit of TEUR 629 (2011: TEUR 416). The financial expenses mainly comprise the interest payable on non-recourse loans to finance the solar park installations.

The resultant EBT came in at TEUR 9,495 (2011: TEUR 5,212).

The taxes on income disclosed in the consolidated income statement are mainly due to our ongoing tax burden, which mostly accrues from the Italian solar parks and wind farms (TEUR 912, 2011 TEUR 485) and Helvetic Energy (TEUR 107, 2011 TEUR 323), as well as a deferred tax of TEUR 666 (2011: TEUR 118). Deferred tax revenue and liabilities are shown on a net basis. A large part of the deferred tax came about because the solar park companies had claimed special depreciation allowances pursuant to Section 7g of the German Income Tax Act (Einkommensteuergesetz – EStG).

This led in turn to tax loss carry forwards on the parks that could then be set off against tax.

The total consolidated net profit came to TEUR 9,142 (2011: TEUR 2,497).

The consolidated net profit comprises both the results registered by the parent company shareholder and third-party shareholdings.

When calculating the consolidated comprehensive income, the currency differences shown on the balance sheet of TEUR -48 (2011: TEUR -111) were taken into account. The consolidated comprehensive income thus stood at TEUR 9,094 (2011: TEUR 2,386).

### Financial position and cash flow

The change in cash funds during 2012 came to TEUR 2,452 (2011: TEUR 9,141). This broke down as follows:

- The cash flow from operating activities was TEUR 27,108 (2011: TEUR 14,387). This sum was mainly generated from the operating activities of the solar and wind parks and the payments received from them. Also included are changes in assets and liabilities not imputable to investment or financing activities.
- The cash flow from investment activities came to TEUR -53,661 (2011: TEUR -33,001) a figure mainly made up of payments for the acquisition of solar parks and wind farms in Germany and Italy, as well as down payments for acquisitions completed in 2013 and payments for the erection of solar parks and wind farms.
- The cash flow from financing activities ran to TEUR 29,004 (2011: TEUR 27,742). In 2012, two capital increases were executed against cash deposits. The resulting receipts totalled TEUR 30,855 (2011: TEUR 22,869). Expenses of TEUR 118 (2011: 399) were incurred during the execution of the capital increase. In 2012, long-term loans to finance Solarpark Rassnitz were paid out. Interest payments and repayments of the principal were made in accordance with the loan contracts concluded for the solar parks and wind farms.

### Assets position

As of 31 December 2012, Capital Stage's equity stood at TEUR 130,262 (2011: TEUR 91,586), having been increased due to both the net profit for the year and the capital increase carried out during the course of the year. The equity ratio was 28.63% (2011: 30.53%), a figure attributable to the loan non recourse financing of the solar parks and wind farms.

On 31 December 2012, the Group held liquid assets worth TEUR 34,238 (2011: TEUR 31,798). These include the solar and wind parks' debt servicing and project reserves of TEUR 15,773, which are not freely available to the Group.

During the purchase price allocation process in relation to the German and Italian solar parks and wind farms acquired in 2012, the power purchase agreements between the parks and the energy supply companies were valued, leading to the recognition of an intangible asset worth TEUR 37,421 (2011: TEUR 14,941). This asset will be amortised over the lifetime of the parks (between 15 and 30 years). In 2012, this entailed scheduled straightline amortisation of TEUR 2,135 (2011: TEUR 511).

The goodwill was unchanged during 2012. It includes a pro rata differential amount in goodwill arising from the capital consolidation of previous years. The goodwill amounts to TEUR 6,888.

The increase in the value of property, plant and equipment to TEUR 317,127 (2011: TEUR 203,702) was mainly achieved through newly acquired or erected photovoltaic and wind power installations (TEUR 96,222).

The participating interests carried under financial assets are the companies BlueTec GmbH & Co. KG and Eneri PV SRL. The participating interest in BlueTec GmbH & Co. KG was carried at its fair value on the balance sheet date. Its value has not changed since 2011.

On 31 December 2012, the Group had bank and leasing liabilities of TEUR 280,743 (2011: TEUR 188,023). These comprise loans and leases to finance the solar parks and wind farms. In all our loans, non-recourse financing agreements ensure that the liability risk is limited to the parks in question.

The rise in deferred tax liabilities derives from the intangible assets as well as the recognition of property, plant and equipment at fair value in connection with the purchase price allocation undertaken during 2012.

The trade payables of TEUR 2,107 (2011: TEUR 4,534) chiefly comprise invoices for the erection of the Glebitzsch, Bad Harzburg und PVA solar parks as well as Helvetic Energy GmbH's supplier invoices. These invoices were settled at the start of the 2013 financial year.

The balance sheet total rose from TEUR 299,980 to TEUR 455,017. The ratio of operating cash flow to equity capital was 20.81% (2011: 15.7%).

The undiluted earnings per share (after third-party shares) came to EUR 0.18 (2011: EUR -0.028). The diluted earnings per share were EUR 0.18 (2011: EUR -0.029).



## Segmental reporting

The companies acquired during 2012 were assigned to the following segments:

<b>Administration</b>	This segment a the Group's parent company Capital Stage AG.
<b>PV Parks</b>	The segment PV Parks comprises all our German and Italian photovoltaic parks as well as any holding companies.
<b>PV Services</b>	This segment comprises Capital Stage Solar Service GmbH and Eneri PV Service SRL.
<b>Wind farms</b>	The wholly owned subsidiary Capital Stage Wind IPP GmbH (formerly Capital Stage Consult GmbH) was reclassified in 2012 from the Administration segment to the Wind Farms segment. The company now functions as a holding company for the Wind Farms segment. This segment also includes the company Windpark Gauaschach GmbH & Co. KG and the general partner, as well as the shareholdings in the wind farms Windkraft Sohland GmbH & Co. KG, Windkraft Greußen GmbH & Co. KG and Parco Eolico Monte Vitalba Srl.
<b>Financial Investments:</b>	This segment comprises Helvetic Energy GmbH and Calmatopo Holding AG and also the shareholding in BlueTec.

Inter-segmental expenses and income chiefly arise in connection with technical operation and commercial management services, as well as interest income and expenses in relation to Group-internal loans. These loans are normally granted for VAT and investment prefinancing purposes in relation to solar park projects.

The Administration segment registered a loss of TEUR 1,443 (2011: TEUR 1,486), resulting from administration expenses of TEUR 3,239 less interest income of TEUR 1,680.

In 2012, the solar parks operational business registered a profit of TEUR 17,473 (2011: 6,178). Sales revenues and other income of TEUR 44,323 (2011: 30,095) were offset by park operation expenses of TEUR 3,488 (2011: TEUR 1,988), depreciation of photovoltaic installations TEUR 11,816 (2011: TEUR 10,811) and interest expenses on the loans to finance the parks of TEUR 11,090 (2011: TEUR 8,659).

Capital Stage Solar Service achieved sales (less materials costs) and other income worth TEUR 1,426 (2011: TEUR 1,048), offset by personnel expenses and other expenses amounting to TEUR 733 (2011: TEUR 534). After deducting depreciation and amortisation, the financial result and taxes, the net profit came to TEUR 608 (2011: TEUR 492).

In 2012, the Wind Farms segment registered sales and other income of TEUR 4,233 (2011: TEUR 608). Expenses for operating the parks and business management stood at TEUR 604 (2011: TEUR

191). Depreciation and amortisation of wind farm installations came to TEUR 1,218 (2011: TEUR 534). Interest expenses were TEUR 918 (2011: TEUR 253). The segment's overall result was a profit of TEUR 1,526 (2011: TEUR -211).

The financial investments segment chalked up sales of TEUR 12,120 (2011: 12,176). This was mainly made up of the sales achieved by the subsidiary Helvetic Energy GmbH. The other expenses include the loss incurred on the sale of Inventux Technologies AG. The taxes comprise the regular tax burden on Helvetic Energy GmbH and Calmatopo Holding AG, which came to TEUR 107 (2011: TEUR 325). The overall result was a loss of TEUR 8,414 (2011: loss of 2,586).

## Capital Stage AG

### Results of operations

In 2012, Capital Stage AG registered revenue of TEUR 135 (2011: TEUR 4,350). The revenue mainly accrued from the reversal of provisions plus other income. In 2011, most of the revenue was generated by the sale of shares in GBA Gesellschaft für Bioanalytik mbH.

The personnel costs were TEUR 1,900 (2011: TEUR 1,244). The increase is due to the expansion of the team plus modest salary rises and bonus payments.

Other operating expenses came to TEUR 9,973 (2011: TEUR 1,456). They mainly comprise a loss on the sale of shares in Inventux Technologies AG plus ongoing business management costs. These

include legal and tax consultancy costs, the cost of the stock market listing (annual report, annual general meeting, investor relations and publications required under company law), premises costs and travel costs. In addition to the above, the execution of the capital increase incurred costs of TEUR 119 (2011: TEUR 399).

Capital Stage AG achieved other interest and similar income, as well as income from loans totalling TEUR 1,025 (2011: TEUR 559), resulting mainly from loans to affiliated undertakings and income from the time deposit.

In line with the control and profit transfer agreement between Capital Stage AG and Capital Stage Solar Service GmbH, concluded on 24 April 2012 and approved by the annual general meeting, Capital Stage AG received income of TEUR 608. In 2012, the Company also received a dividend of TEUR 47 from its participating interest in BlueTec GmbH & Co. KG (2011: TEUR 295).

The net loss registered by Capital Stage AG in 2012 was TEUR 10,078 (2011: net profit of TEUR 1,887). This was mainly due to the loss on the sale of shares in Inventux Technologies AG. It corresponded to a result per share of EUR -0.21 (2011: EUR 0.05).

The equity ratio on the balance sheet date stood at 99.0% (2011: 96.6%).

The balance sheet total rose from TEUR 79,570 by TEUR 17,176 to TEUR 96,746. On the assets side the increase was mainly due to granting loans to subsidiaries and providing them with short-term liquidity for the acquisition of further solar parks and wind farms. On the equity and liabilities side, the increase was largely attributable to the rise in equity as a result of the capital increase.

In 2012, a negative cash flow of TEUR 1,471 (2011: TEUR -759) was generated from current activities. Investment activity yielded a cash flow of TEUR -33,450 (2011: TEUR -18,171). The capital increase executed in 2012 led to an inflow of funds totalling TEUR 30,855 (2011: TEUR 22,869). A dividend of TEUR 1,906 was paid to shareholders.

## Supplementary report

In February 2013, the first subscription rights granted under the share option programme (AOP 2007) were exercised. 410,000 shares were subscribed for. The equity capital has thereby risen from TEUR 48,400 to TEUR 48,810. The conditional capital increase was entered in the Company Register on 6 February 2013.

On 26 February 2013, acting on the basis of the enabling resolution passed by the annual general meeting on 20 June 2012 and with the consent granted by the supervisory board, the management board of Capital Stage AG decided on a capital increase with no shareholders' subscription rights. The company's equity capital was thereby increased, through partial availment of the authorised capital, from EUR 48,810,000 by EUR 4,163,158 to EUR 52,973,158 via the issue of 4,163,158 new non-par-value bearer shares each representing a one euro share of the equity capital, in return for cash contributions based on an issue price of EUR 3.80 per share. The equity capital increase was entered in the Company Register on 27 February 2013. The gross proceeds accrued by the company from the issue came to TEUR 15,820.

The new shares have the same statutory status as the Capital Stage AG shares already admitted for trading on the regulated markets of Frankfurt Stock Exchange (General Standard) and Hamburg Stock Exchange. The new shares are entitled to participate in the profits from 1 January 2013 onwards. For this reason, the incorporation of the new shares into the existing quotation for the company's old shares (ISIN DE0006095003) will take place at a later date after the next annual general meeting has taken place – thus preserving parity of profit entitlement. During the interim period the new shares are being admitted for trading with a separate quotation.

On 18 June 2012, the contracts for the acquisition of Solarpark Lettewitz GmbH in Saxony-Anhalt were signed, though this was under conditions precedent. As a result of which the transaction was eventually completed on 15 January 2013. The solar park, which has a capacity of 12.6 MWp, came into operation at the end of 2012. The park has been built on land belonging to the operating company, in view of which operation of the park can continue after the 20-year feed-in tariff period expires.

On 21 December 2012, the contracts for the acquisition of two solar parks in the Parma area were signed. Because the transfer of the shares did not come into effect until 17 January 2013, the park has been included in the consolidated financial statements since January 2013. The park will be operated by our subsidiary Capital Stage Solar Service GmbH, Halle.

It was completed in March 2012 and has been feeding electricity into the national grid since then. Its annual revenue amounts to around EUR 1.4 million. The solar park is situated in the province of Parma in the Emilia-Romagna region, in close proximity to another solar park acquired earlier that year by Capital Stage. Furthermore, due to the financing structure it has yielded a attractive cash flow right from the initial stages.

There were no other significant occurrences after the end of the 2012 financial year.

## Personnel

The average number of people employed by the Group in 2012 was 57. Of these, an average of 43 (start of 2013: 45) people were employed by Helvetic Energy GmbH. In 2012, Capital Stage Solar Service GmbH and Capital Stage AG each employed an average of seven people. At the start of 2013, Capital Stage Solar Service increased its team to eight people, and currently employs six technicians, one engineer and two administrative personnel. The rapid expansion of the team over just two years has been made possible by the fact that Capital Stage has chosen to undertake the technical operation of all its newly acquired and erected solar parks.

Capital Stage AG also took on new personnel at the start of 2013. Currently, in addition to the two-member management board, ten people work for the company.

### Supervisory board

A new supervisory board of Capital Stage AG was elected by the annual general meeting on 20 June 2012. Supervisory board members' terms of office run until the end of the annual general meeting during which formal approval is given of that member's conduct in the fourth financial year of his or her term of office.

After five years on the supervisory board of Capital Stage AG, Berthold Brinkmann decided not to stand at the annual general meeting for re-election to the supervisory board. The management board and supervisory board of Capital Stage AG would like to take this opportunity to thank Berthold Brinkmann for his professional and personal commitment during his term of office and for a highly successful and congenial working relationship.

The annual general meeting thereupon elected Professor Dr. Fritz Vahrenholt as the new member of the Capital Stage AG supervisory board. Professor Dr. Vahrenholt embarked on his studies at Münster University in 1968, graduating from there with a degree in chemistry. After obtaining a doctorate in chemistry and spending a period doing research work at the Max Planck institute for coal research (Max-Planck-Institut für Kohlenstoff-Forschung) in Mülheim, he had spells working for the Federal Environment Agency in Berlin and for the Hesse state government's environment ministry. From 1984 to 1990, Professor Dr. Vahrenholt then served as a state councillor (Staatsrat) for the Hamburg Environment Authority and from 1990 to 1991 as head of the Hamburg Senate Chancellery (Senatskanzlei). From 1991 to 1997, he served as a senator in the Environment Authority of the Free and Hanseatic City of Hamburg and as chairman of the supervisory board of HEW. In 1998, Professor Dr. Vahrenholt moved into industry, becoming a member of the management board of Shell AG, where he was responsible until 2001 for the newly formed renewable energy division. In 2000, Professor Dr. Vahrenholt moved to the supervisory board of Shell AG. From 2001 to the end of 2007, Professor Dr. Vahrenholt served first as management board chairman and subsequently as supervisory board chairman of REpower Systems. From February 2008 to 1 July 2012, he was chairman of the management board of the RWE subsidiary RWE Innogy.

Since the close of the annual general meeting on 20 June 2012, the supervisory board thus comprises Dr. Manfred Krüper (chairman), Alexander Stuhlmann (deputy chairman), Albert Büll, Dr. Cornelius Liedtke, Dr. Dr. h. c. Jörn Kreke and Professor Dr. Fritz Vahrenholt.

## Remuneration report

To create long-term incentives, management board members are granted share options under the share option programme. The subscription rights attached to the share options may only be exercised after a two-year waiting period. The subscription price (exercise price) is the arithmetic mean of the closing price of Capital Stage AG shares in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) on the last five trading days preceding the date on which the options are granted. A condition for the exercise of subscription rights is that the performance target has been met. The performance target has been achieved if the price of shares in Capital Stage AG in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange exceeds the exercise price by at least 25% during the ten trading days preceding the date on which the subscription rights are exercised. The applicable exercise period shall be that period in which the relevant subscription rights may first be exercised, the performance target having been duly reached or exceeded.

Full details of the share option programme and the valuation process can be found in the notes to the consolidated financial statements.

Management board members receive a gross annual salary for their services. They also receive a performance-related variable remuneration package (the annual bonus). This is calculated and awarded by the supervisory board on the basis of the figure proposed by the chairman for the previous financial year, taking into account company profit, the financial position of the company and the individual performance of the management board members. The annual bonus becomes due for payment immediately after the supervisory board meeting in which the corresponding annual financial statements are approved and the bonus is fixed.

No significant compensation benefits have been agreed with the members of the management board which would be payable in the event of their departure.

The management board remuneration during 2012 came to TEUR 1,166. This amount breaks down as follows:

in EUR	Fixed remuneration	Performance-related remuneration for the financial years 2011 & 2012	Components with long-term incentive character
Felix Goedhart	281,308.18	200,000.00 275,000.00	1,431.54
Dr. Zoltan Bogнар	257,208.72	150,000.00	1,431.54

The performance-related remuneration was set by the supervisory board after due consideration of the annual result achieved, the Group's economic circumstances, and the management board's performance during 2011. In addition, the supervisory board granted the management board members options to 160,000 shares at an option price of EUR 3.08 per share. This was in line with the share option programme set up in 2007 (AOP 2007). The associated expense carried in the 2012 consolidated income statement was TEUR 3.

The management board remuneration also includes a provision for Felix Goedhart's performance-related remuneration. Unlike in previous years, it proved necessary to set up this provision to cater for the fact that Felix Goedhart's prevailing employment contract since 1 November 2012 provi-

des for the calculation of the performance-related remuneration on the basis of the IFRS consolidated results.

The total funds earmarked as remuneration for the supervisory board's activities during 2012 amounted to TEUR 223. Pursuant to Section 15 paragraph 1 of the Articles of Association, the remuneration paid to supervisory board members will be set by the annual general meeting at amounts not less than TEUR 15 for each member, TEUR 30 for the chairman and TEUR 22,5 for the deputy chairman. The sums set aside are based on the remuneration assigned by the annual general meeting for the 2011 financial year. A new supervisory board of Capital Stage AG was elected by the annual general meeting on 20 June 2012. Supervisory board members' terms of office run until the end of the annual



general meeting during which formal approval is given of that member's conduct in the fourth financial year of his or her term of office.

## Other information

### Principle characteristics of the internal auditing and risk management system with respect to the accounting process

The management board of Capital Stage is responsible for compiling the Capital Stage annual financial statements and management report according to the provisions of the German Commercial Code (Handelsgesetzbuch – HGB) and of the German Stock Corporations Act (Aktiengesetz – AktG), for compiling the consolidated financial statements according to International Financial Reporting Standards (IFRS), as well as the consolidated management report and the quarterly and half-yearly reports.

To ensure the accuracy and completeness of the details given in the reporting and also the correctness of the accounting methods employed, the management board has established a suitable internal control and risk management system.

The internal auditing and risk management system has been designed to ensure the prompt, uniform and accurate recording in accounts of all business processes and transactions, as well as to guarantee compliance with statutory requirements and accounting regulations. Changes to laws, accounting standards and other provisions are continuously analysed for their relevance to and impact on the individual and consolidated financial statements. Furthermore, the internal auditing system is based on a series of monitoring activities integrated into our business processes. These integrated monitoring activities include organisational safeguards, ongoing automatic measures such as separation of functions, restriction of access, and organisational instructions regarding matters such as powers of representation, as well as checks built into working processes. The efficacy of these internal control systems is further secured through process-independent monitoring activities.

The accounting for all our fully consolidated companies, with the exception of the companies in Italy and Switzerland and two of the wind farms, is done centrally, as are the consolidation activities. Systemic controls are monitored by our employees

and supplemented by manual checks. The consolidation measures are carried out with the aid of a consolidation software package.

The personnel involved in our accounting processes also receive regular training.

The supervisory board of Capital Stage is responsible for regularly monitoring the efficacy of the control and supervision systems. It receives regular reports from the management board on the subject.

### Disclosure of barriers to takeovers pursuant to Section 289 paragraph 4 & Section 315 paragraph 4 HGB

- On 31 December 2012, the Company's subscribed capital was EUR 48,400,000 (in words: forty-eight million four hundred thousand), divided into 48,400,000 no-par-value bearer shares. After the capital increase in February 2013 the Company's subscribed capital came to 52,973,158 (in words: fifty-two million nine hundred and seventy-three thousand one hundred and fifty-eight), divided into 52,973,158 no-par-value bearer shares.
- There are no restrictions on voting rights or carry-overs.
- Pursuant to Section 21 paragraph 1 or paragraph 1a of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG), Capital Stage AG has been notified of the following direct or indirect capital shares which exceed ten per cent of the voting rights:
- Pursuant to Section 21 paragraph 1 WpHG, AMCO Service GmbH, Hamburg, Germany, notified us in a letter dated 13 March 2013 that its share of the voting rights in Capital Stage AG, Hamburg, Germany on 7 March 2013 exceeded the 20% and 25% voting rights thresholds, on that date amounting to 27.19% (14,401,250 voting rights).

- There are no shares with special rights.
- There are no voting right controls of any kind whatsoever.
- The management board is appointed and dismissed in accordance with the provisions of the German Stock Corporations Act (Aktiengesetz – AktG) (Sections 84 ff.).
- All changes to the Articles of Association require a resolution of the annual general meeting. Rights to make changes which only concern the wording may be granted to the extent laid down in the Articles of Association.
- Any authorisation to increase the equity capital and issue shares granted to the management board by the annual general meeting is governed by the provisions of Sections 4 and 6 of the Articles of Association. For further details we refer the reader to the detailed account of the equity capital set out in the Notes to the financial statements.
- On 20 June 2012, the annual general meeting authorised the management board to acquire its own shares in the Company during the period up to 19 June 2017. Pursuant to section 53a AktG, said acquisition is to take place at the management board's choice, with due observance of the equal treatment principle, (1) on the stock exchange, (2) via a public offer of purchase made to the company shareholders or via a demand made to company shareholders to submit offers of sale or (3) via a public offer to make an exchange against the shares of a listed company within the meaning of Section 3 paragraph 2 AktG, or via a public demand to make such an offer.
- There are no significant Company agreements which are subject to the condition of a change of control in consequence of a takeover bid.
- No arrangements are in place to pay compensation to members of the management board or other employees in the event of a takeover bid.

## Risk report

The Capital Stage Group's risk management system is designed with the aim of detecting potential risks at an early stage and evaluating them precisely in order to take effective and swift countermeasures. In order to detect and evaluate existing risks as early as possible and take suitable measures to avoid them, lessen their effects or overcome them, these risks are continually monitored. To this end, any identified risks are evaluated in terms of their probability of occurrence and impact and then assigned to one of four risk classes. Risk classes 1 and 2 require special attention because they have the greatest potential impact for the Group. Accordingly the bandwidth of risk classes 1 and 2 is very narrow, and the basic principle applied is to assign the risks involved to a higher risk class rather than a lower one. Below, we first outline the different risk classes before assigning the various identified risks to one of the classes. The identified risks are described and the measures which have been or would be taken by the Group to deal with them are set forth. The Group's risk classes are as follows:

### Risk class 1:

Risks with a high probability of occurrence and a significant impact on the Group.

### Risk class 2:

Risks with a low probability of occurrence but with a significant impact on the Group should they occur.

### Risk class 3:

Risks with a high probability of occurrence but minimal impact on the Group.

### Risk class 4:

Risks with a low probability of occurrence and minimal impact on the Group.

**Risk class 1:****Risks associated with the procurement of capital to finance projects**

Continuing to grow our photovoltaic park and wind farm lines of business through the erection or acquisition of further parks and farms requires the ongoing procurement of project financing in the form of loans or equity capital. In this field it is customary to obtain the bulk of the sum invested, to wit up to 80 per cent, in the form of loans, and it is possible that the Group or Capital Stage AG could in future be unable to obtain further such loans.

However, the nature of its existing portfolio means that the Group's income is very secure, and moreover we already have an intimate business relationship with banks which specialise in project financing and therefore have many years of experience in this field. Thanks to their predictable and secure cash flows, financing photovoltaic and wind energy projects is a field which has been attracting the interest of increasing numbers of banks. Against the back-ground of the high risks inherent in more speculative lines of business, banks are attaching ever greater importance to investing in low-risk fields.

The Group also evaluates projects which are 100% equity-financed. Since these projects do not generate any loan servicing costs they are significantly more profitable. The lack of loan finance thus offers the opportunity to boost our free cash flow.

**Solar park and wind farm planning and construction risks**

Planning and erecting solar parks are subject to the risks inherent in obtaining regulatory approval and permission for the construction and operation of new parks. In the case of wind farms this applies particularly in relation to the allocation of new sites.

The Group has therefore laid down precise criteria governing the phase at which it is prepared to become involved in project development work. Thanks to its existing portfolio, and in particular to the two development projects, the Group can draw on extensive knowledge, experience and contacts. However, the Group's investment focus is on existing parks, and indeed the Group is not currently executing any development projects. Furthermo-

re, when investing abroad the Group gives exclusive consideration to existing facilities.

**Risk class 2:****Risks associated with the Group's capital procurement**

In recent years, the Group has predominantly generated the funds used for the expansion of its overall portfolio from Capital Stage AG capital increases.

Should we be unable to place future capital increases this would have a negative impact on the Group's growth. However, all the capital increases we have undertaken in recent years were significantly oversubscribed and placed in full (10% capital increase with exclusion of subscription rights). Furthermore, Capital Stage AG's shareholder structure is very stable and entrepreneurially minded.

Moreover, with the share's admission on 1 March 2013 for trading on the Prime Standard, the Group has satisfied a key prerequisite for listing on one of Frankfurt Stock Exchange's selection indices, thus attracting even greater attention on the capital markets. In terms of market capitalisation, the Group is one of Germany's largest listed renewable energy enterprises, and as such will continue to attract the interest of international groups of investors.

**Dependence on national programmes to promote renewable energy**

The success of solar power generation and power generation from wind energy is intimately linked with national programmes for the promotion of renewable energy. In Germany remuneration for regenerative electricity is governed by the Renewable Energy Act (EEG), which prescribes guaranteed remuneration for a 20-year period from the commissioning of the installation. Thus, the photovoltaic park and wind farm segments are exposed to the risk associated with changes to the EEG. Which of the individual risk classes the risks arising in this respect are assigned to is variable.

The proposed introduction of an eco-levy (Öko-Soli), for existing installations in connection with the current debate on an electricity price brake would have a direct impact on the Group's revenue. According to the joint discussion paper pub-

lished by the German Environment Ministry (BMU) and Economics Ministry (BMWi) on 13 February 2013, the eco levy would involve a fixed 1.5% reduction in the remuneration payable in 2014. This would entail a one-off loss of revenue for the Group in 2014 coming to around TEUR 300. However, as the political debate continues, the likelihood of any such eco levy being introduced appears to be receding, in part due to concerns that it would be unconstitutional.

#### **Technical risks and loss of capacity**

The technical risks faced by fixed-installation solar parks are manageable and limited to a small number of components in view of the fact that hardly any moving parts are involved. These risks are a good deal greater in the case of wind farms since the moving parts are subject to wear and fatigue.

When selecting solar parks and wind farms, Capital Stage Group takes great care with its choice of partners. The Group only considers projects or parks erected by large, reputable project planners and manufacturers who have been established in the industry for many years. In the unlikely event of a loss of capacity or the failure of technical components we are covered by manufacturers' warranties or general contractor guarantees, and we also have insurance contracts covering loss of revenue. Furthermore, capital is set aside in a project reserve for the solar parks and wind farms, and this can be drawn on if components need replacing. The project reserves are saved out of the parks' ongoing cash flow and maintained at amounts based on long-term experience.

#### **Downtime**

Solar parks and wind farms may break down due to technical faults in the park's installations or in the power substation, or due to work on the power grid by the energy provider. There is a risk that these downtimes may be prolonged if the faults are not noticed promptly.

We are able to take prompt countermeasures in relation to the risk of solar park and wind power plant downtime thanks to the fact that the installations are operated and monitored either by the Capital Stage Group itself or by reputable partners, and any downtime or technical problems are detected via a real-time online monitoring system. On top of this all our installations are insured against the risk of operational interruptions, and

the Group has also taken out suitable insurance against risks arising from third-party operations, for instance faulty maintenance or repair work, and is covered for any loss or damage or consequential loss suffered as a result. There is also insurance cover against other damage to the installations.

#### **Erroneous investment and income calculations**

Valuations of solar parks and wind farms are based on long-term investment plans that are sensitive to changes in capital costs, operating costs and revenue. Various factors could lead to a park becoming unprofitable.

The calculations made in connection with the due diligence process take into account fluctuations of all parameters. Furthermore, the expenses involved in operating solar parks and wind farms comprise a small number of items whose range of fluctuation is narrow.

#### **Meteorological risk (solar)**

The output of regenerative solar parks and wind farms is dependent in the short- to medium-term on meteorological circumstances that could have a significant impact on results. In this connection, a regional concentration of parks, either in Germany or in Italy, could be disadvantageous if forecast sunshine figures turn out to be incorrect or if climatic changes mean that the expected weather conditions fail to materialise. However, long-term statistical evidence shows that, in the long run, years in which sunshine is in short supply and years of above-average sunshine will balance out.

#### **Credit risk**

Banks are customarily entitled to terminate loans or demand instalment payments ahead of schedule if a borrower breaches the contractually agreed credit terms or in the event of significant changes in a loan's profitability. Where participating interests or projects such as solar parks and wind farms are largely financed through loans, the termination of loan contracts by the financing bank could have a detrimental impact on both individual companies and on the Group's financial and assets position. The same applies to the avilment of security and guarantees with which banks have to be furnished before granting loans.

To avoid credit risk, the Group ensures that the financing banks do not have any recourse to compa-



nies other than the respective borrowers, and opt exclusively for non-recourse financing. This means that, for each individual loan, our liability to the bank in question is limited to the assets of the operating company taking out that specific loan.

#### **Financial asset risk**

The performance and value of financial assets depends on economic developments, and in particular on the performance of the market segment concerned. Among the other factors that could be of sustained detriment to the company result are product development errors, late marketing and tardy distribution.

Furthermore, it cannot be ruled out that the managerial personnel of the financial asset may cease to be available either wholly or in part during the course of the participating interest, be guilty of misconduct or make poor business decisions, to the detriment of the business performance of the participating interests concerned.

Accordingly, the Group invests only in companies which have a sustainable business model and an experienced management team, as well as enjoying dynamic growth, a favourable market position and positive operational cash flow. In addition, the Group monitors the management of its participating interests by occupying positions on their respective supervisory bodies.

The due diligence process involves an in-depth analysis of the factors determining the company's success, for which purpose external experts are called in as and when necessary. Clear, legible and relevant figures concerning results, accounts and liquidity, as well as target-actual comparisons for different periods and aspects of the company's business are kept in order to reveal any noteworthy features or inconsistencies in the running of participating interests. Participating interests are valued every six months using the discounted cash flow (DCF) and multiplier techniques. The parallel nature of the two approaches allows the plausibility of the theoretical value to be determined.

The Group's focus is on expanding its photovoltaic park, wind farms and photovoltaic service segments, as a result of which financial assets have an increasingly minimal affect on the Group's financial and asset positions.

#### **Tax risk**

The solar park and wind farm companies possess small VAT and corporation tax loss carry-overs deriving from project start-up phases, as well as further tax loss carry-overs generated by the parks' availment of the special depreciation allowances permitted under Section 7g of the German Income Tax Act (EStG). After using these loss carry-overs, the Group has the option of using Capital Stage AG and Capital Stage IPP GmbH's existing loss carry-overs via profit transfer agreements with various subsidiaries. These contracts were first concluded during 2012, and no income tax burden can be expected to accrue until these various structuring options have been exhausted.

Under certain circumstances, the profits and losses from the sale of financial assets are tax-exempt. However, with respect to the portion that is not tax-exempt it cannot be ruled out that alternative interpretations of tax law terminology of uncertain meaning could be arrived at by the tax authorities, or that backdated transfer tax or excise duty demands may be made. Despite the existing loss carry-overs, this could lead to income tax expenses and liquidity out-flows in line with minimum taxation regulations. There is no specific action which the Group can take against this possibility. However, the Group ensures that tax issues are discussed exhaustively with our tax consultants at regular intervals, in view of which the Group will, at an early stage, have the opportunity to prepare itself for any impending changes in tax regulations, allowing us for instance to assess the disposability of financial assets.

The income taxes incurred by the Italian companies and the Swiss company Helvetic Energy GmbH, and any possible changes therein, have already been assessed during the due diligence and investment calculation processes in consultation with experts, and the impact of these factors has been discussed in detail with experts and taken into account before arriving at the investment decision.

#### **Currency risk**

The investments in solar parks and wind farms are made exclusively in euros since our regional focus is on Europe. However, it cannot be ruled out that future investments could be in foreign currencies; for instance the acquisition of Helvetic Energy GmbH, Switzerland, thus giving rise to currency

risk. Fluctuations in the exchange rates of different currencies such as the Swiss franc and the euro could lead to exchange losses. An unfavourable long-term change in the exchange rate could be to the detriment of the company's assets and financial position and results, despite engaging in currency-hedging transactions. The question of whether such currency-hedging transactions are desirable is continuously monitored.

In the event of potential investments in foreign currencies, the Group will carefully appraise the stability and performance of the currency in question and weigh up the associated risk before arriving at the corresponding investment decisions.

### **Risk class 3:**

#### **Dependence on national programmes to promote renewable energy**

In some cases, the amendments to the EEG had a dramatic impact on subsidy volumes and remuneration rates and classes. Although the cuts were planned when the EEG was enacted, the pace of them has been greatly increased. Furthermore, the amendments provide that support for photovoltaic installations runs out once they reach a total installed capacity of 52,000 MWp.

The consequences for the acquisition of new parks that will receive lower tariffs can therefore readily be calculated by the Group when it invests in existing facilities or projects. In addition, the system costs of installations have fallen markedly, and this trend is set to continue. Because of this, the dependence of photovoltaic parks and wind farms on subsidies will continue to diminish or even disappear altogether. All in all, then, the impact of these changes on the Group is of minor importance.

For solar heating installations too there have been repeated cuts in subsidies, which could have direct consequences for our participating interests in the field of solar thermal energy. Due to a budget cut in the market incentive programme (Marktanreizprogramm – MAP) for the promotion of eco-heating, one of them was even temporarily halted in 2010.

The Group operates via its financial assets in the field of solar thermal energy, and accordingly the risks are covered by the evaluation of the financial assets risks. Viewed in isolation, they are of minor significance for the Group as a whole.

#### **Meteorological risk (wind)**

Wind strengths can fluctuate by up to 30% per year. When making the calculations for wind farms, this risk is countered by incorporating relevant worst case scenarios into the wind reports.

#### **Dependence on qualified personnel**

As well as the two directors, the Group currently has 63 permanent employees. It cannot be ruled out that the departure of an employee could have a negative impact on the company's performance. It is also not certain that the Group will in future succeed in attracting the qualified personnel it needs, and this state of affairs could have negative consequences for the Group's results, financial position and assets.

#### **Economic and sectoral risk**

German, European and worldwide economic progress depend upon a great many different factors and thus cannot be precisely forecast. The performance of the renewable energy sector, on which the Group focuses, is not immune to these economic influences. In the past, however, renewable energy has been a steadily growing sector and, due to the legally guaranteed feed-in tariffs (FIT), solar parks and wind farms are not exposed to economic volatility.

To nevertheless respond swiftly and appropriately to economic and sectoral risk, the Group keeps the relevant markets under observation. This entails studying a variety of trade publications, attending congresses, trade fairs and specialist conferences, as well as maintaining close contact and engaging in regular exchanges of views with experts from the Group's network.

### **Risk class 4:**

#### **Interest risk**

The solar parks and wind farms are largely financed by loan capital at fixed interest rates and with terms ranging from ten to 17. Significant interest rate increases cutting in after the end of interest rate lock-in periods are allowed for in our calculations. However, if interest rates rise after such periods by greater amounts than allowed for in the calculations this could be detrimental to the parks' profitability and/or the performance of the Group's portfolio of assets and the potential dividends payable by Capital Stage AG.

In the case of variable interest rate loans, the Group considers the use of interest rate hedging instruments to permit reliable long-term calculations and planning.

Other Class 4 risks include general ones such as contractual risks, operational risks etc., which are recorded and monitored by our internal control and risk management system (ICRM). The ICRM also takes technical and organisational steps to combat such risks.

The management board of Capital Stage AG is not currently aware of any risks which could jeopardise the continuing existence of the Company or Group.

## Opportunities and outlook

### Overall economic and sectoral prospects

Growth during 2013 is forecasted to be modest. The German government and the Bundesbank are predicting annual growth for Germany of just 0.4%. The Hamburg Institute of International Economics (Hamburgische WeltWirtschaftsInstitut – HWWI) weighs in with a slightly higher forecast of 0.5%, while the International Monetary Fund (IMF) is forecasting German 2013 GDP growth of 0.6%. Not until 2014 are the prospects any rosier, with the government then expecting GDP growth of 1.6%, the Bundesbank forecasting 1.9%, the HWWI between 1.5 and 2% and the IMF predicting 1.4%.

According to the European Commission forecast published in February, the eurozone will be slow to emerge from the recession. During 2013, eurozone GDP is forecast to contract by 0.3% before achieving 1.0% growth in 2014. Meanwhile, the latest prediction from the ECB is for a 0.5% fall in GDP during 2013, likewise followed by growth of 1.0% in 2014, and the IMF is forecasting 0.2% contraction in 2013 and 1% growth in 2013.

Global economic recovery will remain on shaky ground, with future prospects uncertain. According to IMF forecasts there are considerable downside risks, with the global economy expected to grow by 3.6% in 2013, and levels of debt in most industrialised countries remaining at unsustainable levels. In several countries, unemployment rates have hit new records.

In contrast, over recent years renewable energy has grown at substantial pace. Despite recent political debates about the cost and the legal framework for the expansion of renewable energy, growth in the sector can be expected to continue.

The German government's energy policy involves increasing the proportion of electrical power produced from renewable energy to at least 35% by 2020. In recent years expansion in Germany has proceeded at a high rate, with the proportion of renewables rising from 17% in 2010 to 23% in 2012. Germany is thus well on course to achieve that 35% target ahead of time.

Experts agree that solar energy and solar heating will be mainstays in the success of this project for generations to come. The sectoral target is for photovoltaics to be contributing at least 10% of German electrical power needs (70 gigawatts) by 2020 and at least 20% by 2030. Furthermore, the falling cost of generating solar energy will boost the direct consumption of clean electricity. In family households, consumption of home-produced energy is already commonplace, and ever more businesses are discovering the potential to cut their long-term electricity costs by putting in their own photovoltaic installations. Similarly, electricity produced locally from solar sources is also increasingly attractive for landlords and residential homebuilders because it generates additional income and allows homes to be let on more attractive terms thanks to the cheap solar electricity. And a positive side effect of direct consumption is that locally produced solar energy takes the strain off the national grid.

### Overview of business prospects

During 2013, the management board expects the Capital Stage Group to continue the positive trend of 2012 and further improve the consolidated result. The predictable regular income from the solar parks and wind farms will increase. For our current portfolio, the Group is expecting sales of over EUR 60 million, with EBITDA rising to over EUR 44 million, EBIT to over EUR 26 million and EBT to over EUR 14 million.

This forecast applies exclusively to the companies that had already been consolidated by 31 December 2012 or whose acquisition is disclosed in the supplementary report. Thus, it does not incorporate the investment of the 15 million euro proceeds

of the capital increase executed in February 2013. Accordingly, the forecast might have to be adjusted and increased as the portfolio expands during the course of the year.

Exits in relation to the financial assets are also not included. As before, whether such exits will generally prove possible depends on overall economic trends and in particular on the performance of the segments concerned. Because of this no reliable prediction of the times and amounts of any exit proceeds can be made.

Based on its corporate planning, for Capital Stage AG the management board is expecting the 2013 result to be substantially better than the 2012 result. Capital Stage AG acts as a holding company which bears the Group's administrative costs. The 2012 result was adversely affected by the loss on the sale of Inventux Technologies AG. This negative effect on the result will not be repeated. In 2012 the resultant cost block was offset by the income from the profit transfer agreement with Capital Stage Solar Service GmbH and interest income from the loans to and payables receivable from affiliated companies.

Administrative costs will undergo modest rises over the coming years. Thus the AG result for 2014 will be similar to that for 2013.

The Group's expected progress during 2014 is based on similar assumptions to those for 2013. Business activities in the photovoltaic parks, photovoltaic services and wind energy segments will be steadily expanded. As regards to exit proceeds from the sale of financial assets, at Group level too no clear forecast can be made since both acquisition and exit opportunities are dependent upon a wide range of different factors.

Both the Group and Capital Stage AG possess a sound balance sheet structure and ample liquidity thanks to the recent capital increase. The Group and Capital Stage AG are pursuing the goal of exploiting any opportunities which may arise to expand the photovoltaic park and wind energy segments by taking on further attractive commitments.

The Group is well positioned to achieve that goal. The solar park and wind acquisition pipeline contains projects totalling over 200 MWp in Germany and abroad. Our short, direct decision-making

channels facilitate rapid responses and the swift implementation of individual steps in the investment process leading to wide-ranging transactions.

## Corporate Governance Statement Pursuant to Section 289a HGB

The corporate governance statement contains the annual declaration of conformity, the corporate governance report, details of corporate governance practices and a description of the working practices of the management board and supervisory board. It is permanently available for inspection by shareholders on the Company's website at <http://www.capitalstage.com>. Accordingly we have refrained from repeating it in the management report.

Hamburg, 21 March 2013

Capital Stage AG

Management board

  
Felix Goedhart  
Chairman

  
Dr Zoltan Bognar





## Consolidated statement of comprehensive income

of Capital Stage AG for the period from 1 January to 31 December 2012  
according to International Financial Reporting Standards (IFRS)

in EUR	Notes	2012	2011
Sales	3.25; 4.1	45,118,373.67	35,463,104
Other income	4.2	15,906,767.96	10,620,971
Material costs	4.3	-6,870,164.56	-5,300,000
Personnel costs of which EUR 29,718.22 (previous year: EUR 26.453,80) in share- based remuneration	4.4	-5,909,634.93	-4,462,094
Other expenses	4.6	-14,516,165.89	-11,548,480
<b>Earnings before interest, taxes, depreciati- on and amortisation (EBITDA)</b>		<b>33,729,176.25</b>	<b>24,773,501</b>
Depreciation or amortisation	4.5	-13,183,382.37	-11,465,421
<b>Earnings before interest and taxes (EBIT)</b>		<b>20,545,793.88</b>	<b>13,308,080</b>
Financial income	4.7	696,014.38	711,319
Financial expenses	4.7	-11,746,825.37	-8,807,777
<b>Earnings before taxes on income (EBT)</b>		<b>9,494,982.89</b>	<b>5,211,622</b>
Taxes on income	4.8	-353,345.93	-2,714,569
<b>Consolidated profit for the year (EAT)</b>		<b>9,141,636.96</b>	<b>2,497,053</b>
Currency differences	4.9	-47,677.13	-111,231
<b>Consolidated comprehensive income</b>		<b>9,093,959.83</b>	<b>2,385,822</b>
<b>Consolidated profit for the year, of which due to:</b>			
Shareholders of Capital Stage AG		8,579,355.14	-900,605
Minority shareholders		562,281.82	3,397,658
<b>Comprehensive income, of which due to:</b>			
Shareholders of Capital Stage AG		8,531,678.01	-1,011,836
Minority shareholders		562,281.82	3,397,658
<b>Earnings per share</b>	3.28	<b>2012</b>	<b>2011</b>
Average shares issued during reporting period		46,793,849	32,105,834
Earnings per share in EUR, undiluted		0.18	-0.028
Earnings per share in EUR, diluted		0.18	-0.029

## Consolidated balance sheet

as of 31 December 2012  
according to International Financial Reporting Standards (IFRS)

Shares in EUR	Notes	31 December 2012	31 December 2011
Intangible assets	3.5; 5.1; 17	69,322,613.41	33,052,077
Goodwill	5.2; 17	6,888,133.02	6,888,134
Property, plant and equipment	3.6; 5.3; 17	317,126,849.68	203,702,077
Financial assets	3.7; 5.4; 14	3,049,561.79	11,600,157
Other accounts receivable	5.5	1,982,522.61	511,653
Active deferred taxes	3.20; 4.8	2,749,875.61	955,525
<b>Non-current assets, total</b>		<b>401,119,556.12</b>	<b>256,709,623</b>
Inventories	3.19; 5.6	2,451,313.66	1,911,220
Trade receivables	3.21; 5.7	3,150,472.95	6,048,700
Non-financial assets	3.22; 5.8	1,355,369.52	3,179,814
Other current receivables	3.22; 5.8	12,702,916.10	332,634
Cash and cash equivalents	3.23; 5.9	34,237,599.95	31,798,199
<b>Current assets, total</b>		<b>53,897,672.18</b>	<b>43,270,567</b>
<b>Total assets</b>		<b>455,017,228.30</b>	<b>299,980,190</b>

Liabilities and equity in EUR	Notes	31 December 2012	31 December 2011
Share capital		48,400,000.00	38,114,996
Capital reserves		37,665,785.50	17,178,521
Reserve for employee remuneration payable in equity instruments	3.26; 5.11	119,300.67	84,851
Currency reserves		-158,908.68	-111,232
Retained earnings		3,704,921.90	13,704,922
Distributable profit/loss		32,388,372.19	15,717,767
Minority shareholders		8,142,649.94	6,895,998
<b>Equity, total</b>	<b>5.10</b>	<b>130,262,121.52</b>	<b>91,585,823</b>
Minority shareholders (KG)	5.12	2,649,390.06	0.00
Non-current financial liabilities	5.12	243,771,652.34	157,963,301
Non-current leasing liabilities	3.27; 5.12	17,871,225.63	18,930,115
Other provisions	5.12	1,694,048.14	426,503
Deferred tax liabilities	3.20; 4.8	32,009,583.30	12,347,803
<b>Non-current liabilities, total</b>		<b>297,995,899.47</b>	<b>189,667,722</b>
Tax provisions	5.12	913,070.24	39,951
Current financial liabilities	3.20	17,354,195.38	10,231,836
Current leasing liabilities	3.27; 5.12	1,746,067.14	898,235
Trade payables	3.24; 5.12	2,107,374.61	4,533,660
Other current debts	3.24; 5.12	4,638,499.94	3,022,963
<b>Current liabilities, total</b>		<b>26,759,207.31</b>	<b>18,726,645</b>
<b>Total liabilities and equity</b>		<b>455,017,228.30</b>	<b>299,980,190</b>

## Consolidated cash flow statement

of Capital Stage AG, Hamburg,  
for the period from 1 January to 31 December 2012

in EUR	Notes	2012	2011
Net profit/loss for the period		9,141,636.96	2,497,053
Depreciation or amortisation of fixed assets	4.5	13,183,382.37	18,217,821
Loss from disposal of financial assets		8,540,242.59	0.00
Other non-cash expenses	3.26; 5.11	34,449.69	29,718
Other non-cash income		-15,121,991.28	-7,134,148
Financial income	4.7	-696,014.38	-711,319
Financial expenses		11,746,825.37	8,807,777
Taxes on income (affecting net income)		353,345.93	2,714,569
Taxes on income (cash items)		-1,019,267.94	-868,084
Increase/decrease in other assets not assignable to investment or financing activities		-102,103,545.89	-85,792,374
Increase/decrease in other liabilities not assignable to investment or financing activities		103,001,820.95	76,330,897
Dividends received		46,692.00	294,600
<b>Cash flow from current activities</b>		<b>27,107,576.37</b>	<b>14,386,510</b>
Payments for the acquisition of consolidated companies less acquired cash	3.1	-19,151,869.22	-20,076,541
Payments for the purchase of companies to be consolidated in the following year		-10,701,362.58	0.00
Receipts from the sale of consolidated companies		113,500.00	3,498,340
Payments for investments in property, plant and equipment	17	-23,819,476.36	-24,044,116
Payments for investments in intangible assets	17	-101,408.82	-38,638
Payments for investments in financial assets		0.00	-769,849
Receipts from the sale of financial assets		1.00	8,429,737
<b>Cash flow from investment activities</b>		<b>-53,660,615.98</b>	<b>-33,001,067</b>
Loan repayments		-27,489,844.81	-7,423,185
Interest income		517,776.27	416,719
Interest payments	7	-10,502,127.28	-8,807,777
Loans taken out	5.11	37,650,117.35	21,087,404
Receipts from capital increases		30,855,012.00	22,868,993
Offering costs		-118,204.68	-399,713
Dividends paid		-1,908,749.80	0.00
<b>Cash flow from financing activities</b>		<b>29,003,979.05</b>	<b>27,742,441</b>
<b>Liquidity changes due to fluctuating exchange rates</b>		<b>1,182.95</b>	<b>13,161</b>
<b>Changes in cash and cash equivalents</b>		<b>2,452,122.39</b>	<b>9,141,045</b>
Cash and cash equivalents			
As of 1 January 2012 (1 January 2011)	5.9	31,785,478.00	22,644,433
As of 31 December 2012 (31 December 2011)	5.9	34,237,600.39	31,785,478





## Capital Stage AG consolidated statement of changes in equity

in EUR	Subscribed Capital	Capital reserve	Currency reserve
<b>As of 1 January 2011</b>	<b>27,719,999.00</b>	<b>4,984,323.67</b>	<b>0.00</b>
<b>Consolidated comprehensive income for the period</b>			-111,231.55
Income and expenses recorded directly in equity			
Receipts from corporate actions	10,394,997.00	12,473,996.10	
Underwriting costs		-399,712.85	
Taxes on items recorded directly in equity		119,913.86	
Minority Shareholders' shares			
<b>As of 31 December 2011</b>	<b>38,114,996.00</b>	<b>17,178,520.78</b>	<b>-111,231.55</b>
<b>Consolidated comprehensive income for the period</b>			-47,677.13
Income and expenses recorded directly in equity			
Dividend paid			
Receipts from corporate actions	10,285,004.00	20,570,008.00	
Underwriting costs		-118,204.68	
Revenues of retained earnings			
Taxes on items recorded directly in equity		35,461.40	
Minority shareholders' shares			
<b>As of 31 December 2012</b>	<b>48,400,000.00</b>	<b>37,665,785.50</b>	<b>-158,908.68</b>

Retained earnings	Reserve for equity-based employee remuneration	Distributable profit/loss	Minority shareholders	Total
13,704,921.90	55,132.76	16,618,371.33	0.00	63,082,748.66
		-900,604.48	3,397,657.81	2,385,821.78
	29,718.22			29,718.22
				22,868,993.10
				-399,712.85
				119,913.86
			3,498,340.31	3,498,340.31
13,704,921.90	84,850.98	15,717,766.85	6,895,998.12	91,585,823.08
		8,579,355.14	562,281.82	9,093,959.83
	34,449.69			34,449.69
		-1,908,749.80		-1,908,749.80
				30,855,012.00
				-118,204.68
-10,000,000.00		10,000,000.00		0.00
				35,461.40
			684,370.00	684,370.00
3,704,921.90	119,300.67	32,388,372.19	8,142,649.94	130,262,121.52



**230,000  
Hectares\***

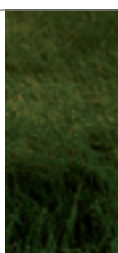




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\* 230,000 hectares of rooftops and open spaces (City of Hamburg area: 75,500 hectares) in Germany are considered to be potential for solar use. Only about 7,800 hectares are used so far. The solar plants of Capital Stage AG use about 300 hectares.



## 1. Company Purpose

Capital Stage AG's business activities as laid down in the Articles of Association are the acquisition, holding, administration and sale of participating interests, as well as looking after the affairs of companies, in particular their business development, capital increases, acquisition, sale and restructuring measures and tapping into capital markets. The Company is entitled to take any action and engage in any transactions conducive to the furtherance of the company purpose. It may establish subsidiaries both in Germany and abroad, found other companies, acquire or invest in existing ones and also conclude intercompany agreements. It may acquire, use or transfer patents, trademarks, licences, sales rights and other items and rights. The company purpose of subsidiaries and participating interests may differ from the company purpose set out in the previous paragraph if this appears suitable for the furtherance of the Company's business objectives. Due to changes in the Company's business activities over recent years the Articles of Association of Capital Stage AG require amendment, and said amendment will be submitted to the Annual General Meeting for approval. The amendment is to the effect that, in its capacity as an independent power producer, the Company will, either itself or via subsidiaries, operate installations for the production of electricity from renewable energy sources both in Germany and abroad. Furthermore, either itself or via subsidiaries the Company will furnish commercial, technical and other services not requiring authorisation or approval in connection with the acquisition, construction or operation of installations for the production of electricity from renewable energy sources both in Germany and abroad.

## 2. The Reporting Company

The subject of the consolidated financial statements is Capital Stage AG and its affiliates. A list of the consolidated entities is given in subsection 3.1.

The Group's parent company Capital Stage AG was entered in the Lower Court Company Register on 18 January 2002 with the register number HRB 63197.

Intra-Group business transactions are conducted on the same conditions as ones with external third parties.

## 3. Main Accounting Policies, Measurement Criteria and Consolidation Principles

The consolidated financial statements of Capital Stage AG, Hamburg, Germany have been drawn up according to the International Financial Reporting Standards (IFRS) promulgated by the International Accounting Standards Board (IASB), duly applying the going concern principle in relation to all the consolidated entities.

The consolidated financial statements apply the version of the IFRS in force as of the balance sheet date, as endorsed by the EU. The IFRS include standards newly issued by the International Accounting Standard Board (IASB) the international accounting standards (IAS), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). In supplement to the above the provisions of commercial law laid down in Section 315a paragraph of the German Commercial Code (Handelsgesetzbuch ~ HGB) were also observed.

In 2012 the Group applied the following new and revised IFRS standards and interpretations:

### Effective for the year ended 31 December 2012

Amendments to IFRSs		Effective for annual periods beginning on or after	Status of EU endorsement (as of 31 December 2012)
IFRS 1	Severe Hyperinflation	1 July 2011	Adoption done
IFRS 1	Removal of fixed dates for first-time adopters	1 July 2011 (EU: 1 January 2013)	Adoption done
IFRS 7	Disclosures – Transfers of financial assets	1 July 2011	Adoption done
IAS 12	Deferred Tax: recovery of underlying assets	1 January 2012 (EU: 1 January 2013)	Adoption done

Most of the novelties were either immaterial or of minimal importance for Capital Stage AG.

The IASB or IFRIC also published the following new or amended standards and interpretations

which will either not come into force until a later date or whose use has not yet been approved by the European Commission. Capital Stage AG has chosen not to apply these standards ahead of time.

### Voluntary early application possible 31 December 2012 (subject to EU endorsement)

New standards on financial instruments		Effective for annual periods beginning on or after	Status of EU-endorsement (as of 31 December 2012)
IFRS 9	Financial instruments (2010)	1 January 2015	Not yet adopted
Amendments to IFRS 9 and IFRS 7	Mandatory effective date and transition disclosures	1 January 2015	Not yet adopted

New and revised IFRSs on consolidation, joint arrangements, associates and disclosures		Effective for annual periods beginning on or after	Status of EU-endorsement (as of 31 December 2012)
IFRS 10	consolidated financial statements	1 January 2013 (EU: 1 January 2014 with voluntary early application)	Adoption done
IFRS 11	Joint arrangements	1 January 2013 (EU: 1 January 2014 with voluntary early application)	Not yet adopted
IFRS 12	Disclosure of interests in other entities	1 January 2013 (EU: 1 January 2014 with voluntary early application)	Adoption done
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated financial statements, joint agreements and disclosure of interests in other entities: transition guidance	1 January 2013	Adoption done
IAS 27 (2011)	Separate financial statements	1 January 2013 (EU: 1 January 2014 with voluntary early application)	Adoption done

New IFRS on financial instruments		Effective for annual periods beginning on or after	Status of EU-endorsement (as of 31 December 2012)
IAS 28 (2011)	Investments in associates and joint ventures	1 January 2013 (EU: 1 January 2014 with voluntary early application)	Adoption done
Amendments to IFRS 10, IFRS 12 and IAS 27 (2011)	Investment companies	1 January 2014	Not yet adopted
New IFRS on fair value measurement		Effective for annual periods beginning on or after	Status of EU-endorsement (as of 31 December 2012)
IFRS 13	Fair value measurement	1 January 2013	Adoption done
Revised IFRS on employee benefits		Effective for annual periods beginning on or after	Status of EU-endorsement (as of 31 December 2012)
IAS 19 (2011)	Employee Benefits	1 January 2013	Adoption done
Amendments to IFRSs		Effective for annual periods beginning on or after	Status of EU-endorsement (as of 31 December 2012)
IFRS 1	Government Loans	1 January 2013	Not yet adopted
IFRS 7	Disclosures - Offsetting of financial assets and financial liabilities	1 January 2013	Adoption done
IAS 1	Presentation of items of other comprehensive income	1 January 2013	Adoption done
IAS 32	Offsetting financial assets and financial liabilities	1 January 2014	Adoption done
IFRS	Annual Improvements to IFRSs - 2009-2011 cycle	1 January 2013	Not yet adopted

New interpretation		Effective for annual periods beginning on or after	Status of EU-endorsement (as of 31 December 2012)
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013	Adoption done

These as yet inapplicable IASB accounting principles are not expected to have any material effect on Capital Stage AG's accounting. However, the consequences of the amendment of IFRS 9 and IFRS 13 are currently being analysed by the Company.

In conformity with IAS 7 the cash flow statement has been drawn up according to the indirect method.

To improve clarity, various income statement and balance sheet items have been combined. These items are shown separately and explained in the Notes. The income statement has been drawn up according to the nature of expense method. The reporting currency and also the functional currency for all consolidated companies is the euro, with the exceptions of Helvetic Energy GmbH and Calmatopo Holding AG, for whom the reporting currency is the Swiss franc, EURO (EUR). The figures in the notes are given in euros (EUR), thousands of euros or millions of euros.

The balance sheet date is 31 December 2012.

### 3.1 Consolidation Principles

The consolidated financial statements include Capital Stage AG plus all the significant subsidiaries controlled by Capital Stage AG both in Germany and abroad. Control exists if the Company has the power to determine an entity's financial and business policies and can derive economic benefit from so doing. Such a controlling interest derives from holding a majority of the voting rights.

In conformity with IAS 28.1, in view of their designation as well as the portfolio management within the Group, shares in associates are not valued according to the equity method but rather at their fair value in accordance with IAS 39.

Loans and other receivables and also liabilities between consolidated entities are offset. In the consolidated income statement income between consolidated entities is offset against corresponding expenses.

Intra-Group debts and contingent liabilities are offset, and intra-Group profits and losses, expenses and income are eliminated.

Alongside Capital Stage AG the Group comprises the following fully consolidated entities:

	Subscribed capital in EUR	Share in %
Capital Stage Solar IPP GmbH, Hamburg <sup>1)</sup>	100,000.00	100
Capital Stage Wind IPP, Hamburg <sup>2)</sup>	26,650.00	100
Krumbach Photovoltaik GmbH, Hamburg	25,000.00	100
Krumbach Zwei Photovoltaik GmbH, Hamburg	25,000.00	100
Capital Stage Solar Service GmbH, Halle	25,000.00	100
Solarparks Asperg GmbH, Hamburg	25,000.00	100
Asperg Erste Solar GmbH, Halle	25,000.00	100
Asperg Zweite Solar GmbH, Halle	25,000.00	100
Asperg Fünfte Solar GmbH, Halle	25,000.00	100
Asperg Sechste Solar GmbH, Halle	25,000.00	100
Capital Stage Windpark Betriebs- und Verwaltungs GmbH, Hamburg	25,000.00	100
Windpark Gauaschach GmbH & Co. KG, Hamburg	1,000.00	100
Solarpark Brandenburg (Havel) GmbH, Halle	25,000.00	51
Solarpark PVA GmbH, Halle <sup>3)</sup>	25,000.00	100
Solarpark Lochau GmbH, Halle	25,000.00	100
Solarpark Rassnitz GmbH, Halle	25,000.00	100



Solarpark Roitzsch GmbH, Halle	25,000.00	100
Solarpark Glebitzsch GmbH, Halle <sup>4)</sup>	25,000.00	100
Solarpark Bad Harzburg GmbH, Halle <sup>5)</sup>	25,000.00	100
CS Göttingen Photovoltaik GmbH, Halle <sup>6)</sup>	25,000.00	100
Alameda SrL, Bozen, Italy	10,000.00	100
Casette SrL, Bozen, Italy	10,200.00	100
Vallone SrL, Bozen, Italy	10,200.00	100
Solar Energy SrL, Bozen, Italy	10,000.00	100
Oetzi SrL, Bozen, Italy	10,000.00	100
Grit 63 Vermögensverwaltung GmbH, Hamburg <sup>7)</sup>	25,000.00	100
DE Stern 10 Srl, Bozen, Italy <sup>7)</sup>	10,000.00	100
Solar Farm FC1 Srl, Bozen, Italy <sup>8)</sup>	10,000.00	100
Solar Farm FC3 Srl, Bozen, Italy <sup>8)</sup>	10,000.00	100
Windkraft Sohland GmbH & Co. KG, Sohland <sup>9)</sup>	89,999.76	74,3
Windkraft Greußen GmbH & Co. KG, Greußen <sup>9)</sup>	0.00	71,4
Parco Eolico Monte Vitalba SRL, Bozen, Italy <sup>10)</sup>	10,000.00	85
Solarpark Neuhausen GmbH, Neuhausen <sup>11)</sup>	25,000.00	100
Helvetic Energy GmbH, Flurlingen, Switzerland	47,717.00	100
Calmatopo Holding AG, Flurlingen, Switzerland	83,437.63	100

<sup>1)</sup> formerly Capital Stage IPP GmbH, renamed according to shareholders on 20.12.2012

<sup>2)</sup> formerly Capital Stage Consult GmbH, renamed according to shareholders on 20.12.2012

<sup>3)</sup> Purchase contract with the notary on June 1, 2012 by Capital Stage Solar IPP GmbH

<sup>4)</sup> Purchase contract with the notary on June 18, 2012 (signing), closing on July 30, 2012

<sup>5)</sup> Purchase contract with the notary on March 21, 2012

<sup>6)</sup> Purchase contract with the notary on April 17, 2012

<sup>7)</sup> Purchase contract with the notary on March 2, 2012 (signing), closing on May 11, 2012

<sup>8)</sup> Purchase contract with the notary on March 2, 2012 (signing), closing on June 06, 2012

<sup>9)</sup> Purchase contract with the notary on September 7, 2012; closing on November 2, 2012

<sup>10)</sup> Purchase contract with the notary on September 7, 2012; closing on October 1, 2012

<sup>11)</sup> Purchase contract with the notary on December 20, 2012; closing on December 21, 2012

The financial year for all companies included in the consolidated financial statements ended on 31 December 2012.

### 3.2 Business combinations

The acquisition of business entities is recognised using the partial goodwill method. The consideration received at the time of the business combination is carried at its fair value, which is determined by the sum of the fair values of the assets transferred at the time of exchange, the debts taken over from the former owners of the acquired entity and the equity instruments issued by the Group in exchange for gaining control of the acquired entity. The costs associated during the business combination must be recognised as liabilities as and when they are incurred.

The identifiable assets acquired and debts taken over are carried at fair value, with the following exceptions:

- Pursuant to IAS 12 (Income Taxes) and IAS 19 (Employee Benefits), deferred tax assets and liabilities, and also assets or liabilities in connection with employee benefit agreements must be recognised and measured;
- Pursuant to IFRS 2 (Share-based Payment), debts or equity instruments arising from share-based remuneration or the replacement of share-based remuneration by the Group must be measured at the time of acquisition and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree

(if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

In 2012 the group of consolidated companies grew in size as Capital Stage AG expanded its business activities through the acquisition of 100% holdings in Solarpark PVA GmbH, Solarpark Glebitzsch GmbH, Solarpark Bad Harzburg GmbH, Capital Stage Göttingen Photovoltaik GmbH, Grit 63. Vermögensverwaltung GmbH, De Stern 10 Srl, Solar Farm FC1 Srl and Solar Farm FC3 Srl. In addition to this the Company acquired an 85% participating interest in the wind farm Parco Eolico Monte Vitalba SRL, a 74.3% participating interest in Windkraft Sohland GmbH & Co. KG, a 71.4% participating interest in Boreas Windfeld Greußen GmbH & Co. KG and a 100% participating interest in Solarpark Neuhausen GmbH.

Pursuant to IFRS 3 B65, as the business combinations during 2012 were individually immaterial but material collectively, the details were aggregated as required by IFRS 3 B64(e)-(f).

We have refrained from giving specific details of the purchase prices due to a contractual agreement that they should remain confidential.

The initial consolidation of the corporate acquisitions gave rise to a sum in badwill. This badwill was chiefly due to the initial consolidation of the Parma, Cesena and Forlì solar parks.

The badwill arising from the company acquisitions, totalling EUR 15,1 mill., is carried in the income statement under other operating income, while the acquisition-related overheads are carried in other operating expenses.

Corporate acquisitions often require participation in a public sale process whereby the purchase price is significantly influenced by the bids made by rivals. However, the Group's corporate acquisitions arose solely from exclusive negotiations with the various sellers.

The solar parks in Parma, Cesena and Forlì were acquired for a price below the [net] market value of the individual assets and liabilities. For portfolios of this scale the negotiation of block discounts is customary. This block discount reflects the greater speed of sale and associated savings in personnel, administration and transaction costs achieved through a portfolio sale rather than individual sales of the properties in question.

Thus the difference arises both from the block discount achieved and the avoidance of costly sales processes.

The holdings of non-controlling shareholders were valued proportionately to their overall share of the net values of the identifiable net assets.

The following acquisitions were included in the consolidated financial statements for the first time:

Solarpark PVA GmbH  
 Solarpark Glebitzsch GmbH  
 Solarpark Bad Harzburg GmbH  
 Capital Stage Göttingen Photovoltaik GmbH  
 Grit 63. Vermögensverwaltung GmbH  
 De Stern 10 Srl  
 Solar Farm FC1 Srl

Solar Farm FC3 Srl  
 Parco Eolico Monte Vitalba SRL  
 Windkraft Sohland GmbH & Co. KG  
 Boreas Windfeld Greußen GmbH & Co. KG  
 Solarpark Neuhausen GmbH

The identified assets and debts of the companies were valued for initial consolidation purposes as follows:

De Stern 10 srl, Solar Farm FC1 srl, Solar Farm FC3 srl	Book value before purchase price allocation in TEUR	Fair value TEUR
Intangible assets	2,600	23,269
Property, plant and equipment	34,095	34,758
Other non-current assets	1,965	1,965
Short-term assets	2,434	2,434
Cash and cash equivalents	2,313	2,313
Debts and provisions	43,048	44,098
Deferred tax liabilities	0	6,263

The transaction involved the acquisition of three Italian solar parks in the vicinity of the cities of Parma, Cesena and Forli Region in the Emilia Romagna region. The dates of the parks' initial consolidation were 11 May 2012 (De Stern 10 srl) and 6 June 2012 (Solar Farm C1 srl and Solar Farm FC3 srl). The business combinations were carried out under application of the partial goodwill method. The fair value of the consideration on the date of initial consolidation came to TEUR 14,750. The fair value of the receivables taken over as a result of the transaction, chiefly comprising trade receivables, came to TEUR 2,278, while their gross

contractual value was set at TEUR 2,298. The best estimate at the time of acquisition put the anticipated unrecoverable portion of the contractual payment streams at zero, and there were no contingent receivables or debts. The transaction overheads totalled TEUR 40. Since the date of initial consolidation of the above-mentioned solar parks, sales of TEUR 3,810 and a loss of TEUR 487 have been registered by the entities acquired. Had the entities been part of the Group for the entire year they would have contributed sales of TEUR 5,980 and a loss of TEUR 81 to the consolidated financial statements.

Solarpark Glebitzsch GmbH, Halle	Book value before purchase price allocation in TEUR	Fair value TEUR
Intangible assets	0	2,713
Property, plant and equipment	4,871	4,871
Short-term assets	22	0
Cash and cash equivalents	10	10
Debts and provisions	4,258	4,236
Deferred tax liabilities	0	787

The transaction involved the acquisition of a solar park in Glebitzsch in the German state of Saxony-Anhalt. The park's initial consolidation took place on 30 July 2012. The business combination was carried out under application of the partial goodwill method. The value of the newly measured equity on the date of initial consolidation came to TEUR 2,571. The fair value of the receivables taken over as a result of the transaction, chiefly comprising tax receivables, came to TEUR 0,094. The best estimate at the time of acquisition put the an-

anticipated unrecoverable portion of the contractual payment streams at zero, and there were no contingent receivables or liabilities. The transaction overheads came to TEUR 6. Since the date of initial consolidation of Solarpark Glebitzsch GmbH sales of TEUR 246 and a profit of TEUR 44 have been registered by the entity acquired. Had the entity been part of the Group for the entire year it would have contributed sales of TEUR 246 and a loss of TEUR 36 to the consolidated financial statements.

Windkraft Sohland GmbH & Co. KG, Sohland	Book value before purchase price allocation in TEUR	Fair value TEUR
Intangible assets	0,00	4,544
Property, plant and equipment	2,521	8.343
Short-term assets	427	407
Cash and cash equivalents	803	803
Debts and provisions	6,662	6,578
Deferred tax liabilities	23	3,046

The transaction involved the acquisition of a wind farm in Sohland in the German state of Saxony. The park's initial consolidation took place on 2 November 2012. The business combination was carried out under application of the partial goodwill method. The value of the revalued equity capital on the date of initial consolidation came to TEUR 4,470. This included a minority shareholding with a fair value of TEUR 1,150. The fair value of the receivables taken over as a result of the transaction, chiefly comprising trade receivables, came to TEUR 173, while their gross contractual value was

set at TEUR 206. The best estimate at the time of acquisition put the anticipated unrecoverable portion of the contractual payment streams at zero, and there were no contingent receivables or liabilities. Since the date of initial consolidation of the wind park, sales of TEUR 412 and a profit of TEUR 99 have been registered by the entity acquired. Had the entity been part of the Group for the entire year it would have contributed sales of TEUR 1,480 and a loss of TEUR 337 to the consolidated financial statements.

Boreas Windfeld Greußen GmbH & Co. KG	Book value before purchase price allocation in TEUR	Fair value TEUR
Intangible assets	0	3,793
Property, plant and equipment	7,166	24,900
Active deferred taxes	0	66
Short-term assets	1,599	1,481
Cash and cash equivalents	1,732	1,732
Debts and provisions	20,535	20,422
Deferred tax liabilities	0	6,308

The transaction involved the acquisition of a wind farm in Greußen in the German state of Thuringia. The park's initial consolidation took place on 2 November 2012. The business combination was carried out under application of the partial goodwill method. The value of the revalued equity capital on the date of initial consolidation came to TEUR 5,240. This included a minority shareholding with a fair value of TEUR 1,500. The fair value of the receivables taken over as a result of the transaction, chiefly comprising trade receivables, came to TEUR 299, while their gross contractual value was set at TEUR 355. In addition to that there are VAT receive-

bles worth TEUR 507. The best estimate at the time of acquisition put the anticipated unrecoverable portion of the contractual payment streams at zero, and there were no contingent receivables or liabilities. The transaction overheads came to TEUR 13. Since the date of initial consolidation of the wind park, sales of TEUR 685 and a loss of TEUR 35 have been registered by the entity acquired. Had the entity been part of the Group for the entire year it would have contributed sales of TEUR 3,704 and a loss of TEUR 845 to the consolidated financial statements.

Parco Eolico Monte Vitalba SRL	Book value before purchase price allocation in TEUR	Fair value TEUR
Intangible assets	0	4,350
Property, plant and equipment	3,981	6,361
Active deferred taxes	0	87
Short-term assets	947	947
Cash and cash equivalents	103	103
Debts and provisions	5,073	5,318
Deferred tax liabilities	0	1,968

The transaction involved the acquisition of an Italian wind farm in Vitalba in the Tuscany region. The park's initial consolidation took place on 1 October 2012. The business combination was carried out under application of the partial goodwill method. The value of the revalued equity capital on the date of initial consolidation came to TEUR 4,560. This included a minority shareholding with a fair value of TEUR 68. The fair value of the receivables taken over as a result of the transaction, chiefly comprising trade receivables, came to TEUR 699, and their gross contractual value was also set at TEUR 699.

The best estimate at the time of acquisition put the anticipated unrecoverable portion of the contractual payment streams at zero, and there were no contingent receivables or liabilities. The transaction overheads came to TEUR 18. Since the date of initial consolidation of the wind park, sales of TEUR 627 and a profit of TEUR 64 have been registered by the entity acquired. Had the entity been part of the Group for the entire year it would have contributed sales of TEUR 1,546 and a loss of TEUR 344 to the consolidated financial statements.



Solarpark Neuhausen GmbH, Halle	Book value before purchase price allocation in TEUR	Fair value TEUR
Intangible assets	0	1,351
Property, plant and equipment	20,603	20,513
Active deferred taxes	0	11
Short-term assets	461	290
Cash and cash equivalents	275	275
Debts and provisions	17,459	17,333
Deferred tax liabilities	0	364

The transaction involved the acquisition of a solar park in Neuhausen, near Cottbus in the eastern German state of Brandenburg. The park's initial consolidation took place on 21 December 2012. The business combination was carried out under application of the partial goodwill method. The fair value of the revalued equity capital on the date of initial consolidation came to TEUR 4,740. The fair value of the receivables taken over as a result of the transaction, chiefly comprising trade receivables, came to TEUR 57, while their gross contractual value was set at TEUR 67. The best estimate at the time of acquisition put the anticipated unrecoverable portion of the contractual payment streams at zero, The receivables taken on were recoverable in full, and there were no contingent receivables or liabilities. The transaction overheads came to TEUR 18. Since the date of initial consolidation of the above-mentioned solar park the entity acquired has not registered any sales or made any profit. Had the entity been part of the Group for the entire year it would have contributed sales of TEUR 689 and a profit of TEUR 2 to the consolidated financial statements.

No purchase price allocations were undertaken with respect to the acquisition of Grit 63. Vermögensverwaltungs GmbH, Solarpark PVA GmbH, Solarpark Bad Harzburg GmbH and Capital Stage Göttingen GmbH since the prerequisites for an existing business operation were not met. Thus no material changes to the consolidated financial statements were involved.

The capital consolidation of Solarpark Bad Harzburg GmbH led to the recognition of project rights to a value of TEUR 267.

### Overall Impact of the Acquisitions on the Group's Results

The net profit includes losses of TEUR 300 on transactions generated by new acquisitions, and this can be attributed to the purchase of solar parks and wind farms. The sales for the current financial year include TEUR 4,100 generated by the newly acquired solar parks and TEUR 1,700 by the newly acquired wind farms.

If the business combinations had taken place on 1 January 2012, the Group turnover in these divisions would have been EUR 7,8 mill. higher and the net profit would have been EUR 1,9 mill. lower.

### Sale of Subsidiaries

Capital Stage Wildenfels GmbH was sold on 31 May 2012 and was therefore no longer included in the group of consolidated companies as of 31 December 2012. The net payments accruing from the sale of subsidiaries came to TEUR 113, giving rise to a loss of TEUR 13.

### Corporate Acquisitions after the Balance Sheet Date

On 20 December 2012, Capital Stage AG announced the signing of a contract for the acquisition of two already operational solar parks in northern Italy, with a total capacity of 4.64 MWp.

On that date the contract was subject to a series of conditions precedent, as a result of which completion was not until 17 January 2013. The acquisition will lead to an expansion of existing business activities.

The transaction involved the acquisition of two Italian solar parks in Parma, in the Emilia Romagna region. In each case a 100% shareholding was acquired. The parks' initial consolidation was on 10 January 2013. Due to a lack of final information no purchase price allocation could be made by the date of publication of the consolidated financial statements, and as a result there is no foreseeable affect on the 2013 consolidated financial statements.

On 18 June 2012 Capital Stage AG announced that they had concluded a contract for the acquisition of an already operational solar park in Lettewitz, Saxony-Anhalt, with a total capacity of 12.6 MWp. On that date the contract was subject to conditions precedent as a result of which completion was not until 15 January 2013. The acquisition will lead to an expansion of existing business activities.

The transaction involved the acquisition of a solar park in Lettewitz, in Saxony-Anhalt. A 100% shareholding was acquired. The parks' initial consolidation was on 15 January 2013. The business combination was carried out under application of the partial goodwill method. Due to a lack of final information no purchase price allocation could be made by the date of publication of the consolidated financial statements, and as a result there is no foreseeable affect on the 2013 consolidated financial statements.

### 3.3 Foreign Currency Translation

Differences arising from the translation of the functional currency of foreign entities into the Group's reporting currency (the euro) are recorded in the consolidated financial statements directly under 'Other results' and cumulatively in the foreign currency translation reserve. Conversion differences previously recorded in the foreign currency translation reserve are transferred to the income statement if part or all of the foreign entity is sold.

The currency translation was therefore done at the historic exchange rate in the case of shareholders' equity, at the exchange rate on the balance sheet date in the case of other balance sheet items and at the mean exchange rate for the year in the case of income and expenses as well as the consolidated result. Pursuant to IAS 21 currency differences were recognised directly in equity. The exchange rate on the balance sheet date between the Swiss

franc and the EURO was CHF/EUR 1.21360 (2011: CHF/EUR 1.2156), while the mean exchange rate for 2012 came to CHF/EUR 1.21115 (2011: CHF/EUR 1.22755).

### 3.4 Significant Discretionary Leeway and Principal Sources of Estimation Uncertainties

The Company only avails itself of significant discretionary leeway in the recognition of potential goodwill through the use of either the partial goodwill method or the full goodwill method. In other respects there is no significant discretionary leeway.

Below we discuss the most important forward-looking assumptions as well as the other principal sources of estimation uncertainties as of the end of the reporting period which could give rise to a substantial risk within the coming financial year that a significant adjustment of the stated asset values and debts has to be made.

In some cases the consolidated financial statements include estimates and assumptions which have consequences for the extent of the recognised assets, balance sheet assets, debts, income, expenses and contingent liabilities. The actual values may diverge from these estimates. Any changes will be recognised in the income statement once our knowledge of the items in question improves. When measuring property, plant and equipment and intangible assets the expected useful life of the assets must be estimated, in so doing taking into account contractual provisions, knowledge of the industry and management estimates.

The intangible assets recorded during the purchase price allocation process form the basis for the Company's planning, which also takes contractual agreements and management estimates into account. The discounting rate (WACC) applied in connection with the measurement of intangible assets was between 4.19% and 4.56%.

The reader is referred to the discussion in subsection 3.7 for details of the assumptions made when determining the fair value of financial assets.

In establishing the cash values of lease liabilities and loan capital the contractually agreed interest rates were applied.

At the end of the period the interest rate swaps engaged in for hedging purposes were revalued. Due to continuing falls in interest rates the revaluation yielded interest expenses of TEUR 416.

Given the above-mentioned uncertainties it is impossible to state the quantitative consequences of estimation uncertainty.

Pursuant to IAS 8.32ff, in response to greater knowledge of the economic usefulness of the property, plant and equipment carried on the balance sheet, the estimates of the useful lives of the non-current balance sheet assets installed in the wind farms and solar parks were adjusted. The adjustments were made on a prospective basis only since they involved changes to estimates.

The effect of the adjustments to the expected useful economic life amounts to TEUR 2,560 for the current financial year and for each of the following 15 periods comes to, and for the ten periods thereafter it will come to an average of c. TEUR -2,760.

The useful economic life of the project rights carried as intangible assets was adjusted for the same reason.

### 3.5 Intangible assets

With the exception of the goodwill, all the intangible assets have limited useful lives and are valued at their costs of acquisition less scheduled straight-line amortisation. They are amortised on the basis of their useful economic lives.

If the fair value is below the carrying amount on the balance sheet date it is written down. If the reasons for impairments recognised in the past cease to apply upward revaluations are made.

Power feed-in contracts and project rights are amortised over 15 to 30 year periods, in line with the useful lives of photovoltaic installations, while other intangible assets are amortised over prospective useful lives of three to five years.

Goodwill resulting from a business combination is recognised at its cost of acquisition less any necessary impairments and is shown separately in the consolidated balance sheet.

For impairment test purposes the goodwill must be divided among all of the Group's cash-generating units (or groups thereof) which are expected to draw benefit from the synergies created by the business combination.

Cash-generating units to which a portion of the goodwill is allocated must be subjected to annual impairment tests, though if there are indications that a unit has lost value it will be tested more frequently. If the total sum which a cash-generating unit can earn is lower than its carrying amount, the corresponding impairment cost must first be assigned to the carrying amount of any goodwill allocated to that unit and thereafter pro rata to the unit's other assets on the basis of their respective values. Any impairment of the goodwill will be recognised directly in the income statement. Any impairment of goodwill may not be recovered in future periods.

When selling a cash-generating unit the portion of the goodwill attributable to it will be taken into account in determining the profit or loss on the disposal.

### 3.6 Property, plant and equipment

Property, plant and equipment are valued at their costs of acquisition less cumulative depreciation. Profits or losses from the disposal of assets are carried as other income or expenses. The depreciation period and method are reviewed at the end of each financial year.

Property, plant and equipment are depreciated over their prospective useful economic lives pro rata temporis. During 2012 the useful lives recognised for property, plant and equipment were adjusted to reflect the lease terms actually agreed, and now range from three to 30 years. The range for photovoltaic and wind power installations is 18 to 30 years, as against three to five years for other office and business equipment.

### 3.7 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than

financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### 3.8 Financial assets

DA financial asset is classified in the following categories:

- Financial assets at fair value
- Held to maturity investments
- Available-for-sale financial assets
- Loans and receivables

The classification depends on the nature and purpose of the financial assets and is determined at purchase. The recognition and derecognition of financial assets is carried on the trade date, if the supply is within the usual time frame for the affected market.

### 3.9 Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

### 3.10 Measurement of Financial Instruments Carried at Fair Value through Profit or Loss

The financial assets recognised by the Group as of 31 December 2012 comprise shares assigned, pursuant to IAS 39, to the category 'at fair value through profit or loss' (the fair value option), as well as interest rate swaps, which are classified as derivatives held for trading purposes. Pursuant to IAS 39 these assets must be carried at their fair values. Transaction costs are not shown. Financial assets carried at their fair values may be classified according to the significance of the factors and information influencing their measurement, and thereby assigned to (measurement) levels. A financial instrument is assigned to a given level on the basis of the importance of its input factors for its global measurement. It is assigned to the lowest level which is material or pertinent for the instrument's global measurement.

The measurement levels are divided hierarchically on the basis of their input factors:

**Level One** The listed prices (to be shown unaltered) on active markets of identical assets or liabilities.

**Level Two** Input factors not constituting the listed prices referred to in Level One but which can nevertheless be observed for the asset or liability

either directly (i.e., the price) or indirectly (i.e., through inference from prices).

**Level Three** Asset or liability measurement factors not based on observable market data (unobservable input factors).

### 3.11 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including [trade and other receivables, bank balances and cash, and others [describe]]) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

### 3.12 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### 3.13 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

### 3.14 Financial liabilities and equity instruments Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.



**Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

**3.15 Other financial liabilities**

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

**3.16 Derecognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**3.17 Derivative financial instruments**

The Group enters into derivative financial instruments to manage interest rate risk. Among them are exclusively interest swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss im-

mediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

**3.18 Security**

The financial liabilities involve non-recourse loans. The entities included in the group of consolidated companies have for the most part furnished the financing banks or other creditors with security for their financial liabilities and, where applicable, contingent liabilities. As is customary with this kind of financing, the property, plant and equipment, and also all rights and future receivables have been assigned to the banks.

The current value of the security furnished thus corresponds with the carrying amount of the assets or the size of the reserves formed (see subsection 5.9), or are immaterial (e.g., a right of subrogation in respect of the feed-in contracts). The principal security furnished is as follows:

- enforceable land charges (property, plant and equipment)
- pledging of capital servicing and project reserve accounts (cash)
- assignment of the various companies' rights to payment of the electricity feed-in tariff (sales)
- assignment of payment and remuneration claims against third parties arising from direct marketing contracts (sales)
- assignment of goods stored in a specific place (SAV)
- pledging of shareholdings (group of consolidated companies)

**3.19 Inventories**

The inventories chiefly comprise merchandise. They are carried at their costs of acquisition or their net realisable value if lower (the likely realisable sale price less costs incurred prior to sale). The moving average price is applied in determining the costs of acquisition.

### 3.20 Deferred Taxes

Pursuant to IFRS accounting standard IAS 12, deferred taxes must be recognised in relation to temporary differences between the IFRS carrying amount of an asset or liability and its tax base. Under IFRS the resultant differences may entail corresponding tax credits or tax losses, and the resultant deferred tax assets or liabilities must be recognised. Anticipated tax reductions resulting from the possible use of existing loss carryforwards must also be recognised if it is likely that taxable income will be generated over the coming five years against which unused tax loss carryforwards can be offset. However, the statutory limitation of the offsetting of tax loss carryforwards against profits made during the planning period must be borne in mind.

Under current German tax law sales of participating interests in limited companies are tax exempt except for a minimum tax rate of 5% on profits from the sale of shares in limited companies and on dividend income.

Deferred tax assets from the use of tax loss carryforwards must be recognised if it is likely that there will be taxable profits against which existing loss carryforwards can be offset.

### 3.21 Trade receivables

Trade receivables are carried at their amortised cost. Revaluations are done on the basis of past experience through the classification of receivables and other assets according to their age and other objective information bearing on their value.

### 3.22 Other Assets: Non-Financial Assets & Other Receivables

Other assets are carried at their amortised cost. In the case of the other short-term receivables this was generally their fair value, since the time value of the money is negligible and there is no material risk of default. The other non-current receivables are made up of prepayments and accrued income.

### 3.23 Cash and Cash Equivalents

The cash and cash equivalents comprise bank balances and time deposits, as well as cash in hand, which have a high degree of liquidity and a total term of up to three months. These sums are not subject to interest rate change risk and are carried at their nominal values. The exception is the capital servicing and project reserve accounts, which

are used as security for the solar parks' creditor banks and thus are not freely available.

### 3.24 Liabilities, Provisions and Loan Capital

When first recognised on the balance sheet, loan capital is carried at its fair value. It is subsequently carried at amortised cost, applying the effective interest method. Other liabilities are carried at their settlement value provided their short-term nature means that the time value of the money is negligible. The loan capital involves non-recourse loans whereby the solar and wind installations at the various solar parks and wind farms constitute the sole security for each corresponding loan.

The other short-term provisions are carried at their prospective settlement amounts, with no discounting. They cover all obligations discernible on the balance sheet date which are founded on business transactions or events occurring before the balance sheet date and whose extent or due date is uncertain. The settlement values arrived at were those with the highest likelihood of occurrence.

Non-current provisions are discounted at a suitable risk-free interest rate.

Provisions are only formed where there is a corresponding legal or actual obligation towards third parties and the associated probability of occurrence is greater than 50%.

### 3.25 Revenues

Revenue is measured at the fair value of the consideration received or receivable. Revenues from the sale of goods and electricity are recognised if the following conditions are met:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the Group; and

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Essentially revenues from the sale of goods and electricity are recognised once the goods and electricity have been supplied and the legal transfer of ownership has transpired.

Section 33g of the German Renewable Energy Sources Act (Erneuerbare-Energien-Gesetz – EEG) provided for the introduction of the so-called market premium on 1 January 2012. The market premium is paid by the grid operator to operators of installations producing electricity from renewable sources who opt to sell their electricity directly on the energy markets rather than following the EEG remuneration model. On the energy markets installation operators receive the regular market price, which is lower than the remuneration guaranteed under the EEG. The difference between the EEG remuneration and the mean monthly market price on the energy markets is then made good via the market premium. The actual volume of directly marketed electricity is measured via meter readings.

The market premium and the flexibility premium paid by the grid operator to installation operators pursuant to Sections 33g and 33i EEG constitute genuine subsidies and as such are not subject to VAT.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### 3.26 Share Option Programme

Share options (share-based remuneration transactions settled with equity instruments) are measured at their fair value at the time they are granted. The fair value of the obligation is recognised as personnel costs over the vesting period, and a capital reserve is formed at the same time (reserve for employee remuneration to be met through equity instruments). The options issued are valued via a binomial option price model.

### 3.27 The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see note 3.13 below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

The Group has financed solar installations via leasing agreements whereby the material risks and opportunities are transferred to Capital Stage, thus constituting finance leases. The solar installations in the various solar parks constitute security for the corresponding liabilities.

### 3.28 Earnings per share

The 'undiluted' basic earnings per share are calculated by dividing the weighted average earnings of the issued shares for the period assignable to the holders of share certificates. The 'diluted' earnings per share are calculated by dividing the weighted average earnings of the issued shares for the period assignable to the holders of share certificates, plus the number of exercisable options. The options are recognised from the date on which

the associated performance target is permanently reached or exceeded.

### 3.29 Segment reporting

During 2012 the focus of the Capital Stage Group's business activities had not changed substantially since the previous year, remaining on the operation and development of solar parks and wind farms. Accordingly the allocation of the consolidated assets and debts to the various segments remained unaltered. The Group's segments are Administration, PV Parks, PV Service, Wind Farms and Participating Interests.

The PV Parks Segment comprises the German and Italian solar parks plus various holding companies. During 2012 the following companies joined the segment: Solarpark Bad Harzburg GmbH, Capital Stage Göttingen GmbH, Solarpark PVA GmbH, Grit 63 Vermögensverwaltung GmbH, DE Stern 10 srl, Solarfarm FC1 srl, Solarfarm FC3 srl, Solarpark Neuhausen GmbH and Solarpark Glebitzsch GmbH. Capital Stage Wildenfels GmbH is no longer included, having been sold during 2012. The principal business activity of this segment is the production of electricity. The segment's sales revenue chiefly derive from the feed-in tariffs paid to the various local providers and market premiums through direct selling of electricity on the energy markets. In 2012 the sales revenues were generated exclusively from the feed-in tariffs paid to the various local providers.

The PV Service segment comprises the development of the plant operations company Capital Stage Solar Service GmbH and the Group's participating interest in Eneri PV Service srl. The principal business activities of the segment are the technical and commercial operation of both the Group's and external solar park installations. The sales revenues earned by this segment chiefly come from plant operation charges.

The wind farms and the associated general partner are included in the Wind Farms segment. New additions to the segment during 2012 were the companies Windkraft Sohland GmbH & Co. KG, Windkraft Greußen GmbH & Co. KG and Parco Eolico Monte Vitalba srl. Capital Stage Wind IPP GmbH (formerly Capital Stage Consult GmbH) used to be included in the Administration segment but has now been reclassified as the holding company for the Wind Farms segment. The segment's

principal business activity is electricity production. The segment's sales revenues come chiefly from either the feed-in tariffs paid by the various local providers or the market premium paid for direct marketing of electricity on the energy markets. However, last year the revenues came exclusively from feed-in tariffs paid by the various local providers.

The financial investments segment contains the shareholdings in the companies Helvetic Energy GmbH, Calmatopo Holding AG, Blue Tech GmbH & Co. KG, and until 15 May 2012 also the holding in Inventux Technologies AG. The segment's principal business activity is the acquisition, holding and selling of participating interests. The segment's sales revenues chiefly comprise the income generated by Helvetic Energy GmbH. Due to the sale of the participating interest in Inventux Technologies AG during the year, comparison with the previous year's figure would be misleading.

The Administration segment embodies the cross-Group activities of Capital Stage AG. Capital Stage Consult GmbH has been renamed Capital Stage Wind IPP GmbH and is now included in the Wind Farms segment. The previous year figures for the segments have been adjusted accordingly.

The segment reporting is done in conformity with the accounting methods applied in the consolidated financial statements and is founded on the internal reporting system.

The assets, provisions and liabilities shown in the consolidated balance sheet have been duly assigned to the appropriate segments. The investments shown in the segmental reporting relate to acquisitions of property, plant and equipment and financial assets.

Segment-internal business transactions are conducted on the same conditions as ones with external third parties.

The Group sales of TEUR 32,992 generated from feeding power into the national grid are paid directly to the various solar parks and wind farms by the local power companies. However, this does not entail any dependency on these entities given that the tariffs are guaranteed under the EEG.

The various segments' sales to third parties were as follows: TEUR 30,531 in the PV Parks segment, TEUR 2,461 in the Wind Farms segment and TEUR 12,120 in the Participating Interests segment. Around 56% of the sales revenues were generated in Germany (2011: 60%), 27% in Switzerland (2011: 34%) and the remainder in Italy. The bulk of the Group's assets are located in Germany (TEUR 317,100), while assets worth TEUR 60,400 (2011: TEUR 21,300) are located in Italy.

The reconciliation of sales revenues between the segments and the overall Group turnover is chiefly attributable to the elimination of plant operation charges for the Group's own parks.

The difference between the overall value of the various segments' assets and the total value of the Group's assets is largely attributable to debt consolidation.

### 3.30 Risk Management

The Capital Stage Group's risk management system is designed to detect potential risks at an early stage and evaluate them precisely. Risk identification is therefore of great importance to the Capital Stage Group. The Capital Stage Group is exposed to the following financial asset risks:

#### Solar park and wind farm risks

When selecting solar parks and wind farms, Capital Stage Group takes great care with its choice of partners. The Group only considers projects or parks erected by large, reputable project planners and manufacturers who have been established in the industry for many years. In the unlikely event of a loss of capacity the Group is covered by long-term manufacturers' warranties. Furthermore, material defects in the facilities are covered by guarantee agreements with the project planners.

We are able to take prompt countermeasures in relation to the risk of solar park and wind farm downtime thanks to the fact that the installations are operated and monitored either by the Capital Stage Group itself or by reputable partners. On top of this all our installations are insured against the risk of operational interruptions, and the Group has also taken out suitable insurance against risks arising from third-party operations, for instance faulty maintenance or repair work, and is covered

for any loss or damage or consequential loss suffered as a result. There is also insurance cover against other damage to the installations.

Valuations of solar parks and wind farms are based on long-term investment plans that are sensitive to changes in capital costs, operating costs and income. Various factors could lead to a park becoming unprofitable, and this would also have a negative impact on the Group's financial position and assets. However, the risks which could lead to detrimental developments lie not so much in our participating interests as in the meteorological and technical risks inherent in the sector.

#### Participating interest risks

The valuation risk is accounted for by taking great care before arriving at any investment decision. The due diligence process involves an in-depth analysis of the factors determining the company's success, for which purpose external experts are called in as and when necessary.

Clear, legible and relevant figures on the results, accounts and liquidity, as well as target-actual comparisons for different periods and aspects of the company's business are kept in order to reveal any noteworthy features or inconsistencies in the running of participating interests.

Participating interests are valued every six months using the discounted cash flow (DCF) and multiplier techniques. For further details the reader is referred to the financial assets section.

#### Interest risk

The solar parks and wind farms are largely financed by loan capital at fixed interest rates and with terms ranging from ten to 18 years. Accordingly there is no risk of any change in interest rates during that period.

Due to the long-term nature of the financing of non-current assets, we have refrained from undertaking a sensitivity analysis of the interest risk.

The risk inherent in interest rate swaps consists in the fact that the interest rate secured by engaging in the interest rate swaps may be higher than the interest rate agreed in the loan contracts.



## 4. Notes to the Consolidated Statement of Comprehensive Income

### 4.1 Sales Revenues

EUR 45,118,373.67  
(2011: EUR 35,463,103.71)

Sales revenues are recorded whenever work or services are done, a price has been agreed or is determinable and payment thereof appears probable. The invoicing for and payment of the feed-in tariffs for December 2012 takes place the following year. The breakdown of the sales is shown in the segmental reporting.

### 4.2 Other income

EUR 15,906,767.96  
(2011: EUR 10,620,970.64)

Other income includes income of TEUR 15,122 from the initial consolidation. Pursuant to IFRS 3, at the times of acquisition the Capital Stage Group carried out purchase price allocations in order to incorporate the acquired assets and debts into the consolidated financial statements. During the purchase price allocation process all acquired assets and debts were identified and their fair value was determined. This yielded differences, which were recognised in the 2012 income statement.

### 4.3 Material costs

EUR 6,870,164.56  
(2011: EUR 5,299,999.98)

These chiefly comprise expenditure of TEUR 6,523 by Helvetic Energy GmbH for the procurement of goods, as well as TEUR 347 for electricity purchased externally and other items for the running of the solar parks.

### 4.4 Personal expenditure

EUR 5,909,634.93  
(2011: EUR 4,462,093.88)

In 2012 the Group employed an average of 57 people (2011: 51), of whom seven worked for Capital Stage AG, seven for Capital Stage Solar Service GmbH and 43 for Helvetic Energy GmbH.

A breakdown of Management Board remuneration is given in Section 12 of the Notes.

The wages and salaries include employee bonus expenses. Management bonus payments for the serving Management Board totalled TEUR 625 (2011: TEUR 250).

The share option programme (see subsection 5.11) led to the recognition in the 2012 income statement of personnel costs of TEUR 34 (2011: TEUR 29).

	2012 TEUR	2011 TEUR
Salaries	5,474	4,085
Personnel costs, share option plan	34	30
Social security expenses	402	347
Total	5,910	4,462

### 4.5 Depreciation and amortisation

EUR 13,183,382.37  
(2011: EUR 11,465,420.53)

This item includes scheduled amortisation of intangible assets (TEUR 2,515, 2011: TEUR 1,398) and depreciation of property, plant and equipment (TEUR 10,668; 2011: TEUR 10,068). The bulk of the amortisation of intangible assets (TEUR 2,394, 2011: TEUR 1,389) is attributable to the amortisation of electricity feed-in contracts and project rights. The depreciation of property, plant and equipment chiefly relates to photovoltaic installations (TEUR 9,463, 2011: TEUR 9,416) and wind power installations (TEUR 1,088, 2011: TEUR 534). The adjustment in the prospective useful life [of installations] to bring it in line with the actual

lease durations led to a reduction in the depreciation of photovoltaic installations as compared with 2011.

No impairments were undertaken in either 2012 or 2011.

#### 4.6 Other expenses

EUR 14,516,165.89  
(2011: EUR 11,548,480.12)

Type of expense	2012 TEUR	2011 TEUR
Due diligence and expert advice	274	194
Legal and tax advice	108	102
Costs of valuing and selling financial assets	8,527	6,752
Drawing up and auditing financial statements	116	156
Publications and annual general meeting	149	96
Investor relations and designated sponsoring	123	145
Premises costs	414	336
Costs of solar parks and wind farms	2,622	830
Costs of ongoing business operations	2,059	2,850
Land taxes and motor vehicle taxes	35	87
Miscellaneous	89	0,00
<b>Total</b>	<b>14,516</b>	<b>11,548</b>

The other operating expenses chiefly comprise the costs of operating the parks, acquisition and administration costs, stock exchange listing costs, legal, tax consultation and auditing costs and general administration costs such as premises costs, travel costs, insurance, advertising costs, telecommunications, vehicle costs and supervisory board remuneration. The solar park costs include overheads incurred during the acquisition of the solar parks which cannot be capitalised and general costs of constructing the installations, as well as insurance and leases. The costs of ongoing business operations include items such as the other operating expenses of Helvetic Energy.

The recognised currency differences during 2012 came to TEUR 1 (2011: TEUR 15).

#### 4.7 Financial result

EUR -11,050,810.99  
(2011: EUR - 8,096,457.70)

This amount breaks down as follows:

	2012 TEUR	2011 TEUR
Income from financial investments	46	295
Interest income	629	417
Interest expenses	-11,728	-8,808
Minority shareholders' share	2	0,00
	-11,051	-8,096

The income from participating interests was generated by our holding in BlueTec GmbH & Co. KG. The minority shareholders' share of income concerns the minority shareholders Windkraft Sohl and GmbH & Co. KG and Windkraft Greußen GmbH & Co. KG.

#### 4.8 Taxes on income

EUR -353,345.93  
(2011: EUR -2,714,568.81)

	2012 TEUR	2011 TEUR
Earnings before taxes on income	9,495	5,213
Expected taxes on income (30%)	-2,848	-1,564
Differences arising from divergent tax rates	-10	12
Use of tax loss carry-forwards	74	210
Adjustment of value of tax loss carryforwards	-96	0
Tax-free income	4,537	1,190
Expenses not deductible	-2,502	0
Non-period taxes	-23	0

New loss carryforwards likely to prove unusable	-794	-958
Other valuation differences	394	-2.229
Initial recognition of previously unrecognised deferred tax asset from loss carryforwards	915	624
Taxes on income	-353	-2.715

The taxes on income chiefly comprise a deferred tax liability of TEUR 666 (2011: TEUR 1,847). The formation of deferred tax assets and liabilities within the Group takes place at the various different tax rates applying to individual Group companies, taking trade tax, corporation tax and the solidarity surcharge duly into account.

Under current German tax law, income from participating interests and proceeds from the sale of participating interests are tax exempt in certain circumstances. Thus the business activities of Capital Stage AG, to wit the holding and selling of

participating interests in limited companies, are tax exempt except for a minimum tax rate of 5% on profits from the sale of shares in limited companies and on dividend income.

However, deferred tax assets arising from the use of tax loss carryforwards must nevertheless be recognised if it is probable that existing loss carryforwards may be offset against income.

The Group's provisional loss carryforwards as of 31 December 2012 came to TEUR 45,300 (2011: TEUR 36,913) (trade tax) and TEUR 43,970 (2011: TEUR 33,478) (corporation tax). Of this, totals of TEUR 38,709 (2011: TEUR 35,282) (trade tax) and TEUR 32,652 (2011: TEUR 28,878) (corporation tax) will probably prove unusable within a reasonable period. Accordingly no deferred tax asset item has been recognised in respect of these amounts.

Deferred tax assets and liabilities arise due to valuation differences in relation to the following balance sheet items:

Deferred Taxes	2012		2011	
	TEUR Asset	TEUR Liability	TEUR Asset	TEUR Liability
Intangible assets	553	27,586	0	9,625
Goodwill	0	0	0	0
Financial assets	0	265	0	121
Property, plant and equipment	0	4,159	0	2,030
Liabilities	0	0	0	572
Tax loss carryforwards	2,018	0	812	0
Capital procurement costs	179	0	144	0
<b>Total</b>	<b>2,750</b>	<b>32,010</b>	<b>956</b>	<b>12,348</b>
Offsetting	0	0	0	0
<b>Balance sheet figure</b>	<b>2,750</b>	<b>32,010</b>	<b>956</b>	<b>12,348</b>

With a current tax liability of TEUR 1,019 (2011: TEUR 868) and a deferred tax asset of TEUR 666 (2011: deferred tax liability of TEUR 1,847), the to-

tal tax expense carried in the statement of comprehensive income came to TEUR 353 (2011: TEUR 2,715.)

#### 4.9 Other Profit or Loss

EUR	-47,677.13
(2011: EUR	-111,231.55

Other profit or loss exclusively concerns currency differences at the end of the period.

### 5. Notes to the Consolidated Balance Sheet

#### 5.1 Intangible Assets

EUR	69,322,613.41
(2011: EUR	33,052,076.96)

Intangible asset movements are set out in the statement of changes in fixed assets. The intangible assets chiefly comprise project rights as well as rights deriving from the electricity feed-in contracts worth TEUR 68,901 (2011: TEUR 33,013). The electricity feed-in contracts are amortised over the useful life of the solar park and wind farm installations, while the project rights are amortised over a 20-year period.

No impairments of intangible assets were undertaken either in 2012 or 2011. Details of assets furnished as security are given in subsection 3.18. There are no contractual obligations to acquire intangible assets, nor have any significant non-current assets been sold.

During the current financial year research and development costs of TEUR 228 are carried as expenses.

#### 5.2 Goodwill

EUR	6,888,133.02
(2011: EUR	6,888,133.60)

The goodwill chiefly derives from the acquisition of a 100% shareholding in Helvetic Energy GmbH, as well as the 100% shareholding in Capital Stage Solar Service GmbH acquired in 2010. The goodwill is subjected to regular (at least annual) impairment testing.

Impairment testing of the acquired goodwill is done on the basis of the prospective free cash flow of the respective cash-generating units (CGUs). The CGUs are identical with the corresponding legal units. The payments anticipated on the basis either of long-term contracts or of expectations based on past business performance are discounted by a risk-weighted interest rate (the WACC). In using this method to determine the value in use, the discounting rate for the five-year detail planning period up to 31 December 2012 was between 5.40% and 8.37% (2011: between 6.0% and 10.7%). An unaltered 1% to 2% growth rate was assumed for the perpetuity.

The cash inflows determined by this means are then compared with the respective carrying amounts, including goodwill, of the various CGUs. Neither in 2012 nor in 2011 were any grounds for recognising impairments found.

Since the discounted cash inflows of CGU Helvetic and CGU Capital Stage Solar Service GmbH show a surplus of TEUR 14,053 over their total carrying amounts, including goodwill, we refrained from conducting a sensitivity analysis. However, neither a 0.5% increase in the WACC nor a 10% reduction in the forecast discounted payment inflows would lead to any impairment of the goodwill.

#### 5.3 Property, plant and equipment

EUR	317,126,849.68
(2011: EUR	203,702,077.09)

Movements in the property, plant and equipment are set out in the statement of changes in fixed assets. Property, plant and equipment includes the energy generation installations (TEUR 314,800, 2011: TEUR 197,900), assets under construction (TEUR 1,800, 2011: TEUR 5,400) and other property, plant and equipment (TEUR 500, 2011: TEUR 300).

Movements of the finance lease assets included under property, plant and equipment were as follows:

	2012 TEUR	2011 TEUR
<b>Costs of acquisition</b>		
1 January	22,278	0
Additions	0	0
Disposals	0	0
Change to group of consolidated companies	0	22,278
<b>31 December</b>	<b>22,278</b>	<b>22,278</b>
<b>Depreciation and amortisation</b>		
1 January	1,135	0
Additions	1,237	1,135
Disposals	0	0
<b>December 31</b>	<b>2,372</b>	<b>1,135</b>
<b>Carrying amount on 31 December</b>	<b>19,906</b>	<b>21,143</b>

Neither in 2012 nor in 2011 were any impairments of property, plant and equipment recognised. Details of assets furnished as security are given in subsection 3.18. There are no contractual obligations to acquire property, plant or equipment, nor have any significant non-current property, plant and equipment assets been sold.

#### 5.4 Financial assets

EUR 3,049,561.79  
(2011: EUR 11,600,156.81)

The financial investments shown in the financial assets mainly comprise BlueTec GmbH & Co. KG (10% shareholding) and Eneri PV Service SrL, Bolzano, Italy, (49% shareholding; equity as of 31 December 2011 TEUR 2; 2012 loss TEUR 8).

Our 41.7% holding in Inventux Technologies AG, Berlin was sold during 2012. The participating interests are carried at their fair value on the balance sheet date. Any changes in value were recognised in the balance sheet.

The financial assets underwent the following changes:

	2012 TEUR	2011 TEUR
1 January	11,600	23,324
Additions	0	769
Disposals	-8,551	-5,741
Valuation changes	0	-6,752
31 December	3,049	11,600

#### 5.5 Other accounts receivable

EUR 1,982,522.61  
(2011: EUR 511,652.85)

These comprise encroachment easements (Überbaurechte) and lease payments on account. Of these, TEUR 141 have a remaining term of up to one year, TEUR 456 have a remaining term of between two and five years and TEUR 1,385 have remaining terms of over five years.

#### 5.6 Inventories

EUR 2,451,313.66  
(2011: EUR 1,911,219.87)

The inventories are made up of goods. During 2012 impairments of TEUR 4 (2011: 0) and recoveries of EUR 0 (2011: EUR 0) were recognised. 2012 material costs on inventories came to TEUR 6,900 (2011: TEUR 15,600). None of the inventories were assigned as security.

#### 5.7 Trade receivables

EUR 3,150,472.95  
(2011: EUR 6,048,700.33)

The receivables are recoverable and due in the short term. No revaluations were required as of the balance sheet date, and there were no overdue receivables on that date.



## 5.8 Other current assets

EUR 14,058,285.62  
(2011: EUR 3,512,448.57)

Other current assets break down as follows:

	31.12.2012 TEUR	31.12.2011 TEUR
Non-financial assets	1,355	3,180
Other current receivables	12,703	332
	14,058	3,512

Other current assets are carried at their fair values. No revaluations were required as of the balance sheet date.

The non-financial assets of TEUR 1,355 mainly comprise transaction tax rebate claims of TEUR 1,055 (2011: TEUR 2,756) and as yet unpaid input tax credits or input tax credits not yet due for payment. The corresponding input tax credits of TEUR 300 have been paid in 2013.

The other current receivables chiefly comprise payments for the acquisition of additional solar parks (TEUR 10,780) and prepayments and accrued income (TEUR 1,749).

## 5.9 Cash and Cash Equivalents

EUR 34,237,599.95  
(2011: EUR 31,798,198.60)

The cash and cash equivalents are exclusively made up of cash and bank balances. They include TEUR 15,800 (2011: TEUR 12,400) held in capital servicing and project reserves which have been pledged as security to the solar parks' creditor banks and are not freely available in the short term. Pursuant to IAS 7, movements in cash and cash equivalents are shown in the cash flow statement. Details of assets furnished as security are given in subsection 3.18.

## 5.10 Equity

EUR 130,262,121.52  
(2011: EUR 91,585,823.08)

Changes in equity are detailed in the consolidated statement of changes in equity.

On 30 January 2012, acting on the basis of the enabling resolution passed by the annual general meeting on 16 June 2011 and with the consent granted by the supervisory board on 30 January 2012, the management board of Capital Stage AG decided on a capital increase with shareholders' option rights, whereby the company's equity was increased, through partial availment of the authorised capital, by EUR 10,285,004 from EUR 38,114,996 to EUR 48,400 via the issue of 10,285,004 new no-par-value bearer shares each representing a one euro share of the equity, in return for cash contributions at an issue price of EUR 3.00 per share. The equity increase was entered in the Company Register on 27 February 2012.

The management board has been authorised to raise the equity, with the supervisory board's consent, by 19 June 2017 on one or more occasions by a nominal total of up to EUR 24,200,000 in return for cash and/or non-cash contributions, through the issue of up to 24,200,000 new no-par-value bearer shares (the authorised capital). With the supervisory board's consent, the management board is authorised to determine the further details of the capital increase from the authorised capital. Also with the supervisory board's consent, the management board is further authorised, subject to certain further conditions, to withhold option rights. The supervisory board is authorised to amend the wording of Sections 4 paragraphs 1 and 6 of the Articles of Association as appropriate to reflect the degree of availment of the authorised capital either after the full or partial execution of the equity capital increase or, if some or all of the authorised capital has not been drawn on by 19 June 2017, after the expiry of the authorisation period.

The share capital is contingently increased by up to EUR 2,520,000.00 through the issue of up to 2,520,000 no-par-value bearer shares (Contingent Capital I). However, the conditional capital increase will only be executed to the extent that holders

of the share options granted by Capital Stage AG in the period up to 30 May 2012 pursuant to the enabling resolution passed by the AGM on 31 May 2007 in connection with the 2007 share option programme exercise their options to acquire Company shares, and the Company does not furnish its own shares in fulfilment of said options. The new company shares created through the exercise of these options participate in the profit from the start of the financial year for which, at the time of exercising the option, no AGM resolution had yet been passed concerning the appropriation of the distributable profit. The supervisory board is authorised to amend the wording of Section 4 paragraphs 1 and 3 of the Articles of Association as appropriate to reflect the issue of option shares.

The equity capital is being conditionally increased by up to EUR 19,360,000.00 through the issue of up to 19,360,000 new, no-par-value bearer shares (Conditional Capital II). The conditional capital increase will only be implemented to the extent that holders of option or conversion privileges and parties who have conversion/option obligations from option loans or convertible bonds issued or guaranteed by the company or a direct or indirect 100%-owned affiliate of the company before 19 June 2017 based on the resolution of the AGM on 20 June 2012 exercise their option or conversion rights or, in the case of those obliged to exercise option or conversion rights, duly fulfil said obligation. The issue of new shares shall be in accordance with the respective option or conversion price to be decided in accordance with the above resolution. The new shares carry dividend rights from the beginning of the business year in which they are created through the exercise of option or conversion rights or the fulfilment of option or conversion obligations. The option loans or convertible bonds shall be offered to the shareholders for subscription. The management board is authorised, subject to the consent of the supervisory board, to exclude the subscription rights of shareholders.

With the supervisory board's consent, the management board is authorised to determine the further details of the capital increase from the authorised capital. Also with the supervisory board's consent, the management board is further authorised, subject to certain further conditions, to withhold option rights.

The supervisory board is authorised to amend the wording of Sections 4 paragraphs 1 & 4 of the Articles of Association as appropriate to reflect the degree of availment of the Conditional Capital II either after the full or partial execution of the equity capital increase or, if some or all of the Conditional Capital II has not been drawn on by 19 June 2017, after the expiry of the authorisation period.

Furthermore, the equity capital is being conditionally increased by up to EUR 2,320,000.00 through the issue of up to 2,320,000 no-par-value bearer shares (Conditional Capital III). With the consent of the supervisory board, the management board is authorised by 19 June 2017 (inclusive), pursuant to the specific provisions laid down in AOP 12, to grant up to 2,320,000 share options on Company shares with a term of up to seven years, whereby each share option confers the right to acquire one share in the Company. These share options are designated exclusively for members of the management board, as well as selected senior management personnel and other high-performing Company personnel. With respect to members of the Company's management board, the supervisory board has the sole right to grant share options. The share options may also be assigned to a bank, on the proviso that the bank is required, on the Company's instructions, to transfer the options to their designated beneficiaries, who are the sole parties entitled to exercise the options in question. Shareholders do not have any option rights [with respect to Conditional Capital III]. The conditional capital increase will only be executed to the extent that holders of the options to acquire Company shares duly exercise their option rights, and the Company does not furnish its own shares in fulfilment of said options. The new shares participate in the profits from the beginning of the financial year in which they are created through exercise of the option. The supervisory board has the power to adapt the content of § 4, Paragraphs 1 and 5 of the Articles of Association in line with the issue of new shares.

The consolidated distributable profit breaks down as follows:

	31.12.2012 TEUR	31.12.2011 TEUR
Consolidated profit for the year after third-party holdings	8,579	-900
Profit carried forward	15,718	16,618
Withdrawal from retained earnings	10,000	0
Dividend distribution	-1,909	0
Consolidated distributable profit	32,388	15,718

The capital reserves of TEUR 37,666 derive from an TEUR 2,520 increase in the equity capital, duly entered in the Company Register on 28 January 2002, a 2010 capital surplus of TEUR 2,464, two capital increases during 2011 totalling TEUR 12,194 and a capital increase of TEUR 20,488.

In 2012 the Management Board of Capital Stage AG withdrew TEUR 10,000 from the retained earnings. The retained earnings of TEUR 3,705 correspond to the other retained earnings in the individual annual financial statements of Capital Stage AG.

The currency adjustment item of TEUR 159 relates exclusively to currency translation from Swiss francs to euros in relation to the Swiss subsidiaries. The minority shareholding relates to third-party shareholdings in Solarpark Brandenburg GmbH and Parco Eolico Monte Vitalba SRL.

### Capital management

The aim of our capital management is to ensure that the Group can meet its financial obligations. The Group's long-term goal is to steadily increase the value of our enterprise. On the balance sheet date the Group had an equity ratio of 28.63% (2011: 30.53%). The following table shows our equity, equity ratio and cash and cash equivalents.

	31.12.2012	31.12.2011
Equity in TEUR	130,262	91,586
Equity ratio, %	28.63	30.53
Cash and cash equivalents, TEUR	34,238	31,798

### 5.11 Share Option Plan

To enable Capital Stage AG to grant share options as remuneration component with a long-term incentive effect, on 31 May 2007 the Annual General Meeting of Capital Stage AG decided to conditionally increase the Company's equity capital by up to EUR 2,520,000.00 through the issue of up to 2,520,000 no-par value bearer shares (conditional capital I). The purpose of conditional capital I is to safeguard the subscription rights attached to the share options issued during the period from 1 June 2007 to 30 May 2012 pursuant to the enabling resolution passed by the Capital Stage AG Annual General Meeting on 31 May 2007 in connection with the share option programme 2007 (AOP 07). The parties entitled to subscribe are the members of the Capital Stage AG Management Board, selected senior management personnel and other high-performing Company personnel.

Options were offered in 2008, 2009, 2010, 2011 and 2012. One option entitles its holder to subscribe to one Capital Stage AG no-par value bearer share with voting rights. The option holder is entitled to exercise these options either individually or as a whole. Of the share options granted in 2012, 360,000 were due to members of the Management Board (2011: 200,000) and 325,000 (2011: 150,000) to Company employees. No options expired during 2012.

To create long-term incentives the subscription rights attached to the share options cannot be exercised until a waiting period of two years has elapsed. The subscription price (exercise price) is the arithmetic mean of the closing price of Capital Stage AG shares in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) on the last five trading days preceding the date on which the options are granted. A condition for the exercise of subscription rights is that the performance target has been met. The performance target has been achieved if the price of shares in Capital Stage AG in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange exceeds the exercise price by at least 25% during the ten trading days preceding the date on which the subscription rights are exercised. The applicable exercise period shall be that period in which the relevant subscription rights may first be exercised, the performance target having been duly reached or exceeded.

On 1 April 2008, 24 June 2009, 1 April 2010, 17 June 2011 and 1 April 2012 the following share

options were granted under the share option programme:

Year of distribution	2012	2011	2010	2009	2008
No. of shares on 1 Jan	1,360,000	1,010,000	1,085,000	1,010,000	0
Exercise period	01.04.2014 – 31.03.2017	17.06.2013 – 16.06.2016	01.04.2012 – 31.03.2015	24.06.2011 – 23.06.2014	01.04.2010 – 31.03.2013
Base price (employees)	EUR 3.08	EUR 2.22	EUR 1.96	EUR 1.97	EUR 1.87
Base price (board members)	EUR 3.08	EUR 2.22	EUR 1.96	EUR 1.97	EUR 2.20
Exercise price on issue (employees)	EUR 3.85	EUR 2.78	EUR 2.45	EUR 2.46	EUR 2.34
Exercise price on issue (board members)	EUR 3.85	EUR 2.78	EUR 2.45	EUR 2.46	EUR 2.75
Options offered	685,000	350,000	150,000	450,000	1,010,000
Offers accepted	685,000	350,000	150,000	450,000	1,010,000
Lapsed options	0	0	225,000	375,000	0
No. of shares on 31 Dec.	2,045,000	1,360,000	1,010,000	1,085,000	1,010,000
Exercisable as of 31 Dec.	1,010,000	860,000	0	0	0

Pursuant to IFRS 2, the share options are carried in the balance sheet at their fair value, which is then recognised as personnel costs to be distributed over the vesting period. Accordingly the options must be valued on their issue through the use of a suitable model which takes into account the capital market-oriented characteristics of the options. Non-capital market-oriented characteristics, such as the two-year waiting period, must be reflected by taking into account anticipated fluctuations in employee numbers. The total value arrived at on the basis of the option's value and the estimated number of options still exercisable at the end of the waiting period must be distributed pro rata over the waiting period and carried in the income statement as personnel costs. The anticipated fluctuation rates are based on those experienced over recent years.

The options issued in 2012 were valued using a binomial option price model on the basis of a price per share of EUR 3.08 on the date of issue. Where relevant, the expected option period applied by the model was adjusted on the basis of the management's best estimates concerning the effect of their non-transferability, exercise restrictions and the probability of the market conditions coupled to the options actually transpiring, as well as assumptions concerning the beneficiaries' exercise behaviour. The calculations are based on anticipated volatility of 33.95%, an assumption founded on the historic volatility one year prior to issue.

Further assumptions made were a risk-free interest rate of 3.85% p.a. as well as an exercise price on issue of EUR 3.85. The liquidity inherent in the [Capital Stage AG] share was compared with the liquidity within the peer group of Capital Stage AG. The share was found to have substantially lower liquidity, as a result of which the option value arrived at was discounted accordingly.

Personnel costs of TEUR 5 (2011: TEUR 29) are recognised in the 2012 income statement in connection with the option programme. In subsequent years the programme is expected to entail recognition of personnel costs of a further TEUR 9, with the actual amount depending on fluctuations in the number of beneficiaries between now and the end of the vesting period. The weighted mean fair value on the balance sheet date of the share options granted in 2012 was EUR 0.0212 (2011: EUR 0.156). The weighted mean fair value of all share options in existence on 31 December 2012 was EUR 0.11 (2011: EUR 0.11).

#### **Note on expected dividend pursuant to IFRS2 47b**

For 2012, a dividend payment of EUR 0.08/share is expected.

## 5.12 Liabilities, provisions and financial liabilities

EUR 292,745,523.48  
(2011: EUR 196,046,562.98)

Type of liability	Total amount	Remaining term up to one year	Remaining term one to five years	Remaining term over five years
	EUR	EUR	EUR	EUR
Trade payables (2011)	2,107,374.61	2,107,374.61	0.00	0.00
	(4,533,659.59)	(4,533,659.59)	(0.00)	(0.00)
Other short-term debts (2011)	4,638,499.94	4,638,499.94	0.00	0.00
	(3,022,962.99)	(3,022,962.99)	(0.00)	(0.00)
Debts (2011)	263,775,237.78	17,354,195.38	50,931,903.20	195,489,139.20
	(168,195,136.74)	(10,231,835.95)	(47,502,618.20)	(110,460,682.59)
Leasing liabilities (2011)	19,617,292.77	1,746,067.14	5,484,505.96	12,386,719.67
	(19,828,349.64)	(898,235.14)	(5,484,505.96)	(13,445,608.54)
Tax provisions (2011)	913,070.24	913,070.24	0.00	0.00
	(39,951.14)	(39,951.14)	(0.00)	(0.00)
Other provisions for restoration obligations (2011)	1,694,048.14	0.00	0.00	1,694,048.14
	(426,502.88)	(0.00)	(0.00)	(426,502.88)
Total liabilities (2011)	292,745,523.48	26,759,207.31	56,416,409.16	209,569,907.01
	(196,046,562.98)	(18,726,644.81)	(52,987,124.16)	(124,332,794.01)

The trade payables chiefly relate to invoices submitted by suppliers used in the erection of solar parks. These invoices are paid at the beginning of the following year.

Neither during the current nor the past financial year were any conditional lease payments made (e.g., stepped rent, etc.). No options are in place to extend existing contracts.

The market value of the loan capital on 31 December 2012 stood at TEUR 272,197 (2011: TEUR 132,981). The market value of the lease liabilities currently corresponds with the period's end carrying value of TEUR 19,617. Due to their short term nature the market values of the other liabilities currently also correspond with the carrying values. For valuation purposes the future debt servicing (both interest and repayments of the principal) payment streams were discounted applying a 3.63% interest rate. The figure of 3.63% was applied because this was the interest rate at which the most recent park financing loan was taken out.

TEUR 1,264 (2011: TEUR 213) of the allocation to the provisions for restoration obligations, which totalled TEUR 1,268 (2011: TEUR 233), had no net effect on income due to the recognition of a corresponding asset. In assessing the extent of our restoration obligations there is a small degree of uncertainty, which relates exclusively to the amount of the corresponding provision. This results from the fact that the date of the required restoration work on the energy generation installation is fixed by the term of the lease. In determining the actual restoration costs an average inflation rate of 2% has been assumed, and the provisions are adjusted upwards by this amount each year. In 2012 no provision amounts were either released or used up. The expenses connected with adjusting the provisions came to TEUR 4 in 2012 (2011: TEUR 20).



The other current liabilities break down as follows:

	31.12.2012 TEUR	31.12.2011 TEUR
Personnel and social security liabilities	1	119
Outstanding invoices	1,742	1,016
Taxes	265	436
Accruals and deferred income	1,284	1,266
Miscellaneous	1,346	186
Total	4,638	3,023

The finance lease liabilities break down as follows:

	Minimum lease payments		Cash value of minimum lease payments	
	31.12.2012 TEUR	31.12.2011 TEUR	31.12.2012 TEUR	31.12.2011 TEUR
Remaining term up to one year	1,552	928	1,514	898
Remaining term one to five years	6,207	6,206	5,542	5,484
Remaining term over five years	18,572	20,124	12,561	13,446
	26,331	27,258	19,617	19,828
Less financing costs	-6,714	-7,430		
Cash value of minimum lease payments	19,617	19,828	19,617	19,828
of which current liabilities			1,514	898
of which non-current liabilities			18,103	18,930

## 6. Additional Details of Financial Assets and Liabilities

Category of financial instrument	31.12.2012 in TEUR	31.12.2011 in TEUR
<b>Financial assets</b>		
Cash, cash equivalents and bank balances (including cash, cash equivalents and bank balances consisting in a disposal group held for sale)	34,238	31,798
Carried at fair value (financial assets)	3,050	11,600
Held for trading purposes (interest rate swaps)	-2,129	0
Designated to be carried at fair value	-	-
Credits and receivables	35,159	43,398
<b>Financial liabilities</b>		
Financial liabilities measured at their amortised cost	288,402	195,196

The financial assets held are assigned to the following category on the basis of their risk structure, term or recoverability, as well as their treat-

ment for risk management purposes and the nature of their measurement.

### Financial assets

The financial assets measured at fair value in the balance sheet comprise the participating interests in BlueTec GmbH & Co. KG and Eneri PV Service SrL. The participating interests were assigned to the IAS 39 category 'measured at fair value in the balance sheet' due to the unified monitoring of the financial instruments via the risk management system and the appraisal of their performance on the basis of fair value.

With the exception of the interest rates, the financial assets carried at fair value in the consolidated balance sheet, as well as the stated fair values of financial instruments, are based on the Level Three information and input factors referred to in subsection 3.10. Changes in value are recognised in the income statement under the items 'other income' and 'other expenses'.

Using the above-mentioned measurement procedures yielded no changes in fair values as of 31 December 2012 (2011: TEUR 6,752).

To counteract the estimation uncertainty in the WACC, sensitivity analysis was performed. The aim of the sensitivity analysis was to examine the effect of a 0.5% increase or decrease in the WACC on the measurement of corporate value. It was found that a 0.5% increase in the WACC would entail an TEUR 400 change in the fair value, thus requiring the recognition of a corresponding loss in the consolidated statement of comprehensive income. Conversely, a 0.5% reduction in the WACC would have a positive TEUR 400 impact on the consolidated statement of comprehensive income. Furthermore, changing the free cash flow by plus or minus 10% would lead to a mean change in value of c. TEUR 500, with a correspondingly positive or negative impact on the result and on the Capital Stage Group's equity. This appraisal included all the participating interests. The value of the participating interests is measured every six months via the discounted cash flow method (DCF). In the DCF analysis the forecast free cash flows are discounted by a risk-weighted interest rate (the WACC) and the net indebtedness (interest-bearing liabilities less freely available cash and cash equivalents) is then deducted. The figure thus arrived at reflects the economically well-founded value of the company.

The forecast free cash flows can be taken from the budgeted balance sheets and income statements, and their plausibility can then be checked against available sources of objective information such as market, industry and sectoral studies, before making any necessary adjustments.

Essentially the maximum risk associated with the financial instruments corresponds with their balance sheet carrying values. The maximum risk is posed by the financial assets, since the participating interests contained therein are not assets which could readily be disposed of at short notice. The participating interests are companies operating in the renewable energy sector. However, this does not give rise to a concentration of risk in this sector given that the renewable energy/environmental technology industry is composed of several subsectors, and the Group's participating interests are not concentrated in a single one of these. The sector's performance is discussed in detail in the management report, and the associated risks are detailed in the risk report.

### Interest rate swaps

The interest rate swaps acquired during 2012 along with the corporate acquisitions are carried at their fair values. They were classified as financial assets held for trading purposes, since they are derivatives which were not designed as hedging instruments, [but] are effective as such and do not offer any financial guarantee.

The interest rate swaps carried in the consolidated balance sheet at their fair values, as well as the details of the fair values of financial instruments, are founded on the Level Two information and input factors referred to in subsection 3.10. Changes in value are recognised in the income statement under the items 'other income' or 'other expenses'.

In interest rate swaps the Group exchanges fixed and variable interest payments calculated on the basis of agreed nominal amounts. Such agreements enable the Group to reduce the risk posed by changing interest rates on the fair value of issued fixed-interest debt instruments and the payment stream risk posed by issued variable-interest debt instruments.

The fair value of the interest rate swaps on the balance sheet date is determined by discounting future payment streams, through application of the

interest structure curves on said date, as well as the credit risk posed by the contracts. This cash value is given below.

The following table shows the nominal amounts and remaining terms of the interest rate swaps outstanding at the end of the reporting period:

Outstanding 'receive floating/ pay fixed' swaps	Weighted contracted fixed interest rates	Nominal amount	Fair value
	%	in TEUR	in TEUR
Less than one year			
One to two years	1.98	1,072	-14
Two to five years	4.5	1,193	-89
Over five years	3.04	18,235	-2,026
Total		20,500	-2,129

Some of the interest rate swaps are settled on a quarterly basis and others on a six-monthly basis. The variable rate of the interest rate swaps tracks the three-month Euribor or the six-month Euribor. The Group pays the fixed interest rate. No comparison with the previous year is possible since the interest rate swaps were first taken out on the initial integration of the companies concerned into the group of consolidated companies during 2012.

#### Other financial assets

The other short-term financial assets [and liabilities] carried in the consolidated balance sheet have been assigned to the categories trade payables, cash and cash equivalents and other short-term receivables, as well as trade payables, loan capital and other current liabilities. The carrying values of the current financial assets or liabilities in question correspond to the costs of acquisition. These risk classes do not include any credit or default risks of significance for an appraisal of the Group's assets and financial position given that none of the receivables was either overdue or impaired, and indeed they were either already largely settled or securely invested (in the form of time deposits) at the time of [drawing up] the consolidated financial statements. Accordingly their carrying values essentially correspond to their fair values.

#### Credits and receivables

With the exception of the loan capital, the financial instruments measured at their amortised cost do not contain any hidden reserves or encumbrances, in view of which the carrying value of all other financial instruments shown in the balance sheet corresponds to their fair value. There are no material credit or default risks, and no security for credits or receivables is held.

The following table shows the net profits and losses from the financial instruments recognised in the income statement:

	31.12.2012 TEUR	31.12.2011 TEUR
Financial assets carried at fair value	46	6,458
Interest swaps held for trading purposes	416	0
<b>Total net losses</b>	<b>462</b>	<b>6,458</b>

The net losses on financial assets recognised on the balance sheet at their fair values include market-related write-downs (EUR 0, 2011: TEUR -6,752) and ongoing income (TEUR 46, 2011: TEUR 294).

The total interest income and expenses for financial assets and liabilities carried at their costs of acquisition break down as follows:

	31.12.2012 EUR	31.12.2011 EUR
Interest income from financial assets measured at amortised cost (of which minority shares)	649,312,33 (20,102.56)	416,718.95 (0)
Interest expenses from financial assets measured at amortised cost (of which minority shares)	-11,746,825.37 (-17,954.62)	-8,807,776.65 (0)
<b>Net interest income or expenses</b>	<b>-11,097,513.04</b>	<b>-8,391,057.70</b>

The bulk of the interest income derives from time deposits (TEUR 499, 2011: TEUR 416).

There were no impairment losses during 2012.

#### Financial liabilities

The financial liabilities did not pose any liquidity risk since the Group holds cash or cash equivalents of TEUR 34,200 (2011: TEUR 31,800), as well as ongoing income streams from the solar parks and wind farms which can be expected to continue with a high degree of certainty, and which are ample to service the interest payments, principle repayments and financial liabilities. The Management Board has final responsibility for liquidity risk management. To this end it has established a suitable system for controlling short-, medium- and long-term financing and liquidity requirements. The Group manages liquidity risks by maintaining suitable reserves and through the continual monitoring of forecast and actual payment streams, as well as coordinating the maturity profiles of financial assets and liabilities.

The fair value of the financial liabilities and leasing liabilities amounts to TEUR 280,700 (2011: TEUR 151,300).

## 7. Notes to the Consolidated Cash flow Statement

The cash flow statement is shown in a separate account (sic).

The cash flow statement shows the changes in the Capital Stage Group's cash and cash equivalents. . The cash flow statement has been drawn up in conformity with IAS 7, classifying the changes in cash and cash equivalents into payment streams

from operating, investing and financing activities. We are presenting the cash flows from operating activities using the indirect method.

The cash and cash equivalents exclusively comprise cash in hand and bank balances. These include TEUR 15,800 (2011: TEUR: 12,400) in capital servicing and project reserves which have been pledged as security to the solar parks' creditor banks and are not freely available in the short term.

Interest payments are shown in their full amounts in the cash flow from financing activities. In 2012 interest payments of TEUR 11,747 (2011: TEUR 8,808) were made. The cash flow from operating activities includes tax expenses of TEUR 1,019 (2011: tax expenses of TEUR 868).

## 8. Liability Relationships and Other Obligations

Due to Capital Stage AG's scheduled move by the second quarter of 2013 into new office premises, on the balance sheet date there were two new rental agreements generating a total liability of TEUR 1,178 (2011: TEUR 134). The rental agreement for the office premises at Brodschragen 4 expires on 31 March 2013.

Further liabilities totalling TEUR 9 arose from rental agreements for the Capital Stage Solar Service GmbH office premises and for office equipment rentals.

There are also standard leases which are classified pursuant to IAS 17.8 as operating leases. The leased items are capitalised by the lessor rather than

the lessee. The sum of future minimum lease payments due to binding operating leases for the period from one year to five years amounts to TEUR 67 (2011: TEUR 68). There are no leasing pay-

ments in the over five years category because the longest contract expires by the end of March 2016. These details are furnished in conformity with IAS 17.35.

	Other liabilities One year in TEUR	Other liabilities Two to five years in TEUR	Other liabilities Over five years in TEUR
Rental agreements	212	918	57
Leases	76	116	0
Commercial leases	612	2,796	13,539

The 2012 expenses arising from lease liabilities came to TEUR 84 (2011: TEUR 71) and for commercial leases and compensation for use TEUR 594 (2011: TEUR 365).

## 9. Events Taking Place after the Balance Sheet Date

In February 2013, the first subscription rights granted under the share option programme (AOP 2007) were exercised. 410,000 shares were subscribed for. The equity capital has thereby risen from EUR 48,400,000 to EUR 48,810,000. The conditional capital increase was entered in the Company Register on 6 February 2013.

On 26 February 2013, acting on the basis of the enabling resolution passed by the annual general meeting on 20 June 2012 and with the consent granted by the supervisory board, the management board of Capital Stage AG decided on a capital increase with no shareholders' subscription rights. The company's equity was thereby increased, through partial availment of the authorised capital, from EUR 48,810,000 by EUR 4,163,158 to EUR 52,973,158 via the issue of 4,163,158 new no-par-value bearer shares each representing a one euro share of the equity, in return for cash contributions based on an issue price of EUR 3.80 per share. The equity increase was entered in the Company Register on 27 February 2013. The gross proceeds accrued by the company from the issue came to TEUR 15,820.

The new shares have the same statutory status as the Capital Stage AG shares already admitted for trading on the regulated markets of Frankfurt Stock Exchange (General Standard) and Hamburg

Stock Exchange. The new shares are entitled to participate in the profits from 1 January 2013 onwards. For this reason, the incorporation of the new shares into the existing quotation for the company's old shares (ISIN DE0006095003) will take place at a later date after the next annual general meeting has taken place – thus preserving parity of profit entitlement. During the interim period the new shares are being admitted for trading with a separate quotation.

On 18 June 2012, the contracts for the acquisition of Solarpark Lettewitz GmbH in Saxony-Anhalt were signed, though this was under conditions precedent. As a result of which the transaction was eventually completed on 15 January 2013. The solar park, which has a capacity of 12.6 MWp, came online at the end of 2012. The park has been built on land belonging to the operating company, in view of which operation of the park can continue after the 20-year feed-in remuneration period expires.

On 21 December 2012, contracts for the acquisition of two solar parks in the Parma area were signed. Because the transfer of the shares did not come into effect until 17 January 2013, the park was first included in the consolidated financial statements in January 2013.

The park will be operated by our subsidiary Capital Stage Solar Service GmbH, Halle.

It was completed in March 2012 and has been feeding electricity into the national grid since then. Its annual sales revenues amount to some 1.4 million euros. The solar park is situated in the province of Parma in the Emilia-Romagna region, in close proximity to another solar park acquired ear-

lier that year by Capital Stage. Furthermore, due to the financing structure it has yielded a generous cash flow right from the initial stages.

There were no other significant occurrences after the end of the 2012 financial year.

## 10. Transactions with Related Parties

During the current financial year a lease has been concluded on normal market conditions with Albert Büll, Dr. Cornelius Liedtke in GbR Holzhafen for office premises which Capital Stage AG will be moving into during the second quarter of 2013 .

## 11. Earnings per share

The weighted average number of ordinary shares used in calculating the diluted earnings per share was calculated as following from the weighted average number of ordinary shares used in calculating the undiluted earnings per share:

	31.12.2012 in TEUR	31.12.2011 in TEUR
Weighted average number of the calculation of the basic earnings per share	46,793,849	32,105,834
<b>Shares for which an issue without consideration is assumed:</b>		
Employee options	135,100	174,301
Weighted average number of the calculation of the diluted earnings per share	46,928,949	32,280,135

## 12. Management board

The Capital Stage AG management board chairman is Felix Goedhart, Hamburg. The other management board member is Dr Zoltan Bogнар.

Details of their membership of other supervisory and advisory boards:

**Felix Goedhart:** Gottfried Schulz GmbH & Co. KG, Ratingen, administrative board member  
BlueTec GmbH & Co. KG, Trendelburg, advisory board member  
Inventux Technologies AG, Berlin, supervisory board chairman, until 15 May 2012  
Calmatopo Holding AG, Flurlingen, Switzerland, President of the administrative board

**Dr. Zoltan Bogнар:** Inventux Technologies AG, Berlin, supervisory board member until 15 May 2012

The total remuneration paid to management board members for their activities was TEUR 1.166. The amount is calculated as follows:

in EUR	Fixed remuneration	Performance-related remuneration Financial years 2011 & 2012	Components with long-term incentive character
Felix Goedhart	281,308.18	200,000.00 275,000.00	1,431.54
Dr. Zoltan Bogнар	257,208.72	150,000.00	1,431.54



The performance-related payments comprise a management bonus for the 2011 financial year. Directors' compensation shall include a provision for performance based remuneration for Mr Felix Goedhart. The formation of the provision was necessary derogation to the previous years, because the management contract - from 1 November 2012 applicable to Mr. Goedhart – requires a corresponding calculation of the performance fee based on the IFRS consolidated result.

The components with long-term incentive character are made up of the fair value at the time they were granted of 360,000 (2011: 200,000) share options granted to the management board by the supervisory board.

**2011:**

in EUR	Fixed remuneration	Performance-related remuneration	Components with long-term incentive character
Felix Goedhart	269,551.68	150,000.00	4,211.00
Dr. Zoltan Bogнар	257,223.72	100,000.00	4,211.00

### 13. Supervisory board

**Chairman:**

**Dr. Manfred Krüper**

Independent management consultant, Essen

**Deputy chairman:**

**Alexander Stuhlmann**

Independent management consultant, Hamburg

**Other members:**

**Berthold Brinkmann**

Lawyer, tax consultant and certified auditor at Brinkmann & Partner Partnergesellschaft, Hamburg, until 20 June 2012

**Dr. Cornelius Liedtke**

Partner in the Büll & Liedtke Group, Hamburg

**Albert Büll**

Partner in the Büll & Liedtke Group, Hamburg

**Dr. Dr. h. c. Jörn Kreke**

Entrepreneur, Hagen

**Professor Dr. Fritz Vahrenholt**

Independent management consultant, Hamburg, since 20 June 2012.

**Membership of other supervisory and advisory boards:**

**Dr. Manfred Krüper:**

Coal & Minerals GmbH, Düsseldorf, supervisory board chairman

Power Plus Communication GmbH, Mannheim, supervisory board chairman

SAG Group GmbH, Langen, supervisory board chairman, until September 2012

Caterpillar Europe GmbH, Lünen, deputy supervisory board chairman

Odewald & Cie, Berlin, advisory board member

EQT Partners Beteiligungsberatung GmbH, Munich, Senior Advisor

**Alexander Stuhlmann:**

alstria office REIT AG, Hamburg, supervisory board chairman

Euro-Aviation Versicherungs-AG, Hamburg, supervisory board chairman

HCI Capital AG, Hamburg, supervisory board member

LBS Bausparkasse Schleswig-Holstein-Hamburg AG, Hamburg, supervisory board member

Otto Dörner GmbH & Co. KG, Hamburg, advisory board chairman, until 30 September 2012

Frank Beteiligungsgesellschaft mbH, Hamburg, advisory board chairman

Siedlungsbaugesellschaft Hermann and Paul Frank mbH & Co. KG, Hamburg, advisory board chairman

Studio Hamburg Berlin Brandenburg GmbH, Berlin, advisory board member

Ludwig Görtz GmbH, Hamburg, administrative board member

HASPA Finanzholding, Hamburg, member of the board of trustees

**Berthold Brinkmann:**

Rügen Fisch AG, Sassnitz, supervisory board chairman

**Dr. Cornelius Liedtke:**

GL Aktiengesellschaft, Hamburg, supervisory board member

Dichtungstechnik G. BRUSS GmbH & Co. KG, Hoidsdorf, advisory board member

**Albert Büll:**

Verwaltung URBANA Energietechnik AG, Hamburg, supervisory board member

Verwaltung Kalorimeta AG, Hamburg, supervisory board member

Kalorimeta AG & Co.KG, Hamburg, advisory board chairman

URBANA Energietechnik AG & Co. KG, Hamburg, advisory board chairman

Dichtungstechnik G. BRUSS GmbH & Co. KG, Hoidsdorf, advisory board member

HSBC Trinkaus & Burkhardt AG, Düsseldorf, administrative board member

**Dr. Dr. h. c. Jörn Kreke:**

Douglas Holding AG, Hagen, Westphalia, supervisory board chairman

Deutsche Euroshop AG, Hamburg, supervisory board member

Kalorimeta AG & Co. KG, Hamburg, advisory board member

URBANA Energietechnik AG & Co. KG, Hamburg, advisory board member

**Professor Dr. Fritz Vahrenholt:**

RWE Innogy GmbH, Essen, supervisory board chairman, since 6 August 2012

RADAG, Laufenburg, supervisory board chairman

Aurubis AG, Hamburg, supervisory board member

Novatec Solar GmbH, Karlsruhe, supervisory board member, since 1 February 2012

Putz & Partner Unternehmensberatungs AG, Hamburg, supervisory board member

Mateco AG, Stuttgart, supervisory board member until 30 September 2012

Green Exchange, New York, supervisory board member until 31 March 2012

Körper-Stiftung, Hamburg, advisory board member  
Frauenhofer-Gesellschaft zur Förderung der angewandten Forschung e.V., Munich, member of the Senate

Akademie der Technikwissenschaften, Berlin, member since 16.10.2012

The total remuneration paid to supervisory board members for their activities came to TEUR 188 (a figure equal to the remuneration approved by the 2012 annual general meeting for the 2011 financial year, plus value added tax).

**14. Corporate governance**

The declaration of conformity with the Corporate Governance Code pursuant to Section 161 AktG has been made, and is permanently available for inspection by shareholders on the Company website.

**15. Auditor's fee**

The fee charged by the auditors for their services in 2012 came to TEUR 108 (2011: TEUR 98), TEUR 109 (2011: TEUR 91) of which was attributable to auditing services and TEUR 7 (2011: TEUR 7) to other services. None of the auditors' fee was attributable to the previous year (2011: TEUR 12).

**16. Duties of Disclosure**

During the period from 1 January 2012 to 15 February 2013, Capital Stage AG received the following disclosures pursuant to Section 21 paragraph 1 or paragraph 1a WpHG:

Pursuant to Section 21 paragraph 1 WpHG, RTG Beteiligungs GmbH, Hamburg, Germany, notified us in a letter dated 29 February 2012 that the share of the voting rights in Capital Stage AG, Hamburg, Germany held by RTG Beteiligungs GmbH, Hamburg, Germany on 27 February 2012 fell short of the 3% threshold, on that date amounting to 2.50% (1,210,000 voting rights).

Felix Goedhart, Germany, notified us in a letter dated 29 February 2012, that his share of the voting rights in Capital Stage AG, Hamburg, Germany on 27 February 2012 fell short of the 3% threshold, on that date amounting to 2.50% (1,210,000 voting rights). Pursuant to Section 22 paragraph 1 sentence 1 No. 1 WpHG, 2.50% (1,210,000) of the voting rights are ascribable to him via RTG Beteiligungs GmbH.

Pursuant to Section 21 paragraph 1 WpHG, WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, Düsseldorf, Germany, notified us in a letter dated 2 March 2012 that the share of the voting rights in Capital Stage AG, Brodstrangen 4, 20457 Hamburg, Germany held by WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, Ludwig-Erhard-Allee 20, 40227 Düsseldorf on 27 February 2012 exceeded the thresholds of 3%, 5%, 10%, 15% and 20%, on that date amounting to 21.25% (10,285,006 voting rights).

Furthermore, pursuant to Section 21 paragraph 1 WpHG WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, Düsseldorf, Germany notified us that the share of the voting rights in Capital Stage AG, Brodstrangen 4, 20457 Hamburg held by WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, Ludwig-Erhard-Allee 20, 40227 Düsseldorf on 1 March 2012 fell short of the thresholds 20%, 15%, 10%, 5% and 3%, on that date amounting to 0% (2 voting rights).

Pursuant to Section 21 paragraph 1 WpHG, Albert Büll Vermögensverwaltung GmbH, Hamburg, Germany, notified us in a letter dated 7 March 2012 that the share of the voting rights in Capital Stage AG, Hamburg, Germany held by Albert Büll Vermögensverwaltung GmbH, Hamburg, Germany on 27 February 2012 fell short of the threshold of 20%, on that date amounting to 16.628% (8,047,858 voting rights).

Pursuant to Section 21 paragraph 1 WpHG, DJE Investment S.A., Luxembourg, Luxembourg, notified us on 20 April 2012 that the share of the voting rights in Capital Stage AG, Hamburg, Germany held by DJE Investment S.A., Luxembourg, Luxembourg on 29 February 2012 exceeded the 3% voting rights threshold, on that date amounting to 3.40% (1,646,570 voting rights)

Pursuant to Section 21 paragraph 1 WpHG, DJE capital AG, Pullach, Germany, notified us on 20 April 2012 that the share of the voting rights in Capital Stage AG, Hamburg, Germany held by DJE capital AG, Pullach, Germany on 29 February 2012 exceeded the 3% voting rights threshold, on that date amounting to 3.40% (1,646,570 voting rights). Pursuant to Section 22 paragraph 1 sentence 1 No. 1 WpHG, 3.40% (1,646,570 voting rights) are ascribable to DJE capital AG via DJE Investment S.A.

Pursuant to Section 21 paragraph 1 WpHG, Herr Dr Jens Ehrhardt, Germany, notified us on 20 April 2012 that his share of the voting rights in Capital Stage AG, Hamburg, Germany on 29 February 2012 exceeded the 3% threshold, on that date amounting to 3.40% (1,646,570 voting rights). Pursuant to Section 22 paragraph 1 sentence 1 No. 1 WpHG, 3.40% (1,646,570 voting rights) are ascribable to him via DJE capital AG and DJE Investment S.A.

Pursuant to Section 21 paragraph 1 WpHG, in a letter dated 04 October 2012 Capital Stage AG was notified that the share of the voting rights in Capital Stage AG, Hamburg, Germany held by ALCO Beteiligungsgesellschaft mbH, Hamburg, Germany on 30 May 2012 exceeded the thresholds 3, 5, 10 and 15% of the voting rights, on that date amounting to 17.58% of the voting rights (8,509,104 voting rights), with 17.58% of the voting rights being ascribable pursuant to Section 22 paragraph 1 No. 1 WpHG

Assigned voting rights were held by the following controlled companies, whose share of the voting rights in Capital Stage AG each comprises 3% or more: Albert Büll Vermögensverwaltung GmbH

Pursuant to Section 21 paragraph 1 WpHG, in a letter dated 4 October 2012 Capital Stage AG was

notified that the share of the voting rights in Capital Stage AG, Hamburg, Germany held by Albert Büll Kommanditgesellschaft, Hamburg, Germany on 30 May 2012 exceeded the thresholds 3, 5, 10 and 15% of the voting rights, on that date amounting to 17.58% of the voting rights (8,509,104 voting rights), with 17.58% of the voting rights being ascribable pursuant to Section 22 paragraph 1 No. 1 WpHG.

Assigned voting rights were held by the following controlled companies, whose share of the voting rights in Capital Stage AG each comprises 3% or more: ALCO Beteiligungsgesellschaft and Albert Büll Vermögensverwaltung GmbH.

Pursuant to Section 21 paragraph 1 WpHG, in a letter dated 4 October 2012 Capital Stage AG was notified that the share of the voting rights in Capital Stage AG, Hamburg, Germany held by Albert Büll, Hamburg, Germany on 30 May 2012 exceeded the thresholds 3, 5, 10 and 15% of the voting rights, on that date amounting to 17.58% of the voting rights (8,509,104 voting rights), with 17.58% of the voting rights being ascribable pursuant to Section 22 paragraph 1 No. 1 WpHG.

Assigned voting rights were held by the following controlled companies, whose share of the voting rights in Capital Stage AG each comprises 3% or more: Albert Büll Kommanditgesellschaft, ALCO Beteiligungsgesellschaft mbH and Albert Büll Vermögensverwaltung GmbH

Pursuant to Section 21 paragraph 1 WpHG, in a letter dated 07 December 2012 Capital Stage AG was notified that the share of the voting rights in Capital Stage AG, Hamburg, Germany held by Albert Büll GmbH, Hamburg, Germany on 5 December 2012 exceeded the thresholds 3, 5, 10 and 15% of the voting rights, on that date amounting to 17.68% of the voting rights (8,558,513 voting rights), with 17.68% of the voting rights being ascribable pursuant to Section 22 paragraph 1 No. 1 WpHG.

Assigned voting rights were held by the following controlled companies, whose share of the voting rights in Capital Stage AG each comprises 3% or more: Albert Büll Holding GmbH & Co. KG, Albert Büll Beteiligungsgesellschaft mbH.

Pursuant to Section 21 paragraph 1 WpHG, WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, has notified us that the share of the voting rights in Capital Stage AG, Hamburg, Germany held by WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, Düsseldorf, Germany on 27 February 2013 exceeded the thresholds of 3% and 5%, on that date amounting to 7.859% (4,163,160 voting rights).

Pursuant to Section 21 paragraph 1 WpHG, WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, has notified us that the share of the voting rights in Capital Stage AG, Hamburg, Germany held by WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, Düsseldorf, Germany on 7 March 2013 fell short of the thresholds of 5% and 3 %, on that date amounting to 0% (two voting rights).

Pursuant to Section 21 paragraph 1 WpHG, Dr. Liedtke Vermögensverwaltung GmbH has notified us that the share of the voting rights in Capital Stage AG, Hamburg, Germany held by Dr. Liedtke Vermögensverwaltung GmbH, Hamburg, Germany, on 7 March 2013 exceeded the 10% threshold, on that date amounting to 10.32% of the voting rights (5,469,186 voting rights).

Pursuant to Section 21 paragraph 1 WpHG, Albert Büll Beteiligungsgesellschaft mbH has notified us that the share of the voting rights in Capital Stage AG, Hamburg, Germany held by Albert Büll Beteiligungsgesellschaft, Hamburg, Germany on 7 March 2013 fell short of the thresholds of 15%, 10% and 5%, on that date amounting to 4.61% of the voting rights (2,442,981 voting rights).

Pursuant to Section 21 paragraph 1 WpHG, Albert Büll Holding GmbH & Co. KG has notified us that the share of the voting rights in Capital Stage AG, Hamburg, Germany held by Albert Büll Holding GmbH & Co. KG, Hamburg, Germany on 7 March 2013 fell short of the 15, 10, and 5% thresholds, on that date amounting to 4.61% of the voting rights (2,442,981 voting rights), with 4.61% of the voting rights being assignable pursuant to Section 22 paragraph 1 No. 1 WpHG.

Assigned voting rights were held by the following controlled company, whose share of the voting rights in Capital Stage AG comprises 3% or more: Albert Büll Beteiligungsgesellschaft mbH.

Pursuant to Section 21 paragraph 1 WpHG, Albert Büll GmbH has notified us that the share of the voting rights in Capital Stage AG, Hamburg, Germany held by Albert Büll GmbH, Hamburg, Germany on 7 March 2013 fell short of the 15, 10, and 5% thresholds, on that date amounting to 4.61% of the voting rights (2,442,981 voting rights), with 4.61% of the voting rights being assignable pursuant to Section 22 paragraph 1 No. 1 WpHG.

Assigned voting rights were held by the following controlled companies, whose share of the voting rights in Capital Stage AG each comprises 3% or more: Albert Büll Holding GmbH & Co. KG, Albert Büll Beteiligungsgesellschaft mbH.

Pursuant to Section 21 paragraph 1 WpHG, in a letter dated 13 March 2013 Capital Stage AG was notified that the share of the voting rights in Capital Stage AG, Hamburg, Germany held by Albert Büll, Hamburg, Germany on 07 March 2013 exceeded the thresholds 15, 10, and 5% of the voting rights, on that date amounting to 4.61% of the voting rights (2,442,981 voting rights), with 4.61% of the voting rights being assignable pursuant to Section 22 paragraph 1 No. 1 WpHG.

Assigned voting rights were held by the following controlled companies, each of whose shares of the voting rights in Capital Stage AG comprises 3% or more: Albert Büll GmbH, Albert Büll Holding GmbH & Co. KG, Albert Büll Beteiligungsgesellschaft mbH.

Pursuant to Section 21 paragraph 1 WpHG, AMCO Service GmbH have notified us that the share of the voting rights in Capital Stage AG, Hamburg, Germany held by AMCO Service GmbH, Hamburg, Germany on 7 March 2013 exceeded the 20% and 25% thresholds, on that date amounting to 27.19% of the voting rights (14,401,250 voting rights).

#### **Approval for submission to the Supervisory Board**

The consolidated financial statements for the period to 31 December 2012 were approved by the Management Board for submission to the Supervisory Board on 21 March 2013.

## 17. Consolidated statement of changes in fixed assets

in EUR	Other intangible assets	Electricity feed-in contracts/project rights goodwill	Goodwill
<b>Costs of acquisition</b>			
As of 1 January 2011	52,074.71	12,526,469.00	1,641,274.75
Additions	38,637.78	0.00	0.00
Change to group of consolidated companies	6,579.76	22,454,001.57	5,246,858.85
Disposals	0.00	0.00	0.00
Change to fair value	0.00	0.00	0.00
Transfers	0.00	0.00	0.00
Currency conversion	52.17	0.00	0.00
<b>As of 31 December 2011</b>	<b>97,344.42</b>	<b>34,980,470.57</b>	<b>6,888,133.60</b>
<b>Depreciation and amortisation</b>			
As of 1 January 2011	49,477.21	578,505.00	0.00
Additions	8,659.05	1,389,094.16	0.00
Disposals	0.00	0.00	0.00
Transfers	2.61	0.00	0.00
<b>As of 31 December 2011</b>	<b>58,138.87</b>	<b>1,967,599.16</b>	<b>0.00</b>
Book value 31 December 2010	2,597.50	11,947,964.00	1,641,274.75
<b>Book value 31 December 2011</b>	<b>39,205.55</b>	<b>33,012,871.41</b>	<b>6,888,133.60</b>
<b>Costs of acquisition</b>			
As of 1 January 2012	97,344.42	34,980,470.57	6,888,133.60
Additions	87,789.39	13,619.44	0.00
Changes to group of consolidated companies	415,006.06	38,269,004.70	-0.58
Disposals	0.00	0.00	0.00
Changes to fair value	0.00	0.00	0.00
Transfers	0.00	0.00	0.00
Currency conversion	1.76	0.00	0.00
<b>As of 31 December 2012</b>	<b>600,141.62</b>	<b>73,263,094.71</b>	<b>6,888,133.02</b>
<b>Depreciation and amortisation</b>			
As of 1 January 2012	58,138.87	1,967,599.16	0.00
Additions	120,762.04	2,394,124.04	0.00
Disposals	0.00	0.00	0.00
Currency conversion	-1.19	0.00	0.00
<b>As of 31 December 2012</b>	<b>178,899.72</b>	<b>4,361,723.20</b>	<b>0.00</b>
Book value 31 December 2010	2,597.50	11,947,964.00	1,641,274.75
Book value 31 December 2011	39,205.55	33,012,871.41	6,888,133.60
<b>Book value 31 December 2012</b>	<b>421,241.90</b>	<b>68,901,371.51</b>	<b>6,888,133.02</b>



Other property, plant and equipment	Assets under construction	Photovoltaic plants	Financial assets	Total
152,731.55	3,473,106.20	122,768,113.82	24,339,779.77	164,953,549.80
105,929.59	5,439,492.02	40,983,314.23	769,849.48	47,337,223.10
276,371.05	0.00	46,675,757.75	-67,884.05	74,591,684.93
0.00	0.00	0.00	5,673,600.00	5,673,600.00
0.00	0.00	0.00	0.00	0.00
0.00	-3,473,106.20	3,473,106.20	0.00	0.00
18,563.36	0.00	0.00	0.00	18,615.53
<b>553,595.55</b>	<b>5,439,492.02</b>	<b>213,900,292.00</b>	<b>19,368,145.20</b>	<b>281,227,473.36</b>
87,814.05	0.00	6,035,629.97	1,015,588.39	7,767,014.62
117,295.96	0.00	9,950,371.36	6,752,400.00	18,217,820.53
0.00	0.00	0.00	0.00	0.00
191.14	0.00	0.00	0.00	193.75
<b>205,301.15</b>	<b>0.00</b>	<b>15,986,001.33</b>	<b>7,767,988.39</b>	<b>25,985,028.90</b>
64,917.50	3,473,106.20	116,732,483.85	23,324,191.38	157,186,535.18
<b>348,294.40</b>	<b>5,439,492.02</b>	<b>197,914,290.67</b>	<b>11,600,156.81</b>	<b>255,242,444.46</b>
553,595.55	5,439,492.02	213,900,292.00	19,368,145.20	281,227,473.36
77,840.77	18,050,474.73	5,691,160.86	0.00	23,920,885.18
195,861.79	4,260,906.68	96,221,627.00	0.00	139,362,405.65
4,097.23	0.00	403,241.74	8,550,595.02	8,957,933.99
0.00	0.00	0.00	0.00	0.00
0.00	-25,955,592.30	25,955,592.30	0.00	0.00
657.12	0.00	0.00	0.00	658.88
<b>823,858.00</b>	<b>1,795,281.13</b>	<b>341,365,430.42</b>	<b>10,817,550.18</b>	<b>435,553,489.08</b>
205,301.15	0.00	15,986,001.33	7,767,988.39	25,985,028.90
116,897.66	0.00	10,551,598.63	0.00	13,183,382.37
1,708.92	0.00	0.00	0.00	1,708.92
-369.98	0.00	0.00	0.00	-371.17
<b>320,119.91</b>	<b>0.00</b>	<b>26,537,599.96</b>	<b>7,767,988.39</b>	<b>39,166,331.18</b>
64,917.50	3,473,106.20	116,732,483.85	23,324,191.38	157,186,535.18
348,294.40	5,439,492.02	197,914,290.67	11,600,156.81	255,242,444.46
<b>503,738.09</b>	<b>1,795,281.13</b>	<b>314,827,830.46</b>	<b>3,049,561.79</b>	<b>396,387,157.90</b>

## 18. Consolidated Segment Reporting

for the consolidated statement of comprehensive income  
from 1 January to 31 December 2012

in EUR	Administration	PV Parks	PV Services
Sales	500.00	30,531,271.13	1,285,378.74
Other income	134,980.27	13,791,495.38	206,258.26
Material costs	0.00	-236,766.64	-65,308.13
Personnel expenditure	-1,934,584.93	-2,429.28	-331,925.55
of which in share-based remuneration	-34,449.69		
Other expenses	-1,303,422.06	-3,488,030.31	-401,079.67
Other taxes	-880.00	-32,266.62	-1,344.00
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>-3,103,406.72</b>	<b>40,563,273.66</b>	<b>691,979.65</b>
Depreciation and amortisation	-34,201.06	-11,816,278.27	-25,853.23
<b>Earnings before interest and taxes (EBIT)</b>	<b>-3,137,607.78</b>	<b>28,746,995.39</b>	<b>666,126.42</b>
Financial income	1,679,699.48	54,785.90	937.03
Financial expenses	-1,706.37	-11,090,389.62	-36,204.73
<b>Earnings before taxes on income (EBT)</b>	<b>-1,459,614.67</b>	<b>17,711,391.67</b>	<b>630,858.72</b>
Taxes on income	16,319.86	-238,907.83	-22,801.23
<b>Earnings after taxes (EAT)</b>	<b>-1,443,294.81</b>	<b>17,472,483.84</b>	<b>608,057.49</b>
Currency differences	0.00	0.00	0.00
<b>Consolidated comprehensive income</b>	<b>-1,443,294.81</b>	<b>17,472,483.84</b>	<b>608,057.49</b>
Assets including financial investments	93,740,090.38	363,974,113.18	1,731,567.16
Investments (net)	-48,665.73	-45,203,426.56	-63,600.24
Debts	985,397.86	323,159,192.90	1,634,496.50

Wind farms	Financial investments	Reconciliation	Total
2,460,934.10	12,119,509.54	-1,279,219.84	45,118,373.67
1,772,300.79	1,733.26	0.00	15,906,767.96
-44,991.27	-6,523,098.52	0.00	-6,870,164.56
0.00	-3,640,695.17	0.00	-5,909,634.93
			-34,449.69
-604,336.61	-9,964,026.46	1,279,219.84	-14,481,675.27
0.00	0.00	0.00	-34,490.62
<b>3,583,907.01</b>	<b>-8,006,577.35</b>	<b>0.00</b>	<b>33,729,176.25</b>
-1,218,072.25	-88,977.56	0.00	-13,183,382.37
<b>2,365,834.76</b>	<b>-8,095,554.91</b>	<b>0.00</b>	<b>20,545,793.88</b>
78,496.05	37,670.36	-1,155,574.44	696,014.38
-917,740.52	-248,301.08	547,516.95	-11,746,825.37
<b>1,526,590.29</b>	<b>-8,306,185.63</b>	<b>-608,057.49</b>	<b>9,494,982.89</b>
-550.25	-107,406.48	0.00	-353,345.93
<b>1,526,040.04</b>	<b>-8,413,592.11</b>	<b>-608,057.49</b>	<b>9,141,636.96</b>
0.00	-47,677.13	0.00	-47,677.13
<b>1,526,040.04</b>	<b>-8,461,269.24</b>	<b>-608,057.49</b>	<b>9,093,959.83</b>
65,553,189.21	14,270,738.22	-84,252,469.85	455,017,228.30
-8,344,924.45	1.00	0.00	-53,660,615.98
63,701,228.60	7,731,748.70	-72,456,957.78	324,755,106.78

## Consolidated Segment Reporting

for the Consolidated Statement of Comprehensive Income  
from 1 January to 31 December 2011

in EUR	Administration	PV Parks	PV Services
Sales	0.00	22,616,520.89	684,792.00
Other income	4,733.71	7,478,616.08	362,528.03
Material costs	0.00	-150,134.95	0.00
Personnel expenditure	-1,273,841.12	0.00	-155,850.46
of which in share-based remuneration	-29,718.22		
Other expenses	-1,057,066.08	-1,988,190.76	-378,276.30
Other taxes	-796.00	-85,341.57	-1,208.00
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>-2,326,969.49</b>	<b>27,871,469.69</b>	<b>511,985.27</b>
Depreciation and amortisation	-13,149.05	-10,810,478.05	-8,667.92
<b>Earnings before interest and taxes (EBIT)</b>	<b>-2,340,118.54</b>	<b>17,060,991.64</b>	<b>503,317.35</b>
Financial income	853,621.99	241,140.06	452.67
Financial expenses	0.00	-8,658,685.25	-12.50
<b>Earnings before taxes on income (EBT)</b>	<b>-1,486,496.55</b>	<b>8,643,446.45</b>	<b>503,757.52</b>
Taxes on income	48.42	-2,465,313.81	-11,997.27
<b>Earnings after taxes (EAT)</b>	<b>-1,486,448.13</b>	<b>6,178,132.64</b>	<b>491,760.25</b>
Currency differences	0.00	0.00	0.00
<b>Consolidated comprehensive income</b>	<b>-1,486,448.13</b>	<b>6,178,132.64</b>	<b>491,760.25</b>
Assets including financial investments	52,182,923.92	253,428,954.95	2,327,660.80
Investments (net)	78,691.13	25,142,587.23	32,056.52
Debts	2,681,862.66	224,557,444.15	68,214.60

Hamburg, 21 March 2013  
The management board



Felix Goedhart  
Chairman



Dr. Zoltan Bognar

Wind farms	Financial investments	Reconciliation	Total
670,898.07	12,175,684.75	-684,792.00	35,463,103.71
9,304.58	2,765,788.24	0.00	10,620,970.64
-14,917.80	-5,134,947.23	0.00	-5,299,999.98
0.00	-3,032,402.30	0.00	-4,462,093.88
			-29,718.22
-190,933.31	-8,531,460.10	684,792.00	-11,461,134.55
0.00	0.00	0.00	-87,345.57
474,351.54	-1,757,336.64	0.00	24,773,500.37
-533,950.97	-99,174.54	0.00	-11,465,420.53
<b>-59,599.43</b>	<b>-1,856,511.18</b>	<b>0.00</b>	<b>13,308,079.84</b>
13,868.55	144.82	-397,909.14	711,318.95
-252,902.55	-294,085.49	397,909.14	-8,807,776.65
<b>-298,633.43</b>	<b>-2,150,451.85</b>	<b>0.00</b>	<b>5,211,622.14</b>
87,265.85	-324,572.00	0.00	-2,714,568.81
<b>-211,367.58</b>	<b>-2,475,023.85</b>	<b>0.00</b>	<b>2,497,053.33</b>
0.00	-111,231.55	0.00	-111,231.55
<b>-211,367.58</b>	<b>-2,586,255.40</b>	<b>0.00</b>	<b>2,385,821.78</b>
8,866,707.98	21,578,657.47	-38,404,715.51	299,980,189.61
8,610,667.47	-862,935.31	0.00	33,001,067.04
7,247,118.17	8,567,175.88	-34,727,448.82	208,394,366.64

## Independent Auditors' Report

(translation)

We have audited the consolidated financial statements prepared by Capital Stage AG, Hamburg/Germany, – comprising the statement of financial position, the statement of comprehensive income, the cash flow statement, the statement of changes in equity and the notes to the consolidated financial statements – and the group management report combined with the management report for the business year from 1 January to 31 December 2012. The preparation of the consolidated financial statements and the combined group management report in accordance with IFRS, as adopted by the EU, as well as the regulations under German commercial law complementarily applicable under § 315a (1) German Commercial Code (HGB) are the responsibility of the parent company's Board of Management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB ("German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Board of Management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of Capital Stage AG, Hamburg/Germany, comply with IFRS, as adopted by the EU, as well as the regulations under German commercial law complementarily applicable under § 315a (1) German Commercial Code (HGB) and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Hamburg/Germany, 21 March 2013

Deloitte & Touche GmbH  
Wirtschaftsprüfungsgesellschaft

Signed: Dinter  
Wirtschaftsprüfer  
[German Public Auditor]

Signed: p.p. Wick  
Wirtschaftsprüferin  
[German Public Auditor]



## Assurance of the legal representatives

To the best of our knowledge, in accordance with the applicable accounting principles, the financial statements and the consolidated financial statements give a true and fair view of the assets, financial position and results of the company and the group and the combined management report and group management report of the business including operating results and the position of the company and the group

in such a way that a true and fair view is given of the principal opportunities and risks associated with the expected development of the company and the group.

Hamburg, March 21, 2013

Capital Stage AG

Board of Directors



Felix Goedhart  
CEO



Dr. Zoltan Bogнар



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