CAPITAL STAGE
RENEWABLE ENERGIES

2015

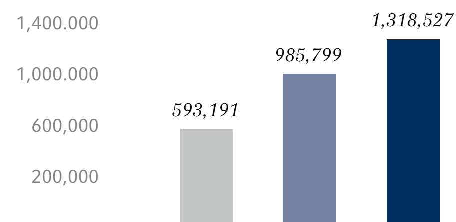
Annual Report

Key-Figures*

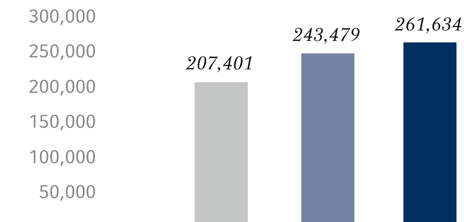
(in TEUR)	2011	2012	2013	2014**	2015	+/- (yoy)
Revenues	35,463	45,118	56,991	72,129	112,802	56.4%
EBITDA	21,684	27,101	35,764	55,384	86,826	56.7%
EBIT	11,475	16,271	21,698	34,576	55,397	60.2%
EBT	4,161	6,333	9,489	17,370	25,761	48.3%
EAT	3,293	5,314	8,425	15,784	23,395	48.2%
Balance sheet total	299,980	455,017	593,191	985,799	1,318.527	33.8%
Equity	91,586	130,262	207,401	243,479	261,634	7.5%
Cashflow from operating activities	14,387	27,108	36,018	55,906	74,501	33.3%

* The stated consolidated key-figures are based solely on the company's operating performance and do not include any measurement effects stamming from IFRS. ** as of 2014 figures have been adjusted for the discontinuation of the segment "financial investments".

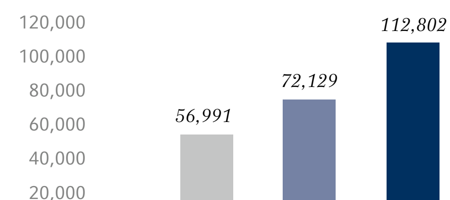
Balance sheet (in TEUR)



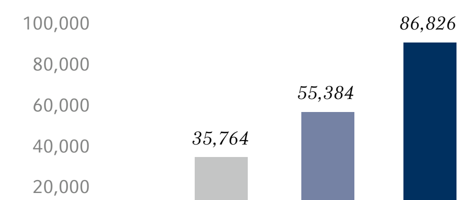
Equity (in TEUR)



Revenues (in TEUR)



EBITDA (in TEUR)



2013 2014 2015

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An investment in a tradition full of solar energy that stretches back millennia

Even many thousands of years ago, the sun dictated people's lives to a large extent – Stonehenge in the south of England is a famous example of that fact. After all, it was used as an observatory and site of sun worship, as well as to determine the seasons, solstices and equinoxes. Thanks to modern solar technology, the sun now acts as an efficient and clean source of energy and warmth to an even greater extent than in the past. With its first investment in a solar park portfolio in Great Britain, in 2015 Capital Stage became part of a tradition that dates back 11,000 years. With clean energy for a better future.

11,000*

** This is the number of years that the history of Stonehenge stretches over, according to the latest research. But it was only around 2600 BC that the first of the world-famous upright stones was raised. Today, it is believed that Stonehenge was used, among other things, to predict the most important seasonal changes – the summer and winter solstices and the spring and autumn equinoxes.*

Prof. Dr. Klaus-Dieter Maubach
CEO

Dr. Christoph Husmann
CFO

Dear Shareholders, Ladies and Gentlemen,

Our company is active on a global growth market. Renewable energies are and will remain a global megatrend. In the first half of 2015, for example, worldwide installed capacity from renewable energy sources exceeded that of nuclear power for the first time. With its risk-averse business model and, at the same time, attractive yields and reliable cash flows, our company is ideally positioned in this strong growth market characterised by rapid change.

We successfully continued our growth path also in the financial year 2015. Our market capitalisation increased from around EUR 360 million at the end of 2014 to nearly EUR 600 million at the end of 2015. Our access to capital markets and to new institutional investors therefore increased significantly. By April 2016, we were furthermore able to expand our existing portfolio to 88 solar and wind parks with a generation capacity of more than 570 MW. This strong growth is also reflected in the positive development of our operating earnings indicators for the 2015 financial year: revenue, operating EBITDA and operating EBIT each increased by more than 50 per cent compared to the previous year.

Our consolidated group earnings according to IFRS were, however, adversely affected by special items in the previous financial year. These also included review proceedings of the 2012 annual financial statements by the German Financial Reporting Enforcement Panel (FREP), which has been ongoing since 2013. As a result, the amortization period of intangible assets from purchase price allocations (electricity feed-in contracts) had to be adjusted retroactively to match the respective remaining term of the legal subsidy period. The resulting valuation effects within the Group's earnings after taxes (EAT) with no effect on cash flow totalled about EUR 2.0 million for the financial years 2010 to 2014 and to about EUR 3.0 million for the financial year 2015. With the DPR objections fully taken into account within the consolidated financial statements for FY2015, the DPR audit is formally completed.

Together with the Supervisory Board, we have also decided to end the long-standing partnership with our previous auditors and will recommend choosing a new auditing firm for the 2016 financial year to the Annual General Meeting.

In total, the financial year 2015 was a nevertheless a very successful year, in which we expanded our portfolio in our core regions Germany, France and Italy and successfully entered the market in the United Kingdom for the first time. Since then, we have acquired 12 British solar parks with a generation capacity of more than 78 MW and were able to successfully establish the United Kingdom as a new core market. This also further increased the regional diversity of our portfolio.

During the reporting period, profit participation rights capital (Genussrechtskapital) from the strategic partnership with Gothaer Versicherungen in particular was available to us for financing our dynamic growth. With the acquisition of an Italian solar park portfolio in February 2016, we have now fully invested these funds – around a year earlier than planned. Solar parks with a total investment volume of more than EUR 560 million and a total capacity of nearly 300 MW were realised from the partnership with Gothaer Versicherungen. Following the successful conclusion of the

investment phase, the portfolio is now starting full operations and will be optimised so that cash flows from this solar park portfolio should increase over the coming years.

We also want to share the positive development of Capital Stage AG with you, dear shareholders, and will again offer you an optional dividend. For the 2015 financial year, we are proposing to distribute a dividend of EUR 0.18 per voting share. This represents a year-on-year increase of around 20 per cent (previous year: EUR 0.15).

We also intend to continue growing in future. To do this, we will continue to rely on alternative and sustainable methods of financing the growth at attractive conditions. As of the end of March 2016, we have already secured new growth capital of around EUR 35 million. The funds stem from the refinancing of solar parks which were financed completely with equity as well as the successful placement of a debenture bond in December 2015. In April 2016 for the first time in around two years we also carried out a capital increase of nearly ten per cent of the authorised capital. The gross proceeds from this capital increase amounts to almost EUR 50 million. Taking typical leverage on a project level into account, investment funds of more than EUR 300 million are available to us for the continued growth as of May 2016.

In light of this, we expect a significant increase of our operating earnings indicators for the 2016 financial year as well. Based solely on the current, already-secured existing portfolio as of April 2016, we assume revenue growth to more than EUR 130 million for the 2016 financial year (previous year: EUR 113 million), an increase of operating EBITDA to more than EUR 100 million (previous year: EUR 87 million) and an increase of operating EBIT to more than EUR 60 million (previous year: EUR 55 million). Cash flow from operating activities is expected to be around EUR 93 million (previous year: EUR 75 million).

Also in the current financial year we do have a flourishing and strong project pipeline as well as a reliable and extensive network of partners. These resources have already helped us to secure additional attractive projects in France with a generation capacity of around 60 MW, which we intend to complete until the end of the financial year 2017. Furthermore, we closely observe and analyse markets and events outside of our core regions, for example, in the United States, Canada, Scandinavia and Benelux.

We are clearly headed on a path for growth, and we would be very pleased if you continue with us along this path.

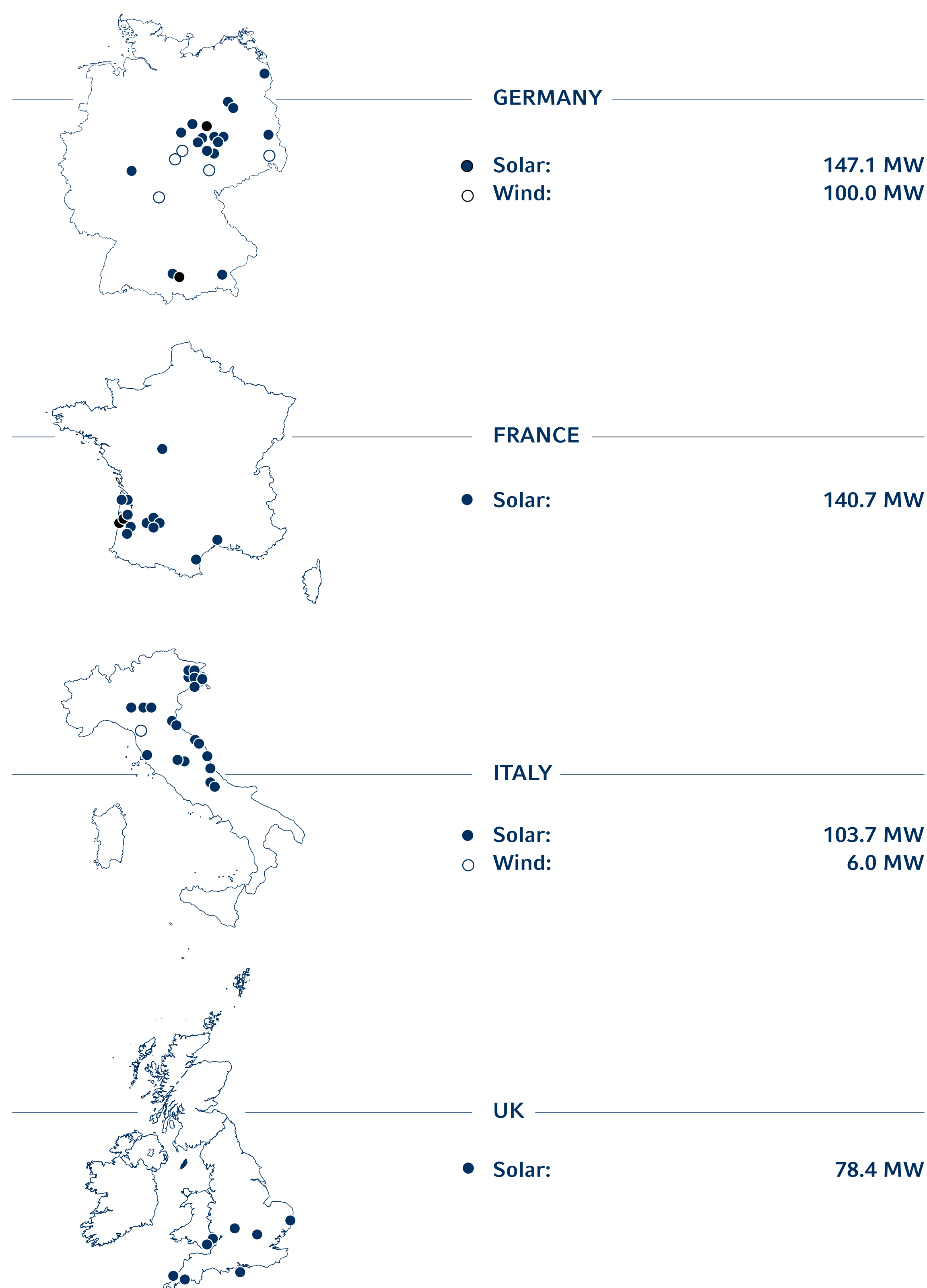
Hamburg, April 2016

The management board

Prof Dr Klaus-Dieter Maubach

Dr Christoph Husmann

Solarparks and Wind farms



As of 03/31/2016 **Total: 575.9 MW**

The Capital Stage share

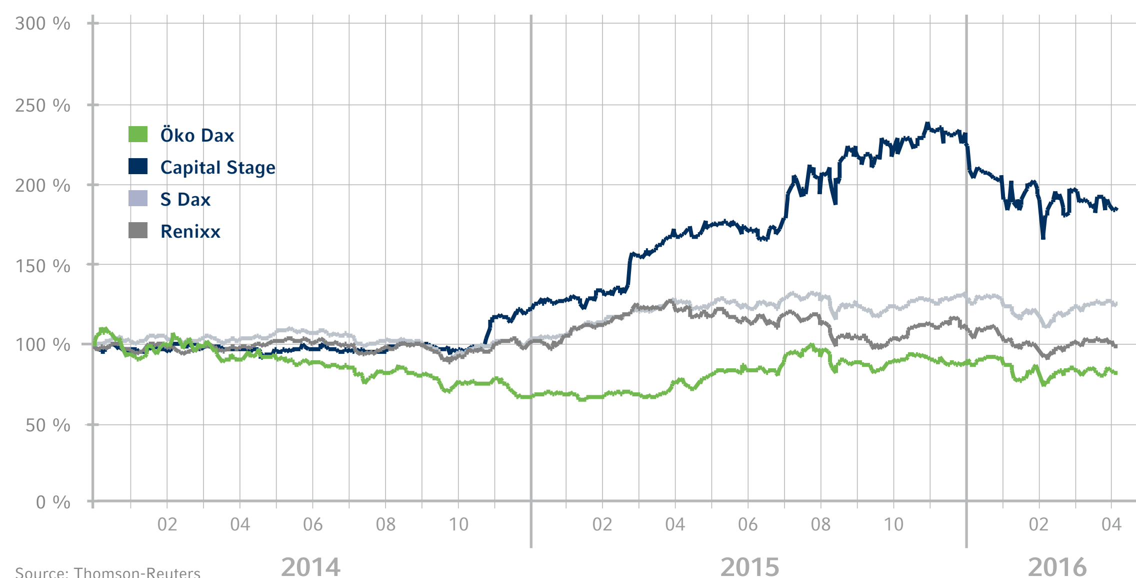
Key financial figures	
Listed since	28.07.1998
Subscribed capital (31.12.2015)	EUR 75,483,512.00
Number of shares (31.12.2015)	75,483,512
Stock market segment	Prime Standard
Dividend per share (2011, 2012, 2013, 2014, 2015*)	EUR 0.05, EUR 0.08, EUR 0.10, EUR 0.15, EUR 0.18*
52-week high (01.01.2014–31.03.2016)	EUR 9.85
52-week low (01.01.2014–31.03.2016)	EUR 5.85
Share price (31.03.2016)	EUR 7.01
Market capitalisation (31.03.2016)	EUR 529.14 million
Indices	SDAX, HASPAX, PPVX
Trading centres	XETRA, Frankfurt/Main, Hamburg
ISIN	DE 0006095003
Designated sponsor	ODDO Seydler Bank AG

The 2015 stock market year

Investors in the stock market once again needed strong nerves in 2015. At the beginning of the year, the DAX initially rose towards a new high and reached 12,374 points on 10 April. The reason for this upward trend was not least the ECB's announcement of further massive bond-buying measures. Near the end of the second quarter, however, the skies on the market began to darken. Speculation about a rise in interest rates in the United States – accompanied by continued loosening of monetary policy on a massive scale in Europe and increasing geopolitical risks – put a damper on the initial euphoria and caused many investors to cash out their profits rather than reinvest them.

In August, weak economic data from China caused unrest on the markets. After years of uninhibited growth, the Chinese economy appeared to be slowing down, providing market participants with an unpleasant surprise which they had not been expecting in that form. As a result, the DAX also fell to a new low for the year at 9,427 points in September 2015. At year end, the DAX once again rose slightly. Although the markets were disappointed by the announcements regarding monetary policy and measures taken by ECB head Mario Draghi in December 2015, there was still hope for more clear signals. The first slight increase in the prime rate by the Fed in the United States was rather moderate. The DAX closed the year at 10,743 points, which represents an increase of 9.6 per cent compared to the beginning of the year.

* Subject to approval at the Annual General Meeting on 25 May 2016

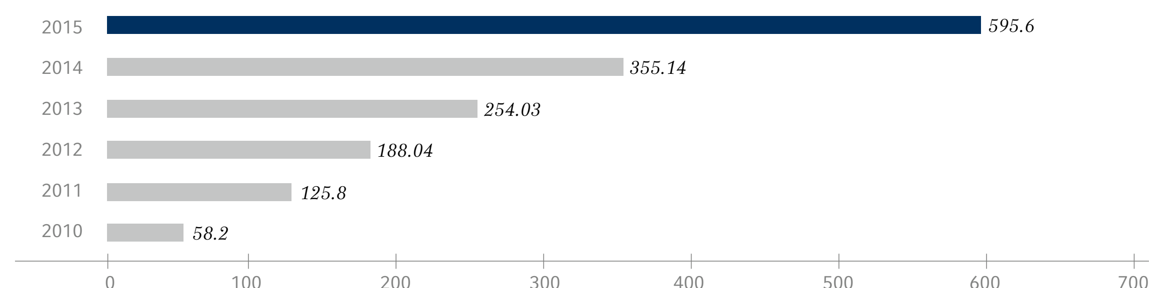


Source: Thomson-Reuters

Development of the Capital Stage share in 2015

At the end of 2015, the Capital Stage share price was EUR 7.89 (XETRA closing price) and was therefore more than 64 per cent higher than at the beginning of the 2015 financial year. The Capital Stage share once again clearly outperformed the comparison some of the SDAX (+26.6 per cent) and the DAX (+9.6 per cent). The Capital Stage AG share reached its high for the period of EUR 9.20 on 6 November 2015.

Market capitalisation increased (in mill. EUR)



Market capitalisation and trading volume up sharply

As of year end 2015, the share capital of Capital Stage came to EUR 75,483,512.00, divided into 75,483,512 bearer shares with no par value. The market capitalisation of Capital Stage AG has increased significantly over the past few years and amounted to some EUR 530 million as at the balance sheet date 31 December 2015.

Liquidity in the Capital Stage share also improved significantly. The average daily trading volume on the electronic XETRA platform was 100,534 shares in 2015, which is more than double compared with the previous year (previous year: 49,798 shares a day).

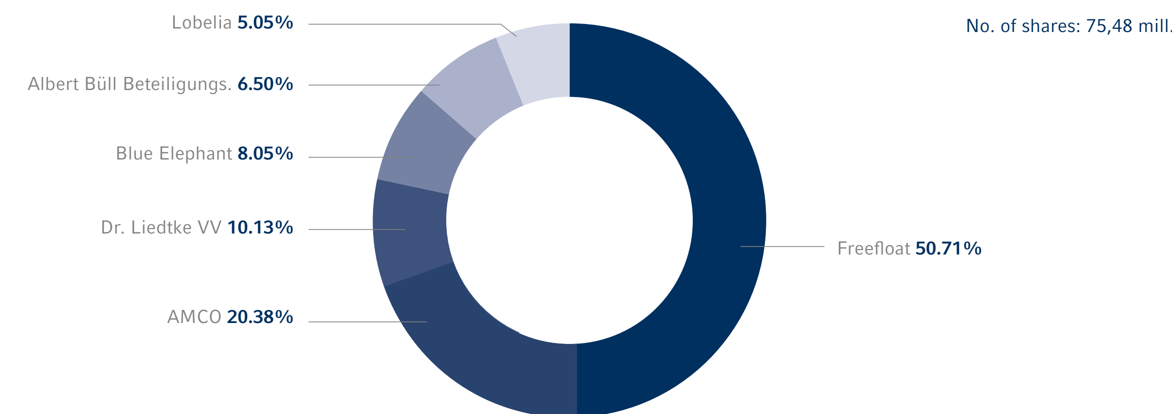
Annual shareholders' meeting

Capital Stage AG's Annual General Meeting for the financial year 2014 was held on 23 June 2015 in Hamburg. Altogether, the shareholders and proxies represented around 60.30 per cent of the share capital (previous year: 65.85 per cent). All the items on the agenda were approved by large majorities of over 90% each.

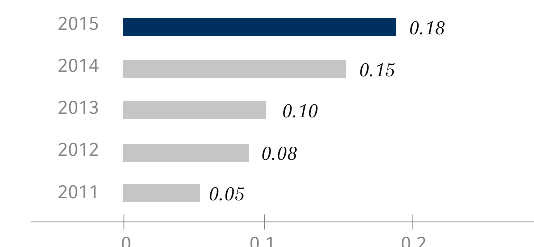
Raising the dividend

At the annual shareholders' meeting, the shareholders adopted the proposal by the Management Board and Supervisory Board to increase the dividend for the 2014 financial year to EUR 0.15 per share. This represents a nominal increase of 50 per cent over the previous year (EUR 0.10 per share). Dividends were paid out of a capital account set up for tax purposes in accordance with section 27 of the corporation tax act (KStG) and are therefore tax-free for shareholders.

The Capital Stage shareholder structure is as follows:



Dividends 2011 – 2015 (in Euro Cent)



The dividend was again offered as an optional dividend. Shareholders also had the option of receiving the dividend either fully in cash or partly in the form of shares at a subscription price of EUR 6.60. The idea of a share dividend was well received. With its optional dividend, Capital Stage achieved a record acceptance percentage of more than 80 per cent, the highest percentage ever achieved in Germany in this context.

For the 2015 financial year, Capital Stage is once again planning an increase of the dividend. At its meeting held on 31 March 2016 to adopt the financial statements, the Supervisory Board of Capital Stage AG therefore approved the Management Board's proposal to pay a dividend of EUR 0.18 per share for the 2015 financial year. The decision is still subject to the approval of the annual shareholders' meeting to be held on 25 May 2016. The dividend will again be offered to the shareholders as an optional dividend.

Increased coverage by bank analysts

A total of eight (previous year: six) banks and analysts covered the Capital Stage AG share in the 2015 financial year. All but one of the analysts recommend that financial institutions buy the Capital Stage AG share; the price of the share is between EUR 8.00 and EUR 11.00.

Investor relations – transparency, dependability and continuity

Transparency, dependability, trust and continuity are the guiding principles for investor relations work at Capital Stage AG.

We hold true to these principles during active and regular communication with all relevant target groups and the interested public. As such – in addition to conferences, roadshows, corporate news, investor meetings, discussions with analysts, conference calls, the corporate website and financial reports – we rely primarily on personal contact. Whether you hold a few shares or are a large institutional investor, we are happy to have you!

Feel free to get in touch with us if you would like more information on Capital Stage AG.

An overview of all main dates for Capital Stage in the current 2016 financial year can also be found on the Investor Relations section of the Capital Stage AG website at www.capital-stage.com.

Capital Stage AG
Investor Relations
Grosse Elbstrasse 45
22767 Hamburg
Germany
www.capitalstage.com
Tel.: +49 (0)40 378 562 242
Email: ir@capitalstage.com

51° 11’ *

The geographical latitude of Stonehenge played an important role in its creation – because it is only thanks to the precise alignment of the stones that the sun rises directly above the Heel Stone on the morning of Midsummer Day, while the sunbeams shine in a straight line into the centre of the construction. A real feat of Stone Age engineering!

Supervisory board report

Dear Shareholders,

In 2015, the Supervisory Board thoroughly carried out its duties and tasks defined by statute, the Company’s Articles of Association and its Rules of Procedure. It provided the Management Board with regular advice in running the company and continuously provided support in management decisions significant for the Group. It also subjected the risk management and compliance departments to an inspection and made the determination that these departments met their requirements completely. The Supervisory Board was directly involved in all decisions of fundamental importance to the Company. To the extent required by statute, the Articles of Association and the Rules of Procedure, the Supervisory Board issued its approval for individual business transactions.

The Management Board complied with its information obligations by regularly, promptly and completely reporting to the Supervisory Board – both in written and verbal form – on the economic and financial position of the Company, the pipeline, investment projects and the risk management and compliance departments. The Supervisory Board discussed all measures requiring approval with the Management Board. The Supervisory Board chairperson was also thoroughly informed in between the Supervisory Board meetings and therefore was constantly aware of all questions of importance for the Company and the Group. The Management Board and Supervisory Board regularly consult each other concerning the Group’s strategic alignment and progress.

Dr Manfred Krüper
Chairman

Alexander Stuhlmann
Deputy chairman

Albert Büll

Dr Cornelius Liedtke

Dr Jörn Kreke

Professor Fritz Vahrenholt

There were ten Supervisory Board meetings during the 2015 financial year, of which six were ordinary and four were extraordinary. The Management Board was represented by at least one member at all of the meetings. Both members of the Management Board were present at eight of the ten meetings, so far as nothing to the contrary was determined by the Supervisory Board chairperson. Before each Supervisory Board meeting, the Management Board furnished the Supervisory Board’s members with comprehensive reports. Where the decisions to be made required Supervisory Board approval, the documents included extensive decision-making presentations.

In addition, the Supervisory Board made 13 resolutions by circulation of documents. The resolutions made in this manner by the Supervisory Board related to discussions had during the meetings and the detailed documents provided to the Supervisory Board. The object of the Supervisory Board resolutions made by circulation of documents were, among others, resolutions regarding an increase of share capital, loans and the acquisition of wind and solar parks in Germany, the United Kingdom and Italy.

Focus of discussions

In the six ordinary meetings on 31 March 2015, 21 April 2015, 23 June 2015, 13 and 14 August 2015, 29 September 2015 and 17 December 2015, as well as in the four extraordinary meetings on 7 and 8 May 2015, 19 October 2015 and 3 November 2015, the Supervisory Board concerned itself in depth with the verbal and written reports of the Management Board.

Particular focal points of the meetings were the further development of the PV Parks and Wind Parks segments and the financing of future projects. The Management Board regularly introduced investment opportunities and commented on the current status of the negotiations. Discussions focused, in particular, on the planned sale of Helvetic Energy GmbH, the submission of an offer to acquire shares in Prokon 2.0, which is active in the wind energy sector, and the acquisition of shares in other companies. In this process, the Management Board presented the financial conditions of the projects in detail to the Supervisory Board and elaborated on the associated opportunities and risks. In addition, there were thorough discussions about the possibility of raising capital to finance further growth.

The Management Board reported on the development of the portfolio during all of the ordinary Supervisory Board meetings. Based on a country analysis carried out on the four core markets (Germany, Italy, France and the United Kingdom), the development of these markets was once again discussed – separately for the PV and wind sectors. Development in other target markets was also given due attention.

In addition, the review of the 2012 annual financial statements by the German Financial Reporting Enforcement Panel (FREP), which has been ongoing since 2013, was a central theme. As part of the now concluded review, the FREP ultimately confirmed three errors. To the extent that a change in the presentation in the annual report is required to avoid the identified errors, Capital Stage AG has been partially recognising these items since the 2014 financial year and will completely recognise them from the 2015 financial year. The one-time depreciation for the years 2012, 2013 and 2014 stemming from the results of the review are considered to be insignificant both by the Management Board as well as Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, who were involved in the review; this depreciation has been recognised on a current account basis for the 2015 financial year.

Furthermore, as part of the meeting on 21 April 2015, the Supervisory Board has decided to introduce a further committee, namely the audit committee, due to the strong growth of Capital Stage AG and the therefore increasing scope of the Supervisory Board duties. In addition, the Supervisory Board has decided to assign the staff committee the duties of a nomination committee.

Discussions were held and decisions made on the following principal issues:

- the sale of the shares in Helvetic Energy GmbH
- the submission of an offer to acquire shares in Prokon 2.0
- the possibilities for financing the further growth of the Company
- the amendment to the arrangements for representation and the appointment of proxies for Capital Stage AG
- the determination of the quota of women
- the establishment of an audit committee

Attendance at Supervisory Board meetings

All members of the Supervisory Board took part in four of the ten meetings in the financial year. One member was not in attendance at five of the meetings. One meeting had participation of only four of the six Supervisory Board members. None of the Supervisory Board members attended less than half the meetings.

Staff committee meetings

The staff committee comprises Dr Krüper, Mr Stuhlmann and Mr Büll. Last year, the committee held one meeting. The staff committee meeting focused on appointing a CEO. The staff committee was fully prepared for the decisions on staff topics, which were made by the entire committee.

Audit committee meetings

The members of the audit committee are Mr Stuhlmann (chairman), Dr Krüper and Professor Vahrenholt. Last year, the audit committee held one meeting. At this meeting, the audit committee carefully examined the ongoing review process being carried out by the FREP.

Corporate governance

The Supervisory Board also dealt with the topic of corporate governance during the reporting period. Due to the establishment of an audit committee and the assignment of duties befitting a nomination committee to the staff committee, the joint declaration by the Management Board and Supervisory Board of Capital Stage AG regarding the recommendations of the governmental commission of the German Corporate Governance Code was changed pursuant to section 161 of the AktG to the effect that the declared deviation vis-à-vis the creation of an audit and nomination committee does not apply. The complete declaration can be viewed at any time on the Capital Stage AG website.

The Supervisory Board had no indication that members of the Supervisory and Management Boards were faced with conflicts of interest.

The results of the Supervisory Board's assessment of the efficiency of its own activities – in particular the frequency of its meetings, the preparation and execution thereof and the provision of information – were positive.

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

The Hamburg branch of Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Munich, was once again the auditor and Group auditor. The auditing company gave an unqualified audit opinion for the annual financial statements of Capital Stage AG as well as the financial statements of the Capital Stage Group. The auditor's report given during the Supervisory Board meeting on 31 March 2016 addressed the topics of commissioning and review, the 2015 audit schedule, the economic position, legal and economic peculiarities, the audit focal points determined by the Supervisory Board, the results of the audit by the FREP and the determinations and results of the audit.

At its meeting on 31 March 2016, in which the auditors also participated, the Supervisory Board discussed in detail the annual financial statements and the consolidated financial statements of Capital Stage AG, as well as the combined management report. In addition, the Management Board's recommendation regarding the use of the distributable profit was also discussed as a part of this meeting. The consolidated financial statements in accordance with IFRS, the combined management report for Capital Stage AG and the Group and the annual financial statements of Capital Stage AG, as well as the reports of the auditors, were issued in due time to all members of the Supervisory Board. The auditors presented the significant results of their audit and were available to answer any subsequent questions. As the conclusive result of its own review, the Supervisory Board determined that no objections were to be made and 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, as well as the proposal for the appropriation of the distributable profit in conformity with statutory provisions. Pursuant to section 172 of the AktG, the annual financial statements have therefore duly been adopted, while the consolidated financial statements were cleared for publication on 31 March 2016. Finally, the Supervisory Board has endorsed the Management Board's proposal for the use of distributable profit for 2015, i.e. the distribution of a dividend of EUR 0.18 per dividend-entitled share. The dividend will be paid in cash or in the form of shares in Capital Stage AG. Details of the cash distribution and how shareholders can choose the share option are explained in a document that will be sent to shareholders along with the invitation to the Annual General Meeting. It includes information on the number and type of shares and the reasons for and details of the offer.

The dividend and the remaining amount to be carried forward as mentioned in the proposal for the use of profit are based on share capital with dividend entitlement of EUR 75,483,512.00, divided into 75,483,512 shares, as of 31 March 2016.

The number of dividend-entitled shares may change before the date of the resolution on the use of distributable profit. In this case, the Management Board and Supervisory Board will put forward a corresponding modification to the proposal on the use of profits at the Annual General Meeting, which will provide for a distribution of EUR 0.18 per dividend-entitled share, as before. This does not affect the offer to receive the dividend in the form of shares rather than in cash. The modification is to be made as follows: If the number of dividend-entitled shares, and therefore the total dividend, goes down, the amount to be carried forward to new account goes up accordingly. If the number of dividend-entitled shares, and therefore the total dividend, goes up, the amount to be carried forward to new account goes down accordingly.

Changes in the Management Board

Professor Klaus-Dieter Maubach was appointed as the second member of the Management Board with effect from 1 November 2015. He was appointed as chairman of the Management Board at the beginning of his tenure. Felix Goedhart left the Management Board as of 31 October 2015.

The Supervisory Board would also like to take this opportunity to thank the Management Board and all of the Capital Stage Group's employees for their commitment and their personal contribution to a successful 2015.

Hamburg, 31 March 2016

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 section 15a of the German Securities Trading Act (WpHG). In 2015, 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. The relevant notifications about these transactions in 2015 have been published online at www.capitalstage.com under "Directors' Dealings" in the "Investor Relations" section.

Based on the transactions notified pursuant to section 15a of the WpHG, on 31 December 2015 the Management Board was in possession of notifiable assets under item 6.2 of the German Corporate Governance Code. On this date, the Management Board was entitled to voting rights consisting of 0.029 per cent of the shares of Capital Stage AG. The notifiable holdings of members of the Supervisory Board under item 6.2 of the German Corporate Governance Code amounted to around 5.65 per cent on 31 December 2015 based on the transactions notified pursuant to section 15a of the 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

The remuneration report, or rather the consolidated financial statements, of Capital Stage AG contains specific information regarding the share option programmes and similar share-based incentive systems of the Company, as well as a thorough presentation of the remuneration of the Management Board and Supervisory Board.

Independence of the auditor

Prior to the submission of a proposal to the Annual General Meeting for the appointment of an auditor for the 2016 annual accounts, the Supervisory Board will obtain a declaration from the auditor. 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 will also include 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 2016 financial year

Declaration on corporate governance pursuant to section 289a, description of the work of the Management Board and Supervisory Board

Management Board

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

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

The additional appointments of the Management Board members are shown in the notes to the separate financial statements of the Company 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 has never been a member of the Management Board of 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 directors and officers liability (D&O) insurance for members of the Supervisory Board which, in line with international standards, does not include an excess. Furthermore, Capital Stage AG 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 Supervisory Board members are shown in the notes to the separate financial statements of the Company and the consolidated financial statements.

Committees
The Supervisory Board has formed a staff committee and an audit committee. The relevant committee chairs will report to the Supervisory Board on the committee's activities on a regular basis.

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-performing staff at Capital Stage AG. Furthermore, the Supervisory Board has decided to assign the staff committee the duties of a nomination committee.

The audit committee will be responsible for monitoring the accounting process, the effectiveness of the internal control system, risk management, the internal auditing system and the final audit, particularly the independence of the external auditor and any additional services rendered by the external auditor.

The Supervisory Board has decided not to form additional committees. In light of the size of the Supervisory Board, with six shareholder representatives, the Supervisory Board regards additional committees as being structurally unnecessary. Operating as a complete body, the Supervisory Board ensures the efficiency of its work and the successful handling of complex issues. The creation of 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 Annual General Meeting and is active in a supervisory and advisory capacity. The two bodies are strictly separated in terms of their members and with respect to their responsibilities.

The Management Board and Supervisory Board work closely together in a trusting relationship for the benefit of Capital Stage AG. The Management Board develops the strategic direction of Capital Stage AG, 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 AG. 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 for the benefit of 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 Supervisory Board, yet it would result in increased organisational costs for the Supervisory Board members and the Company.

Provisions on the equal participation of women and men in leadership positions pursuant to section 76 (4) and section 111 (5) of the German Stock Corporation Act (AktG)
In respect of the gender balance on the Supervisory Board and the Management Board of the Company, the Supervisory Board has set targets pursuant to the German law on equal participation of women and men in leadership positions (FührposGleichberG). The law states that these targets have to be met by 30 June 2017. The target for the number of women on the Supervisory Board stands at zero per cent as at the deadline, as the tenure of the sitting members of the Supervisory Board does not end until the Annual General Meeting that resolves on whether to formally approve their actions for the 2016 financial year. A target of zero per cent was also set in respect of the members of the Management Board. As it has in the past, the Management Board comprises two members, with the contracts of both members due to run beyond the deadline of 30 June 2017.

In respect of the number of women in the top level of management below the Management Board, the Management Board of Capital Stage AG has set a target of 20 per cent as at the deadline of 30 June 2017.

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's situation and any significant changes on the business side. To provide comprehensive and timely information that is accessible to all, Capital Stage AG 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 under "Financial Calendar" in the "Investor Relations" section.

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

Ad hoc notifications and press releases can be found under "Ad hoc" in the "Press" section of 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 Annual General Meeting 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 of the Management Board and Supervisory Board of Capital Stage AG regarding the recommendations of the governmental commission of the German Corporate Governance Code pursuant to section 161 of the AktG

Capital Stage AG complies with the recommendations of the German Corporate Governance Code, which was revised on 5 May 2015 and published in the Federal Gazette (Bundesanzeiger) on 12 June 2015, with the following exceptions (numbers in parentheses represent the respective item in the Corporate Governance Code):

- The directors and officers liability insurance for the Supervisory Board does not include an excess (3.8).

For members of the Supervisory Board, there is D&O insurance that does not include an excess, and this conforms to international standards. Furthermore, Capital Stage AG 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 monetary remuneration of Management Board members is comprised only of fixed portions (4.2.3).

Remuneration for the Management Board member newly appointed in November 2015 contains no variable performance-related components pursuant to item 4.2.3, paragraph 2, sentence 2 of the German Corporate Governance Code. The Supervisory Board of the Company was of the opinion that, due to the size of the Company and the monitoring duty of the Supervisory Board, there was no necessity for a variable component of remuneration and, therefore, an automatic cap of the respective maximum Management Board remuneration could be achieved.

- The Supervisory Board has named no specific targets for its composition. There is no limit for the length of a Supervisory Board member's tenure (5.4.1).

Since the year 2007, the Supervisory Board of Capital Stage AG has operated in a composition that is exceptionally well suited to the specific situation of Capital Stage AG. There is no need to optimise the composition. For this reason, the Supervisory Board has not defined any targets in this regard.

- Half-yearly and any quarterly financial reports are to be discussed by the Management Board with the Supervisory Board or its audit committee before publication. (7.1.2).

The Supervisory Board is always promptly and thoroughly informed by the Management Board about current developments of the assets position, financial position and results of operations. Due to the close cooperation between the Management Board and Supervisory Board, the Supervisory Board has waived the requirement for an additional discussion about half-yearly and quarterly reports. Such a requirement would not provide any additional information to serve the Supervisory Board, yet it would result in increased organisational costs for the Supervisory Board members and the Company.

- The interim financial reports should be publicly available within 45 days after the end of the reporting period (7.1.2).

In accordance with the statutory regulations, the interim financial reports are published within eight weeks after the end of the quarter. In view of the considerable difference between these deadlines and the additional expense and work that would be required, the Company's Management Board and Supervisory Board do not consider that reducing the deadlines any further would be reasonable.

This declaration replaces the declaration of December 2015. Since December 2015, Capital Stage AG has complied with the recommendations of the version of the German Corporate Governance Code from 5 May 2015, with the exceptions given in the declaration from December 2015.

Hamburg, March 2016

On behalf of the Supervisory Board

Dr Manfred Krüper
Chairman

On behalf of the Management Board

Prof Dr Klaus-Dieter Maubach
Chairman

1,000*

It is estimated that the muscle power of around 1,000 people would have been necessary to pull the largest of the Stonehenge stones. The sandstone sarsens of the outer circle were probably transported to their destination on a kind of sledge construction and then precisely aligned, down to the centimetre.

Combined management report and consolidated management report for Capital Stage AG, Hamburg for the financial year 2015

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Management report and Group management report for the 2015 financial year

General information

The combined management report covers the Capital Stage Group (hereafter known as "the Group" or "Capital Stage") and the parent company, Capital Stage AG, which is based in Hamburg, Germany. It has been prepared according to the German Commercial Code (Handelsgesetzbuch – HGB) and German Accounting Standard (GAS) no. 20.

Capital Stage AG prepares its separate financial statements according to German Commercial Code accounting principles and the consolidated financial statements according to IFRS accounting principles. The management report and Group management report have been combined, whereas the assets position, financial position and results of operations are each disclosed separately.

Its share capital is EUR 75,483,512, divided into 75,483,512 shares with no par value. The average number of shares in circulation (undiluted) in the reporting period was 74,545,502 (previous year: 72,017,994).

Unless stated otherwise, all disclosures in this report relate to 31 December 2015 or to the financial year from 1 January to 31 December 2015.

Operating principles of the Group

Business model

Capital Stage AG is listed in the SDAX index of Deutsche Börse and is the largest independent solar park operator in Germany. The Group's core business is the acquisition and operation of solar parks and (onshore) wind parks. When acquiring new installations, the Group generally focuses on turnkey projects or existing installations with guaranteed feed-in tariffs or long-term power purchase agreements and which are built in geographical regions that stand out due to a stable economic environment and reliable investment and operating conditions. Solar parks and wind parks can therefore generate reliable returns and predictable cash flows.

In addition, with the wholly owned subsidiary Capital Stage Solar Service GmbH, the Group constantly ensures the highest possible technical availability of the solar parks and wind parks. The experience and expertise of the technical business unit is also used as part of the investment processes to, among other things, check the structural quality and technical capacity of the parks to be acquired.

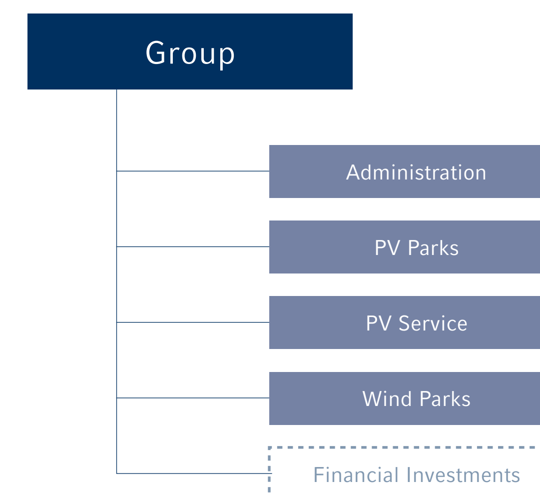
Since 2009, Capital Stage has continually expanded its portfolio of solar parks and wind parks. Today, Capital Stage operates 80 solar parks and eight wind parks with an output in excess of 570 MW in Germany, Italy, France and the UK. This means that, in 2015, Capital Stage fed a total of nearly 600,000,000 kWh into the electricity grid. That is enough electricity to power almost 240,000 households for an entire year. At the same time, this reduces CO2 emissions by more than 400,000 tonnes. The Group thus makes a contribution to protecting the climate and reducing Germany's dependence on energy imports and fossil fuels.

In future, the Group will continue to adhere to an acquisition strategy aimed at growth. This means that a good and reliable regional location, an experienced team of project developers and general contractors, the use of first-rate components, sound financing and, last but not least, attractive yields will continue to form the basis of our risk-averse investment strategy. The current solar park and wind park acquisition pipeline contains projects totalling over 200 MWp in Germany and abroad.

Group structure

Capital Stage AG is the parent company of the Capital Stage Group. In addition to Capital Stage AG, a total of 99 subsidiaries (previous year: 61) are included directly or indirectly in the consolidated financial statements as of 31 December 2015.

This diagram shows the Group's segments as of 31 December 2015:



Administration	This segment comprises the Group's parent company Capital Stage AG.
PV Parks	The PV Parks segment comprises all the solar parks in Germany, Italy and France and – since the first quarter of 2015 – the UK, as well as any holding companies.
PV Service	This segment consists of Capital Stage Solar Service GmbH.
Wind Parks	This includes all the wind parks in Germany and Italy as well as the associated holding companies.
Financial Investments	This segment has been discontinued. It existed up until 20 October 2015, the date on which Helvetic Energy GmbH and its parent company, Calmatopo Holding AG, were sold.

Internal management system at Capital Stage

Capital Stage's main objective is profitable growth and therefore to increase the enterprise value. The Management Board is notified on a weekly basis about current developments affecting the implementation and monitoring of targets. These include technical and commercial aspects of the portfolio assets, such as cumulative power production, the technical availability of facilities and the integration of newly acquired solar parks or wind parks into the Capital Stage Group. Potential investment opportunities are also discussed by the Management Board and the free liquidity available for investment purposes is determined. The liquidity of the operational solar parks and wind parks is monitored continuously. This permanent, forthright dialogue enables the Management Board to respond quickly to events and to take action accordingly.

A forecast for the following financial year is published along with the annual report. It is based on detailed bottom-up planning by the individual Group companies. The published forecast is reviewed every quarter and adjusted as necessary by the Management Board.

The earnings indicators EBITDA and EBIT for Capital Stage include significant valuation effects resulting from the application of IFRS. These include the differences determined in the course of purchase price allocations (PPA) when solar parks and wind parks are consolidated for the first time. These effects are highly unpredictable because it relates to future investments and is subject to various project-specific parameters.

Capital Stage therefore publishes an earnings figure adjusted for these effects, which reflects the operating profitability and development of the Company in a much more transparent and sustainable way.

The earnings forecast included in the forecast for 2016 is also based on these adjusted performance indicators.

The key financial indicators used within the Group are aligned with the interests and demands of shareholders and include in particular:

- Operating cash flow
- Technical availability of installations
- Revenue
- Adjusted operating EBITDA
- Adjusted operating EBIT

Performance against the indicators technical availability of installations, kilowatt-hours produced and revenue are presented in a weekly performance report and discussed with the Management Board.

In accordance with IAS 7, cash flow from operating activities is calculated using the indirect method. All interest payments are shown in the cash flow from financing activities. Tax payments are included in cash flow from operating activities.

Investment decisions focus particularly on an expected internal rate of return (IRR), which indicates the return on capital employed and the return on the investment over a period of several years. Operating return on equity (ROE) is also an important performance indicator for investment decisions. It shows the relationship between adjusted operating earnings after interest and tax (operating EAT) and invested capital. Qualitative and strategic criteria such as stable feed-in systems, high-quality components and attractive financing terms are also taken into consideration.

The adjusted figures of operating EBITDA and operating EBIT are each derived from the IFRS earnings indicators EBITDA and EBIT and are adjusted for the following factors.

Operating EBITDA = IFRS EBITDA less the following effects:

- Income and expenses from the disposal of financial investments
- Other non-cash income (essentially badwill from purchase price allocations)
- Share-based remuneration

Operating EBIT = IFRS EBIT less the following effects:

- Effects already eliminated from operating EBITDA
- Amortisation of intangible assets from purchase price allocations (PPA)
- Impairment losses from impairment testing of assets resulting from PPA
- Depreciation on property, plant and equipment from step-ups in the course of PPA

The financial performance indicators for Capital Stage AG are essentially identical to those used for the Group. Adjustments to EBITDA and EBIT for Capital Stage AG only relate to effects from the disposal of financial investments as well from currency translation. Revenues as well as the technical availability of installations are not among the performance indicators, however, because they are of no – or no significant – importance for Capital Stage AG.

Macroeconomic framework

Global economic development remains below expectations

In 2015, the global economy once again failed to pick up much steam. Numerous geopolitical trouble spots, the continued debt crisis in southern Europe – and the related concern for the future of a unified European currency – and the weakening of economic growth in China were all primary reasons for the lack of economic momentum. Nevertheless, the effects were very different depending on the country and region. While the situation in the United States and United Kingdom continued its upswing, falling raw-material prices provided a setback to the economic dynamic of emerging economies such as Russia and Brazil. However, Europe – and the export-oriented German economy in particular – was able to profit in the first half of the year from the marked devaluation of the euro in relation to the US dollar as well as dropping oil prices. But, in the second half of 2015, the uncertainty of the global economic and geopolitical conditions once again stressed the European economy to a noticeably greater extent.

For the US economy, the International Monetary Fund (IMF) expects total economic growth for 2015 of 2.4 per cent (2014: 2.4 per cent). With expected economic growth of 1.5 per cent, Europe lags significantly behind. It can, however, still post growth compared to the even weaker previous year – according to the expectations of the IMF (2014: 0.9 per cent). The German economy will more or less be able to keep pace with the level of the previous year.

Expansive monetary policy

In light of the stable economic development in the United States, the US Federal Reserve (Fed) raised the prime rate in December 2015 for the first time since 2006. The Fed increased the rate slightly by 0.25 percentage points, taking it from 0.25 to 0.5%. While this is the first cautious indication of a turnaround in interest rates in the United States, the European Central Bank (ECB) continued its expansive monetary policy in 2015 due to the weak economic dynamic and low rates of inflation in Europe. The ECB extended, among other things, its programme of purchasing government bonds and other securities, which has reached the billions, for another six months. With this plan, the ECB will be flooding the market with an additional EUR 60 billion per month until at least the end of March 2017. On the other hand, the ECB left the prime rate for the provision of financial institutions with central bank funds at 0.05% at its final meeting in 2015. The rate has been at this record low since September 2014. Unlike in the United States, an increase in interest rates in Europe is not expected for the foreseeable future. At the same time, initial economic setbacks are an indication that a more significant or another step in interest rates is rather unlikely.

The euro aims for parity with the US dollar

The euro continued to slide against the US dollar over the course of 2015. While one euro was still worth USD 1.21 at the beginning of 2015, the exchange rate at the end of the year was a mere USD 1.09 per euro. In the first half of 2015, the greenback was able to benefit in particular from the stable economic development in the United States and the uncertainty regarding the future of the common European currency. In the second half of the year, the change in the tides of interest rates anticipated by the markets and initiated by the Fed provided an extra boost to the US dollar in relation to the euro. On average over the reporting period, one euro cost USD 1.11. The euro also continued to devalue in relation to the British pound in the previous year; however, the volatility and the nominal loss in value were more moderate than in relation to the US dollar. While one euro was worth GBP 0.78 at the beginning of 2015, the exchange rate at the end of the year was GBP 0.74 per euro. On average over the reporting period, one euro cost GBP 0.73.

Acceptable close to the 2015 trading year

In 2015, investors in stock markets once again experienced mixed and even partially stormy results. The main German index, the DAX, was characterised by high volatility in 2015. While expectations of positive growth worldwide and good indicators from the United States in particular initially supported the DAX at the beginning of the year, geopolitical crises, weak data from the global economy, the interest rate changes in the United States and the concern about the breakthrough of the Chinese economy brought down the mood on the exchange floor from the middle of the year onwards. In addition, the Volkswagen emissions scandal – and the resulting crash in the share price on the DAX – caused a further downturn in prices in September 2015. In total, the DAX was still able to close 2015

at an acceptable 10,743 points – an increase of around 9.5 per cent over the year. The small-cap segment proved once again to be significantly more dynamic. Over the year, the SDAX small-cap index showed growth of around 26.6% cent and closed 2015 at 9,099 points.

In the United States, the Dow Jones demonstrated a more modest course for 2015. Particularly at the end of the year, the increasing fear of a continued weakening of global economic conditions and the drop in oil prices held back trading in New York. The Dow Jones dropped by 2.2% cent for the year and closed at 17,425 points.

Renewable energies: A megatrend

Renewable energies continue to be the megatrend in the global energy revolution; they are the key to the quest for a climate-friendly, sustainable and – at the same time – competitive energy solution. In June 2015 – and therefore six months prior to the UN climate summit in Paris – representatives of the G7 countries announced their exit from the carbon-based economy. Complete independence from fossil fuels and non-renewable energy sources such as brown and black coal, oil and natural gas is planned for this century.

Large public and private investors, too, have shown clear signs: the Norwegian pension fund, insurance companies AXA and Allianz, the Church of England and the Rockefeller Foundation have announced – and in some cases already begun the process – removing funds from companies and investments that are active in the area of fossil fuels (coal, oil).

Renewable energies are no longer considered a niche investment in today's market. The market and technology have developed at a breakneck pace over the past few years. Costs for solar power in Germany have decreased by around 80% since 2005. The price of solar modules has dropped by more than 60% over the last ten years. Today renewable energies, especially the use of solar and wind power, are a true economic competitor to conventional forms of energy production in fossil fuel and nuclear plants.

And the success story of renewable energies continues: in 2013, worldwide construction of renewable energy plants exceeded that of coal, gas and nuclear plants put together (in terms of the power output) for the first time. From 2004 to 2014, the worldwide output of photovoltaic installations increased by a factor of 50 and, in the first half of 2015, the worldwide output of renewable energies exceeded that of nuclear energy for the first time.

Renewable energies, in particular the use of solar and wind energy for energy production, continue to be firmly at the centre of the global energy revolution. The market for renewable energies therefore remains a growth market. And the global expansion of production output and investment in renewable energies continued in 2015. According to Bloomberg New Energy Finance, total investment in renewable energies for 2015 amounted to approximately 328.9 billion dollars and was therefore around four per cent higher than the previous year (2014: USD 315.9 billion). The largest portion of investment was in China. Around 110.5 billion dollars were invested by China in 2015 for the expansion of renewable energies; this represents a share of more than one-third of the worldwide total investment. The United States once again recorded clear growth in nominal investment: its expenditures rose by eight per cent for the year to around 58 billion dollars. In contrast, nominal investment in Europe in 2015 decreased compared to the previous year by around 18%. All together, around 58.5 billion dollars were invested in renewable energies in Europe for 2015. The decrease in Europe should be considered in connection with the greater existing power plant capacity in this sector.

In addition to investment, the expansion of power plant capacity in the areas of solar power and wind power continued globally in 2015. In the solar energy sector, around 57 GW of new plant capacity was installed worldwide in 2015 (2014: 40 GW) – according to initial estimates. According to figures from the SolarPower Europe association, around 8 GW of that can be attributed to Europe (2014: 6.9 GW). In the wind power sector, newly installed production output reached a worldwide total of around 64 GW (2014: 51 GW). The European Wind Energy Association (EWEA) therefore concludes that, at 12.8 GW, the amount of newly installed capacity in Europe grew by approximately seven per cent compared to the previous year (2014: 12.0 GW).

Capital Stage was able to profit from the renewable energies megatrend. The Group's core business is the acquisition and operation of solar parks and (onshore) wind parks. When acquiring new installations, the Group generally focuses on turnkey projects or existing installations with guaranteed feed-in tariffs or long-term power purchase agreements and which are built in geographical regions that stand out due to a stable economic environment and reliable investment and operating conditions. In 2015, these regions included Germany (as the domestic market), France, Italy and the United Kingdom.

In the previous financial year, Capital Stage continued to expand its portfolio of solar parks and wind parks and, thanks to the entry into the UK market, achieved additional regional diversification of the portfolio. According to the most recent figures in March 2016, the Group's portfolio consists of 80 solar parks and eight wind parks. The total generation capacity amounts to more than 570 MW. The amount of "green electricity" produced by Capital Stage in 2015 is nearly 600,000,000 kWh (2014: 320,000,000 kWh).

Development in the core regions

The expansion of renewable energies is subsidised in many European countries. In addition to the dominant system of payments by means of long-term electricity feed-in contracts (feed-in tariffs), as currently exists in Germany, France and Italy, as well as the United Kingdom for plants up to 5 MW, there are also so-called bonus models which provide incentives by paying a premium over the current market price for electricity. This model is also established in Denmark and the Netherlands, for example. The quota model applied in the United Kingdom for plants without electricity feed-in contracts and in Sweden, by contrast, obliges power companies to include a fixed quota of electricity from renewable sources in their supply. How they meet this quota – whether they produce the renewable power themselves or buy it on the market – is generally left up to them. Certificates document that the obligation has been met. The level of subsidies is partly determined by auctions, especially with the bonus and quota models. These mechanisms are often combined with other instruments such as tax incentives.

Germany – introduction of tendering models

Expansion of renewable energies in Germany has progressed quickly over the past few years. In the concluded 2015 financial year, initial estimates are that, for the first time, renewable energies represented more than 30% of gross electricity consumption in Germany. Germany supported renewable energies through subsidies from very early on; thus the plant capacity that is already installed is correspondingly high in comparison with other countries. In Germany at the end of 2015, these figures amounted to around 40 GW of photovoltaic energy and 45 GW of wind energy.

Due to the large number of existing plants and the reduction in subsidies, new installations in the photovoltaic sector have slowed. Only 1.4 GW worth of new photovoltaic installations were installed in Germany in 2015; that figure was 1.9 GW in the previous year. This once again fell short of the federal government's target corridor for the annual expansion in the PV sector of between 2.4 GW and 2.6 GW.

In addition, with the revision of the German Renewable Energy Act (EEG) in 2014, subsidies in the ground-mounted PV park sector were changed over from fixed levels determined by administrative bodies to subsidies determined on the basis of the competitive environment through tendering processes. Since 1 September 2015, financial subsidies for electricity from newly commissioned ground-mounted plants were only possible after successful participation in a tendering process, during which the amount of financial subsidy was also determined. The subsidy amounted to EUR 0.0893 per kilowatt-hour until 1 September 2015. In the first round of tenders for ground-mounted PV parks, the average subsidy amount was still able to reach EUR 0.0917 per kilowatt-hour. The second-round average, however, was already significantly lower at EUR 0.0849. In the third and final tendering process of 2015, the unit price fell to EUR 0.080 per kilowatt-hour. Plant operators will be compensated for their solar power at this level for 20 years, provided that they complete the planned ground-mounted PV parks in the next two years and at the stated location.

The switch to a tendering model in the ground-mounted PV park sector is intended to bring the German subsidy system into compliance with the Guidelines on State aid for environmental protection and energy 2014–2020 published by the European Commission in 2014. These guidelines stipulate that, beginning in 2017, all renewable energy subsidies for projects larger than a certain size in the European Union must be determined on the basis of tenders. The tendering process for ground-mounted PV parks

served as a pilot project for the German government which provided data that will be incorporated in the development of tendering models for other renewable energies such as wind power.

Expansion in the wind energy sector as well slowed in 2015 with around 3.7 GW compared to the previous year with approximately 4.8 GW. However, expansion of plant capacities in the wind energy sector still lies over the German government's target corridor between 2.4 GW and 2.6 GW per year. Operators of onshore wind energy parks have to market their electricity themselves, or they can appoint a direct marketer. Wind energy income from new onshore wind parks, i.e. parks planned and realised after 1 August 2014, is made up of two components: firstly, the operator receives the market price for the electricity obtained by the direct marketer; secondly, the operator benefits from a market premium, calculated as the difference between the price defined in the EEG and the average monthly market price. The market premium varies with the market price, so the operator is not exposed to an electricity price risk. If expansion continues to be greater than the target corridor, the subsidies for increased expansion will continue to decrease corresponding to the flexible cap; the subsidies could also be higher if expansion is too low. Because the expansion figures for onshore wind energy in the reference period, at around 3.7 GW, were above the legal target expansion corridor, the German Federal Network Agency has already announced a reduction of subsidies of 1.2%, pursuant to the flexible-cap system, in 2016 for new onshore wind parks.

France: ringing in the energy revolution

By enacting the law on the energy transition (Projet de loi relative à transition énergétique pour la croissance verte) in July 2015, the French National Assembly officially rang in the energy revolution in France and, at the same time, ended the nuclear era of French energy policy. The new law aims to, among other things, significantly cut greenhouse gas emissions and significantly increase the share of total electricity production that comes from renewable energies. The aim is for 32 per cent of all energy produced in France to come from renewable sources by 2030. In the meantime, the intermediate goal of 23 per cent is to be reached by 2020. At the same time, the country plans to reduce the share of nuclear power from the current level of 75 per cent down to 50 per cent within ten years. In order to reach these targets, the French government plans to provide substantial subsidies to the expansion of renewable energies.

The system of subsidies in France is fundamentally characterised by fixed feed-in tariffs, as in Germany. The feed-in rates are guaranteed for a period of 15 to 20 years, depending on the technology used. Under certain circumstances, the minimum payment for power produced from renewable energies can be increased by premiums, e.g. for solar energy by using modules manufactured in the EU. In France, the feed-in tariffs are passed on to final consumers by means of a distribution mechanism. This makes subsequent or retroactive changes unlikely, because the levy procedure means they would have no impact on the government's budget.

In keeping with planning on the European level, the French government is increasingly migrating to a system of tendering and regulating the subsidies furthermore by means of auctions. In France today, the tendering process is the only remaining option for photovoltaic installations with installed capacity of over 100 kW. In March 2013, the French government increased the annual target for additional photovoltaic capacity from 500 MW to 1 GW. Tenders in the previous year were oversubscribed several times over, so French President Hollande announced in August 2015 that the tender volumes would be doubled from 400 MW to 800 MW. Due to the successful distribution by the French tendering process, all projects can benefit from guaranteed feed-in tariffs. These are around EUR 0.082 per kilowatt-hour on average across the entire volume of the last tendering process and have a term of 20 years.

Wind energy regulations in France were established on the basis of the Grenelle de l'Environnement legislative package, which took effect in 2010. Pursuant to this legislation, the total production capacity will rise to 25 GW by 2020. Following three years of decreasing new installations, France once again experienced significant growth in new installations of wind parks in 2014.

In 2015, production capacity of around 0.9 GW was installed in the photovoltaic installations sector. The photovoltaic sector in France thus amounts to a total capacity of approximately 6.5 GW. In the wind energy sector, approximately 1 GW of capacity was newly installed in 2015. In total, plant capacity in the wind energy sector amounts to approximately 10.4 GW.

United Kingdom – Low-carbon economy

The United Kingdom's stated goal is to transition to a low-carbon economy. To do this, the country will rely on a mixture of renewable energies, new nuclear plants and natural gas. As part of the Climate Change Act in 2008, the United Kingdom established target figures which the country plans to meet by 2050. This means the reduction of greenhouse gas emissions – compared to the reference value from 1990 – by 34% by 2020 and by 80% by 2050. In previous years, a critical stepping stone on the way to achieving these targets had been the conscious subsidising, and therefore the expansion, of renewable energies. In the second quarter of 2015, solar power, wind power and biomass combined to contribute more electricity to the grid than coal power plants for the first time in the United Kingdom. In recent years, the UK solar market in particular proved to be one of the most dynamic in Europe. This means that, within one year, the installed output of photovoltaic installations in the United Kingdom more than doubled, amounting to more than 8.4 GW. The proportion of renewable energies in the country's production mix therefore reached its record level at approximately 25%.

The expansion was primarily driven by the installation of large photovoltaic plants whose previous subsidy scheme via Renewables Obligation expired at the end of March 2015. As part of this expiration, there was an additional dynamic regarding installations and grid connection prior to the actual expiration date. In 2015, Capital Stage positioned itself in the opportunity-rich British market for the first time and developed an attractive portfolio of 11 parks with a total production capacity of some 73 MW.

The Department for Energy and Climate Change (DECC) in the United Kingdom recently announced that many of the current grants for solar power would no longer be issued from 1 April 2016. This means that, for example, the Renewables Obligation (RO) programme is no longer available for all solar projects beginning on this date; this applies both to roof-mounted as well as ground-mounted PV parks. The RO programme subsidises larger renewable energy projects and will continue for other technologies such as offshore wind parks, hydroelectric plants and biomass plants until 2017. After this date, projects with an output of more than one megawatt would receive a feed-in tariff of an estimated mere GBP 0.0087 per kilowatt-hour. The UK government also no longer plans to subsidise the construction of new onshore wind parks. As early as 1 April 2016, one year sooner than actually planned, new projects will no longer receive grants and subsidies.

Existing (ground-mounted) PV parks that are connected to the grid before the expiration date are not affected by the changes; they will continue to be covered by prior legislation. In particular, the existing market in the United Kingdom for PV installations that are already installed remains attractive – not least because of the heavy expansion in recent years.

At the same time, on its way to a low-carbon economy, the United Kingdom will continue to dismantle nuclear plants. A new installation (Hinkley Point C in Somerset) to be built by a French–Chinese consortium is planned to be connected to the grid in 2023. As a part of this, the United Kingdom is not only taking on significant guarantees amounting to EUR 2.7 billion in connection with the construction of the power plant, but it is also promising a power purchase agreement coupled to an inflation index for GBP 0.1117 per kilowatt-hour over 35 years. By comparison, a ground-mounted PV installation in Germany today receives slightly less than EUR 0.09 per kilowatt-hour (via the EEG), and for only 20 years without any adjustment for inflation. With this in mind, the United Kingdom exposes itself to the criticism that it is sending the wrong signals regarding energy policy. In this context, Austria has filed a suit with the European Court of Justice against the approval of government subsidies for the construction of the British nuclear plant because, in their estimation, these subsidies are unlawful. Several German public utilities have joined the Austria in the suit.

Promotion of renewable energies in Italy

In the past, photovoltaic installations in Italy received a fixed feed-in tariff for a term of 20 years depending on the corresponding Conto Energia subsidy, as well as additional income from selling the electricity. Until the end of 2013, it was purchased at a guaranteed minimum price. Following the discontinuation of the Conta Energia subsidies in 2014, newly installed photovoltaic installations now have to compete with the conditions of the market and feed in their electricity at the market price.

Operators can market their electricity themselves or sell it at the market price to Gestore dei Servizi Energetici (GSE).

Other renewable energy projects such as wind energy can continue to draw subsidies on the basis of a ministerial decree. However, these subsidies are capped with an annual maximum of subsidy costs at EUR 5.8 billion; once this cap has been reached, no more subsidies will be issued. In any case, the subsidies will be discontinued as of 1 December 2016. According to the Italian government, a new subsidy system will take effect from 2017 which also particularly takes the requirements for granting government aid pursuant to EU regulations into account.

In August 2014, the Italian government also issued a retrospective restatement of the feed-in tariff for solar power, with effect from 1 January 2015. Owners of solar parks with an output of more than 200 kW that were paid in accordance with Conto Energia had to accept a reduction of the feed-in tariff of some eight per cent. Many PV park operators and investors – including Capital Stage – have filed a protest of this decision and taken the issue to the Italian higher administrative court. After precedential proceedings over the course of 2015, the ruling of the administrative court of the Lazio region cast doubt on the constitutionality of the retroactive reductions of the feed-in tariffs for solar parks. The case against these reductions has now been sent to the Italian Constitutional Court (Corte Costituzionale) for further arguments.

Thanks to Capital Stage's conservative investment criteria and the fact that country risk was factored into the return expectations for photovoltaic installations in Italy, the Italian solar parks in the Capital Stage portfolio are still financially attractive and able to operate at a profit after the retroactive reduction in the feed-in tariff. The retroactive cut in the feed-in tariff basically corroborates the higher country risk that Capital Stage assigns to Italy and thus the higher return on capital required for its Italian acquisitions.

In the course of the amended subsidies, the expansion of new solar parks and wind parks in Italy has slowed markedly. In the solar sector in 2015, capacity of more than 220 MW was installed; in the wind energy sector, the figure was some 300 MW. The portfolio of existing photovoltaic installations that still predominantly benefit from Conto Energia subsidies amounts to around 19 GW. The installed plant capacity in the wind energy sector comes to approximately 9 GW.

The secondary market for photovoltaic installations in Italy therefore still offers a large number of attractive existing parks with contractually agreed long-term payments. Nevertheless, Capital Stage will in future account for the higher country risk in Italy with higher yield requirements.

Course of business

Conclusion of the spot-test audit by the Financial Reporting Enforcement Panel (FREP)

The consolidated financial statements and the Group management report as of 31 December 2012 were the subject of a spot-test audit by the Financial Reporting Enforcement Panel (FREP) in accordance with section 342b, paragraph 2, sentence 3, no. 3 of the HGB. This audit was concluded in March 2016. The FREP has determined that the previous subordination of the useful life of electricity feed-in contracts (intangible assets) is not appropriate, and that the maximum useful life is determined by the length of the legally regulated term of the subsidy for the corresponding wind or solar park, which is typically 20 years. Because the cumulative corrections in the depreciation result in an insignificant effect within the meaning of IAS 8, the corrections will be recognised on a current account basis in the reporting year. Affecting the financial years from 2010 to 2014, the corrections result in a reduction of earnings after taxes (EAT) by around EUR 2 million. Two additional determinations – both of which have no effect on earnings – relate to the improper recognition of restricted capital services and project reserve account balances in cash and cash equivalents, failure to disclose purchase prices for the acquisition of shares in solar and wind parks, and failure to provide an appropriate description of the reasons which led to the profits from their initial consolidation. This annual report accounts for these two errors, and they were also partially accounted for in the 2014 annual report.

Entry into the UK market

On 12 February 2015, Capital Stage acquired its first portfolio of solar parks in the United Kingdom. The British portfolio consists of seven solar parks and has a generation capacity of 53.4 MWp. The total volume of the acquisition, including debt, is around GBP 67.7 million (approx. EUR 90.0 million). Entering the UK market enables the Group to enhance the geographic diversification of its portfolio and to generate additional growth beyond the previous core markets in Germany, France and Italy.

Expansion of the Italian solar park portfolio

On 23 December 2014, Capital Stage signed a contract to acquire six solar parks in Italy with a total capacity of 26.7 MWp. As of the reporting date, the contract was still subject to conditions precedent. The total investment volume of the acquisition amounts to around EUR 30 million, with the project financing coming from UniCredit and BayernLB. The acquisition of the Italian solar park portfolio represents a further step in the rapid implementation of the investment partnership with Gothaer Versicherungen. The six Italian solar parks are situated in the Friuli region, about 100 kilometres north-east of Venice. The transaction was completed on 11 February 2015.

At the beginning of June 2015, Capital Stage AG acquired a further Italian solar park portfolio, subject to conditions precedent, from the Austrian Stumpf Group. The portfolio consists of nine photovoltaic installations and has an overall capacity of some 29.1 MWp. The solar parks concerned went into operation between March 2011 and August 2011. Capital Stage expects the portfolio of solar parks to make revenue contributions of approximately EUR 13 million from its first year of full operation onwards. The transaction was completed on 23 July 2015.

Capital Stage Solar Service GmbH successfully certified in line with DIN EN ISO 9001

Capital Stage Solar Service GmbH, Halle, has been successfully certified in accordance with DIN EN ISO 9001:2008. When the certificate was presented to the service provider for the technical management of the solar parks in January 2015, the certification agency TÜV Nord officially confirmed that the Company's quality and process management meets all the requirements of this nationally and internationally acknowledged standard. Before the certificate was issued, all the internal processes and workflows at Capital Stage Solar Service GmbH had been examined – from cutting the grass at the solar parks under management through to their monitoring, technical servicing and maintenance. All the structures, processes and workflows were optimised, organised and subjected to the demands of rigorous quality and process management. The agency appointed with the certification, TÜV Nord, came to the final conclusion that Capital Stage Solar Service GmbH meets all the conditions and requirements for the DIN EN ISO 9001:2008 standards.

Other significant events in the 2015 financial year:

23 June	A decision was made at the ordinary shareholders' meeting of Capital Stage AG on 23 June 2015 to distribute a dividend of EUR 0.15 per entitled share. This represents an increase of 50 per cent over the previous year (EUR 0.10 per share). Capital Stage AG gave its shareholders the option of receiving the dividend either wholly or partially in cash or in the form of shares. In order to generate the shares required to fulfil the resolution on appropriation of profit, the Management and Supervisory Boards of Capital Stage AG used some of the authorised share capital against contribution in kind. To this end, the Management Board resolved on 23 June 2015, with the approval of the Supervisory Board granted on the same day, to increase the Company's share capital by up to EUR 1,760,337.00 from EUR 73,934,168.00 to up to EUR 75,694,505.00 by issuing up to 1,760,337.00 new bearer shares with a nominal value of EUR 1.00 of total share capital each (the "new shares"), with subscription rights and against a contribution in kind. Shareholders representing more than 80 per cent of outstanding share capital chose to receive shares. In total, 1,409,368 new bearer shares were issued. The new shares have dividend rights from 1 January 2015 onwards. The capital increase was entered in the commercial register on 31 July 2015. The share capital therefore initially increased by EUR 1,409,368, going from EUR 73,934,168 to EUR 75,343,536. Prior to this, share capital was increased by TEUR 100 through the issuance of a further 100,024 new shares at a nominal value of EUR 1.00 per share. Due to the issuance of a further 139,976 new shares, the share capital has been increased by TEUR 140 at a nominal value of EUR 1.00 per share. The exercised new shares stem from the contingent increase of the share capital (contingent capital I) resolved upon at the Annual General Meeting of 31 May 2007. As of the reporting date, share capital therefore comes to EUR 75,483,512, divided into 75,483,512 shares with a nominal value of EUR 1.00 per share.
20 October	Sale of subsidiaries Helvetic Energy GmbH and Calmatopo Holding AG (both in Flurlingen, Switzerland): this sale ties in with the Group's long-term strategy of concentrating its business activities on solar and wind parks as well as service. The Financial Investments segment will be discontinued. When classifying the segment as "held for sale", an impairment of TEUR 957 was recorded on the remaining goodwill. Furthermore, Capital Stage has waived the claims it held against Helvetic Energy GmbH and Calmatopo Holding AG of in total TEUR 462 at the time of the sale.
31 October	Change of personnel in the Capital Stage AG Management Board: As of 31 October, Mr Felix Goedhart has withdrawn from the Company. Since 1 November 2015, Professor Klaus-Dieter Maubach has been the new chief executive officer.

Other acquisitions are described in detail in the segment development section.

Performance against targets in 2015:

In the forecast included in the 2014 management report, the Management Board of Capital Stage predicted that, regarding the operating KPIs adjusted for non-cash IFRS effects, the positive revenue and earnings trend would continue in the 2015 financial year.

Adjustment to the previous year's figures

As part of the classification of the subsidiaries Helvetic Energy GmbH and Calmatopo Holding AG as "held for sale", the previous year's figures were adjusted on the income statement pursuant to IFRS 5. With this in mind, the previous year's figures contained below that are marked with an asterisk (*) do not match the figures published in the 2014 annual report.

Group	Forecast in AR 2014	2015 actual (operating)	2014 actual (operating)*	% (yoy)
in EUR m				
Revenue	>105	112.8	72.1*	+56.5
EBITDA	>73	86.8	55.4*	+56.7
EBIT	>43	55.4	34.6*	+60.1
Cashflow	>75	74.5	55.9	+33.3
FFO per share	0.55	0.73	0.50	+46.0

The forecast revenues were clearly exceeded in the 2015 financial year. The solar park portfolio in particular reported strong growth. This is partly due to the expansion of the portfolio, but the existing parks in Germany were also well above plan. For example, the biggest solar park in Brandenburg, in which Google holds a 49 per cent stake, was 17 per cent over plan. The existing parks of Lochau and Rassnitz also contributed to the positive development by each exceeding targets by around 18 per cent.

For the KPIs EBITDA and EBIT, the forecast was also clearly exceeded. This is primarily due to a smaller increase in operating expenses compared with the increase in revenues. While revenues rose by more than 56 per cent, personnel expenses (33.4 per cent increase), other operating expenses (55.0 per cent increase) and depreciation and amortisation (51.1 per cent increase) did not rise as significantly.

Operating financial income is characterised by the acquisition of new solar parks and wind parks, whose financing is carried out to a significant extent by borrowing. Operating financial income went up from TEUR –17,206 the previous year to TEUR –29,636 in the 2015 financial year. Of this increase, TEUR –3,846 is allotted to interest expenses for the mezzanine capital of Gothaer Versicherungen, which were only partially accrued in the previous year. In addition, interest expenses due to financial institutions totalling TEUR –7,577 more than the previous year were recognised.

Segment development

PV Parks segment

The German solar park portfolio was about nine per cent above plan on a cumulative basis. This was primarily attributable to the German solar parks Brandenburg, Krumbach I, Lettewitz, Neuhausen, Asperg Erste (Rödgen), Asperg Fünfte (Stedten), Rassnitz and Lochau (10 to 20 per cent above plan each). The French solar parks were around 1.4 per cent above plan on a cumulative basis. The Pompogne portfolio of solar parks in particular was able to significantly exceed its targets as well. The Italian portfolio of solar parks was also 1.4 per cent above plan, which is attributable in particular to the solar parks FC1 (Cesena), Vallone and Fano Solar 2. The British portfolio of solar parks was on target.

Actual power fed into the grid in 2015 came to 477,797 MWh (previous year: 244,832 MWh). This represents an increase of some 95 per cent. Of the power fed in, 32 per cent (previous year: 56 per cent) is attributable to solar parks in Germany, 37 per cent (previous year: 28 per cent) to solar parks in France, 20 per cent (previous year: 16 per cent) to solar parks in Italy and 11 per cent (previous year: 0 per cent) to solar parks in the United Kingdom.

In almost all cases, operation of the installations ran smoothly.

Solar parks acquired in 2015:

Solar park portfolio in Venice,
Group share: 100 per cent

On 23 December 2014, Capital Stage signed a contract to acquire six solar parks in Italy with a total capacity of 26.7 MWp. As of the reporting date, the contract was still subject to conditions precedent. The total investment volume of the acquisition amounts to around EUR 30 million, with the project financing coming from UniCredit and BayernLB. The acquisition of the Italian solar park portfolio represents a further step in the rapid implementation of the investment partnership with Gothaer Versicherungen. The six Italian solar parks are situated in the Friuli region, about 100 kilometres north-east of Ve-

nice. They went into operation between February and September 2013. The average feed-in tariff is approximately EUR 0.1240 per kilowatt-hour. The Italian portfolio of solar parks was sold by GP JOULE, a developer of international power plants, based in Schleswig-Holstein. Both companies share the technical and commercial management of the solar parks in the Italian portfolio. GP JOULE is responsible for the technical operations and Capital Stage AG for the commercial management of the parks. The transaction was completed on 11 February 2015.

Solar park portfolio Grid Essence and Foxburrow solar park, Group share: 100 per cent

On 12 February 2015, Capital Stage acquired its first portfolio of solar parks in the United Kingdom. The British portfolio consists of seven solar parks and has a generation capacity of 53.4 MWp. The total volume of the acquisition, including debt, is around GBP 67.7 million (approx. EUR 90.0 million). Entering the UK market enables the Group to enhance the geographic diversification of its portfolio and to generate additional growth beyond the previous core markets in Germany, France and Italy. The seven solar parks are situated in the south and west of England and Wales. Average sunshine hours in this region are roughly equivalent to the south of Germany. Apart from Foxburrow solar park, all parks have now been fully connected to the electricity grid. In their first full year of operations, the solar parks are expected to contribute revenue of around GBP 7.4 million (approx. EUR 10.0 million). Solar park operators in the United Kingdom generally benefit from power purchase agreements with industrial customers and from various state subsidies for renewable energies, such as the Renewables Obligation Certificate. The decisive factor with power purchase agreements is the creditworthiness of the purchaser. The solar parks in Britain acquired by Capital Stage have long-term power purchase agreements with the Total Group and British Telecom. Technical management of the parks has been outsourced to an English service provider and is organised and monitored by Capital Stage Solar Service GmbH. Capital Stage AG itself is responsible for the commercial management. The transaction was completed on 21 April 2015.

Solarpark CS Caddington Ltd., Group share: 100 per cent

On 8 April 2015, Capital Stage signed an agreement to acquire another solar park in Germany with a capacity of around 5 MWp. Technical management of the park will be transferred to Capital Stage Solar Service GmbH after a period of two years, and Capital Stage became responsible for commercial operation as soon as the acquisition was completed.

Solar park portfolio Stumpf, Group share: 100 per cent

At the beginning of June 2015, Capital Stage AG acquired a further Italian solar park portfolio, subject to conditions precedent, from the Austrian Stumpf Group. The portfolio consists of nine photovoltaic installations and has an overall capacity of some 29.1 MWp. The solar parks concerned went into operation between March 2011 and August 2011. The average feed-in tariff is approximately EUR 0.2840 per kilowatt-hour. Capital Stage Solar Service GmbH has also taken over responsibility for the technical management of the photovoltaic installations. Capital Stage expects the portfolio of solar parks to make revenue contributions of approximately EUR 13 million from its first year of full operation onwards. The transaction was completed on 23 July 2015.

Solarpark Golpa, Group share: 100 per cent

On 13 August 2015, Capital Stage signed a contract to acquire a solar park in Germany with a total capacity of 14 MW. The solar park is being sold by GP JOULE, a developer of international power plants based in Schleswig-Holstein. The total investment volume amounts to just under EUR 17 million, with the existing project financing having been retained. The solar park portfolio acquired by Capital Stage is located in the Wittenberg district (Saxony-Anhalt) and has a total generation capacity of around 14 MW. Of this total, some 8.0 MW is attributable to a completed solar park that went online in 2012 with a fixed, long-term feed-in tariff of approximately EUR 0.1240 per kilowatt-hour. Some 6.0 MW are allocated to a solar park whose grid connection was carried out in September. The transaction was completed on 13 August 2015, the day the contract was signed.

Solarpark Hall Farm, Group share: 100 per cent

On 16 July 2015, Capital Stage acquired a further British solar park with a generation capacity of around 5 MWp from Euskirchen-based project developer F&S solar concept (F&S). The solar park acquired is in south-west England. Connection to the grid was completed in October 2015. The park profited from a guaranteed feed-in tariff for smaller PV installations in the United Kingdom for a period of 20 years from the start of operation. The guaranteed feed-in tariff for the site initially amounts to GBP 0.1101 per kilowatt-hour, which is linked to the consumer price index. Two years after it commences operation, the technical management of the park will be transferred to Capital Stage Solar Service GmbH, a wholly owned subsidiary of Capital Stage AG. Capital Stage became responsible for commercial operation as soon as the installation commenced operations. Capital Stage expects the park to make revenue contributions of approximately GBP 500,000 (approx. TEUR 700) from its first year of full operation onwards.

Solar park Tonedale, Group share: 100 per cent

On 4 November 2015, Capital Stage acquired a further solar park in the United Kingdom with a generation capacity of around 5 MW. The total investment volume for the solar park, including planned debt, is roughly GBP 5.9 million (approx. EUR 8.3 million). The solar park acquired by Capital Stage is in south-west England. From the time when operations commence, the park will benefit from a guaranteed feed-in tariff with a duration of 20 years. This initially amounts to GBP 0.1101 per kilowatt-hour (approx. EUR 0.1527 per kilowatt-hour) and is linked to the consumer price index. Grid connection for the British solar park was completed in December 2015. In its first full year of operation, the park is expected to make revenue contributions of around TGBP 600 (approx. TEUR 830). The transaction was completed on 4 November 2015, the day the contract was signed.

Solar park Sowerby, Group share: 100 per cent

At the beginning of December 2015, Capital Stage acquired a further British solar park with a generation capacity of around 5 MW. The total investment volume for the new solar park, including planned debt, was roughly GBP 6.1 million (approx. EUR 8.4 million). The park's seller was the project developer and general contractor Gamma Energy Ltd., from whom Capital Stage had already acquired a solar park in the United Kingdom in November 2015, also with a generation capacity of some 5 MW. The solar park acquired by Capital Stage is in north-west England. From the time when operations commence, the park will benefit from a guaranteed feed-in tariff with a duration of 20 years. This initially amounts to GBP 0.1101 per kilowatt-hour (approx. EUR 0.1527 per kilowatt-hour) and is linked to the consumer price index. Grid connection for the British solar park was completed in December 2015. In its first full year of operation, the park is expected to make revenue contributions of around TGBP 600 (approx. TEUR 830). The transaction was completed on 4 December 2015.

Wind Parks segment

As of 31 December 2015, Capital Stage's wind park portfolio comprises five wind parks in Germany, with a total capacity of 100 MW, and one wind park in Italy with a capacity of roughly 6 MW. Wind speeds were below the long-term average, so on a cumulative basis the wind park portfolio was below plan as of 31 December 2015.

In almost all cases, operation of the installations ran smoothly.

Wind Parks acquired in 2015:

Windpark Dahme-Wahlsdorf, Group share: 100 per cent

On 5 October 2015, Capital Stage acquired a wind park in the German state of Brandenburg. The wind park was purchased from the international power plant developer GP JOULE, based in Schleswig-Holstein, and unlimited energy GmbH, based in Berlin. The wind park has a total generation capacity of around 7.5 MW. It commenced operations in February 2016. The guaranteed feed-in tariff amounts to EUR 0.0869 per kilowatt-hour. Capital Stage expects the park to make revenue contributions of approximately EUR 1.7 million from its first full year of operation. The total investment volume amounts to just under EUR 18 million, with the existing project financing being retained. The transaction was completed on 20 October 2015. No purchase price allocation has been carried out for the acquisition of this company, since the conditions for an existing business were not met at the acquisition date.

Wind park portfolio Lunestedt, Group share: 100 per cent

On 13 November 2015, Capital Stage signed a contract to acquire a German onshore wind park in

Lower Saxony near Bremerhaven with a total capacity of 38.5 MW. The wind park's seller is the exchange-listed Energiekontor AG, based in Bremen, which has been active in the field of project development and operation of wind parks for around 25 years. The park consists of 14 GE 2.75 series wind turbines produced by the US manufacturer General Electric. The park went into full operation in December 2015. In addition, the wind park benefits from a guaranteed feed-in tariff of EUR 0.0890 per kilowatt-hour over a period of 20 years. Capital Stage expects the new wind park to make revenue contributions of nearly EUR 8 million from its first full year of operation onwards. The total investment volume for the acquisition, including debt, is approximately EUR 70 million. The existing financing for the project is being retained. The transaction was completed on 14 December 2015.

PV Service segment
Capital Stage Solar Service GmbH,
Group share: 100 per cent
Capital Stage Solar Service GmbH, Halle, (hereinafter "Solar Service") has assumed responsibility for the technical operation of nearly all the Capital Stage Group solar parks in Germany as well as most of the Italian parks. The volume of Group assets under management amounts to over 190 MWp as of 31 December 2015 (previous year: 160 MWp).

From 2012 onwards, the Company also took over contracts for the technical operation of parks not belonging to the Capital Stage Group. The parks in question are located in Saxony-Anhalt, Thuringia, Brandenburg and northern Italy. The volume of non-Group assets under management comes to around 25 MWp (previous year: 25 MWp). The aim is also to further expand technical operations for external third parties.

Solar Service again performed well in the 2015 financial year. Earnings after taxes went up from TEUR 1,112 the previous year to TEUR 1,167 in 2015. A control and profit transfer agreement has been in place between Solar Service and Capital Stage AG since 2012.

Financial Investments segment
Helvetic Energy GmbH,
Group share: 100 per cent
In September 2015, the Management Board of Capital Stage made the decision to sell the subsidiaries Helvetic Energy GmbH and Calmatopo Holding AG. This sale ties in with the Group's long-term strategy of concentrating its business activities on solar and wind parks as well as service. The Financial Investments segment will be discontinued. It is therefore classified as a discontinued operation within the meaning of IFRS 5. When classifying the segment as "held for sale", an impairment of TEUR 957 was recorded on the remaining goodwill. Furthermore, Capital Stage has waived the claims it held against Helvetic Energy GmbH and Calmatopo Holding AG at the time of the sale.

The sale was completed on 20 October 2015. The sale price was CHF 1.

Earnings, net assets and financial position Capital Stage Group

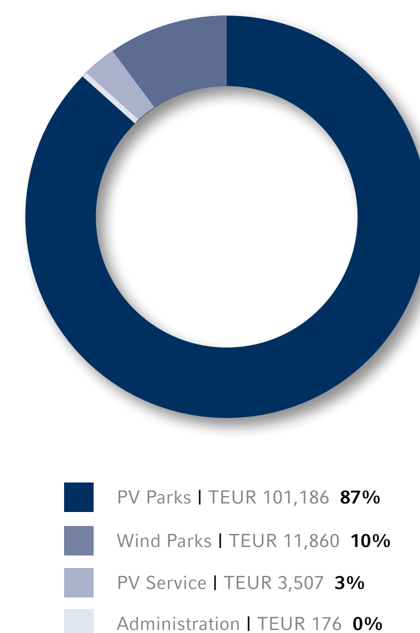
Adjustment to the previous year's figures

As part of the classification of the subsidiaries Helvetic Energy GmbH and Calmatopo Holding AG as "held for sale", the previous year's figures were adjusted on the income statement pursuant to IFRS 5. With this in mind, the previous year's figures contained below that are marked with an asterisk (*) do not match the figures published in the 2014 management report.

Results of operations

In 2015, the Group achieved sales of TEUR 112,802 (previous year: TEUR 72,129*). This growth of around 56 per cent came mainly from the expansion of the solar park portfolio. Thanks to Capital Stage's entry into the UK market, additional sales for the 2015 financial year amounting to TEUR 7,626 were realised. Compared to the previous year, the German solar parks generated income that was TEUR 4,095 higher. The Italian and French solar parks contributed to growth as well, with sales growth of EUR 10.0 million and EUR 14.6 million respectively. The wind park portfolio was able to record a sales surplus of EUR 4.3 million. Sales revenues are made up of revenue from feeding electricity into the grid and from the operation of third-party parks.

Revenue by segment is as follows:



Revenue for the PV Service segment includes TEUR 3,027 (previous year: TEUR 2,383) in revenue from affiliates, which is eliminated in the consolidated financial statements. This relates to technical and commercial management services which Capital Stage Solar Service GmbH provides for the Group's own solar parks and wind parks. Revenues for the PV Parks and Wind Parks segments include TEUR 695 and TEUR 31 (respectively) in Group-internal revenue to be eliminated. Revenue for the Administration segment all represent charges to internal cost centres, which are eliminated in the consolidated financial statements.

The Financial Investments segment was abandoned with the sale of the subsidiaries Helvetic Energy GmbH and Calmatopo AG, with effect on 20 October 2015; this segment has been discontinued.

The Group generated other income of TEUR 17,890 (previous year: TEUR 32,190*). In accordance with IFRS 3, the Capital Stage Group carried out provisional purchase price allocations as of the acquisition dates for the solar parks and wind parks in 2015 in order to incorporate the assets acquired and debts assumed into the consolidated financial statements. In the course of the purchase price allocations, all the assets acquired and debts assumed of which the Group was aware at this time were identified and measured at fair value. This gave rise to a negative difference of TEUR 10,682 (previous year: TEUR 25,089) through profit or loss in the reporting year. This also includes TEUR 475 from adjustments to the provisional purchase price allocation within the valuation period as per IFRS 3.45 for the French solar park portfolio acquired in December 2014. Compared with the provisional purchase price allocations and the presentation in the interim financial reports for 2015, there were also changes to current assets totalling TEUR –2,606, to deferred tax assets totalling TEUR 755, deferred tax liabilities totalling TEUR –341 and to financial liabilities totalling TEUR –110. Reasons for the adjustments were contained in the submitted final closing tax balance sheet and in the revaluation of financial liabilities. Due to a subsequent purchase price adjustment from contractual agreements, the consideration was increased by TEUR 123. Moreover, Capital Stage adjusted the provisional purchase price allocation for the Foxburrow solar park within the valuation period in accordance with IFRS 3.45. Unlike the other solar parks acquired by Capital Stage in the United Kingdom, the kilowatt-hours produced for Foxburrow are not fed into the public electricity grid, but rather directly into the data centre belonging to the buyer of the power purchase agreement. Due to technical limitations of the installation for the buyer of the power purchase agreement, the solar park was only initially able to feed in approximately 15 per cent of its total installed capacity. As of the acquisition date, Capital Stage assumed that complete grid connection would be completed by the end of the financial year. Meanwhile, it has been determined that this estimate was not accurate. Unlike the other solar parks acquired by Capital Stage in the United Kingdom, the buyer of the power purchase agreement is also not subject to contractual penalties if the kilowatt-hours produced are not completely fed into the grid. Capital Stage accounted for this risk with a safety reduction in cash flows. Compared with the provisional purchase price allocation and the presentation in the semi-annual report and interim financial report for the third quarter of 2015, intangible assets were therefore reduced by TEUR 5,630, the deferred taxes by TEUR 1,691 and the badwill by TEUR 3,939.

The PPAs for the parks acquired in November and December are provisional, because the closing balance sheets have not yet been finalised. The technical reviews and the related final budgets, which form the basis for the valuation of the intangible assets, have also not yet been completed.

The cost of materials for the reporting year totalled TEUR 921 (previous year: TEUR 567*). The increase stems mainly from greater expenses for electricity used due to the expansion of the portfolio of solar parks and wind parks.

Personnel expenses went up from TEUR 4,244* in 2014 to TEUR 5,758 in the reporting year. This increase was primarily attributable to the growth-inducing expansion of the teams at Capital Stage AG and Capital Stage Solar Service GmbH. In the 2015 financial year, TEUR 181 from the share option programme was recognised as personnel expenses (previous year: TEUR 65). This item arose from the valuation of the options at their fair value on their respective dates of issue and covers the first through the fifth tranche.

As of 31 December 2015, the Capital Stage Group employed 46 people excluding the Management Board (previous year: 64). The reduction is the result of the sale of the financial investment Helvetic Energy GmbH.

Other expenses in the 2015 financial year came to TEUR 23,565 (previous year: TEUR 13,328*). This mainly consists of costs of TEUR 19,065 for operating solar parks and wind parks (previous year: TEUR 9,721*). The increase stems primarily from the portfolio expansion and the fact that some solar parks and wind parks were only included pro rata temporis in 2014. Expenses were incurred for, among other things, the technical and commercial management, repairs and maintenance, rent, insurance, grounds maintenance and ongoing operation, which includes, among other things, costs for vehicles, marketing and advertising, IT and telecommunications and the remuneration of the Supervisory Board. Costs for due diligence and advisory work came to TEUR 1,020 (previous year: TEUR 1,212). Other operating taxes of TEUR 2,493 were incurred (previous year: TEUR 1,054) and include, among others, land tax as well as a tax on companies connected to the grid in France.

In 2015, the Group reported earnings before interest, taxes, depreciation and amortisation (EBITDA) of TEUR 100,448 (previous year: TEUR 86,180*). The EBITDA margin was 89 per cent (previous year: 119 per cent*).

Depreciation and amortisation of TEUR 47,888 (previous year: TEUR 34,683*) consists principally of depreciation of photovoltaic installations and wind turbines and amortisation of intangible assets (electricity feed-in contracts and exclusive licences). The increase stems partly from the newly acquired solar and wind parks and those only consolidated pro rata temporis the previous year. Additionally, this comprises amortisation in the total amount of TEUR 6,967 from the one-time adjustment of the useful life of the electricity feed-in contracts to the length of the legally regulated term of the subsidy. Of that, TEUR 2,901 is cumulatively attributable to the financial years from 2010 to 2014 and TEUR 4,066 to the current 2015 financial year.

As of the reporting date, the Company carried out impairment tests for the goodwill resulting from the acquisition of the companies of the Grid Essence portfolio. The impairment tests were based on the forecast discounted free cash flows and resulted in an impairment loss of TEUR 652.

Capital Stage intends to dispose of the solar plant in Göttingen, which is the Group's only roof-mounted installation, as well as the applicable advance lease payment. When the assets were classified as a disposal group in the previous year, they were written down to the fair value less the still applicable costs of disposal totalling TEUR 523. The intention to dispose of the assets still exists.

Earnings before interest and taxes (EBIT) went up from TEUR 51,497* the previous year to TEUR 52,560 in the 2015 financial year. This represents an EBIT margin of some 47% (previous year: 71%*).

Financial income rose from TEUR 1,129 the previous year to TEUR 1,722 in the reporting year. Financial expenses of TEUR 34,887 were incurred (previous year: TEUR 23,517*). This includes primarily interest expenses for the non-recourse loan to finance installations in the solar parks and wind parks, interest expenses in connection with the mezzanine capital of Gothaer Versicherungen and expenses from changes in the negative market values of interest rate swaps and the effective interest rate calculation. As of 1 July 2014, Capital Stage decided to account for existing interest rate hedges with a substantial term to maturity relative to their total term and for future interest rate swaps as cash flow hedges in accordance with IAS 39. This meant that, wherever possible, all derivatives held as of 30 June 2014 were designated as hedging instruments as of 1 July 2014. Other derivatives acquired directly or by means of a business combination before 31 December 2015 have been designated as hedging instruments as of the relevant transaction date or as of the date of initial consolidation.

Earnings before taxes (EBT) therefore came to TEUR 19.395 (previous year: TEUR 29,109*). The EBT margin was 17% (previous year: 40%).

The consolidated income statement shows tax expenditure for the 2015 financial year of TEUR 52 (previous year: income of TEUR 2,000*), which is attributable to non-cash deferred taxes and effective tax payments. Current tax expenses of TEUR 2,366 (previous year: TEUR 1,586*) relate largely to foreign solar parks. Deferred tax expenses of TEUR 2,314 (previous year: EUR 3,587*) were recognised. The deferred tax expenses result primarily from the amortisation of the electricity feed-in contracts and from the recognition of deferred tax assets on tax loss carry-forwards that increased due to the utilisation of additional depreciation for tax purposes. Adjustments of the useful life of the electricity feed-in contracts to the length of the legally regulated term of the subsidy result in TEUR 1,717 of deferred tax assets. Of this, TEUR 747 is cumulatively attributable to the financial years from 2010 to 2014 and TEUR 970 to the 2015 financial year.

Altogether, this results in Group earnings after taxes (EAT) of TEUR 19,257 (previous year: TEUR 26,055).

Consolidated net income is made up of earnings attributable to shareholders of the parent company of TEUR 18,736 (previous year: TEUR 25,525) and earnings attributable to non-controlling interests of TEUR 521 (previous year: TEUR 530).

Comprehensive income for the Group of TEUR 20,104 (previous year: TEUR 23,120) is made up of Group earnings after taxes and changes in other reserves shown in equity of TEUR 847 (previous year: TEUR –2,935). Other reserves include the effective portion of cash flow hedges and the related deferred taxes, in accordance with IAS 39. They also include currency translation differences of TEUR 201 relating to Swiss francs and/or the British pound (previous year: TEUR –24).

Basic earnings per share (after non-controlling interests) were EUR 0.25 (previous year: EUR 0.35). The average number of shares in circulation in the reporting period was 74,545,502 (previous year: 72,017,994). Diluted earnings per share were EUR 0.25 (previous year: EUR 0.35).

Determining the operating KPIs (adjusted for IFRS effects)

As outlined in the chapter on the internal management system at Capital Stage, Group IFRS accounting is influenced by non-cash valuation effects and the resulting depreciation and amortisation. In addition, non-cash interest effects and deferred taxes impair a transparent view of the operating earnings situation as per IFRS.

in TEUR	Notes	2015	2014 adjsuted in accordance with IFRS 5
Revenue	3.16; 5.1	112,802	72,129
Other income	5.2	17,890	32,190
Cost of materials	5.3	-921	-567
Personnel expenses of which TEUR –181 (previous year: TEUR –65) in share-based remuneration	5.4	-5,758	-4,244
Other expenses	5.5	-23,565	-13,328
Adjusted for the following effects:			
Income from the disposal of financial investments and other non-operating		-41	-904
Other non-cash income (mainly from purchase price allocations)		-16,669	-29,957
Share-based remuneration		181	65
Other non-operating expenses		2,907	0
Adjusted operating EBITDA		**86,826**	**55,383**
Depreciation and amortisation	5.6	-47,888	-34,683
Adjusted for the following effects:			
Amortisation of intangible assets from purchase price allocations		14,749	12,524
Depreciation of property, plant and equipment from step-ups in the course of purchase price allocations		1,710	1,352
Adjusted operating EBIT		**55,397**	**34,576**
Financial result	5.7	-33,165	-22,388
Adjusted for the following effects:			
Other non-cash interest and similar expenses and income (primarily arising from effective interest rate calculation, swap valuation and effects from currency translation)		3,529	5,182
Adjusted operating EBT		25,761	17,370
Tax expenses/income	5.8	-52	2,000
Adjusted for the following effects:			
Deferred taxes (non-cash items)		-2,314	-3,587
Adjusted operating EAT		23,395	15,783

Financial position and cash flow

The change in cash and cash equivalents in the reporting period was TEUR –34,640 (previous year: TEUR 50,530*) and is made up as follows:

Net cash flow from operating activities increased by approximately 33 per cent, from TEUR 55,906 the previous year to TEUR 74,501 in the reporting year. It consisted largely of cash inflows from the operating business of the solar parks and wind parks. Also included here are changes in assets and liabilities not attributable to investing or financing activities.

Cash flow from investing activities of TEUR –85,879 (previous year: TEUR –94,008) consisted mainly of payments for the acquisition of the solar parks and wind parks.

Cash flow from financing activities amounted to TEUR –23,262 (previous year: TEUR 88,632*). Capital increases carried out in the 2015 financial year from the share dividend and the exercise of share options generated cash inflows of TEUR 688 (previous year: TEUR 17,896). Share capital therefore increased by a total of TEUR 1,649. Expenses of TEUR 69 (previous year: TEUR 806) were incurred for the capital increase from the share dividend.

In the 2015 financial year, TEUR 173,617 was raised in the form of loans (previous year: TEUR 140,039). Non-current loans of TEUR 27,411 were taken out to finance solar parks (previous year: TEUR 63,879). As of the reporting date, Capital Stage has drawn total funds amounting to TEUR 130,168 of the EUR 150 million from Gothaer Versicherungen in mezzanine capital which was made available to the Company in 2014 within the framework of a long-term strategic partnership over a period of 20 years.

Total interest payments and repayments for the Group's loans resulted in a cash outflow of TEUR 182,253 in 2015 (previous year: TEUR 61,772).

A decision was made at the ordinary shareholders' meeting of Capital Stage AG on 23 June 2015 to distribute a dividend of EUR 0.15 per entitled share. This represents an increase of 50 per cent over the previous year (EUR 0.10 per share). Capital Stage AG gave its shareholders the option of receiving the dividend either wholly or partially in cash or in the form of shares. In order to generate the shares required to fulfil the resolution on appropriation of profit, the Management and Supervisory Boards of Capital Stage AG used some of the authorised share capital against contribution in kind. To this end, the Management Board resolved on 23 June 2015, with the approval of the Supervisory Board granted on the same day, to increase the Company's share capital by up to EUR 1,760,337.00 from EUR 73,934,168.00 to up to EUR 75,694,505.00 by issuing up to 1,760,337.00 new bearer shares with a nominal value of EUR 1.00 of total share capital each (the "new shares"), with subscription rights and against a contribution in kind. Shareholders representing more than 80 per cent of outstanding share capital chose to receive shares. In total, 1,409,368 new bearer shares were issued. The new shares have dividend rights from 1 January 2015 onwards. The capital increase was entered in the commercial register on 31 July 2015. The share capital therefore initially increased by EUR 1,409,368, going from EUR 73,934,168 to EUR 75,343,536. Due to the issuance of a further 139,976 new shares, the share capital has been increased by TEUR 140 at a nominal value of EUR 1.00 per share. The exercised new shares stem from the contingent increase of the share capital (contingent capital I) resolved upon at the Annual General Meeting of 31 May 2007. As of the reporting date, share capital therefore comes to EUR 75,483,512, divided into 75,483,512 shares with a nominal value of EUR 1.00 per share.

The solar park Brandenburg also distributed a dividend, of which TEUR 539 was attributable to non-controlling interests.

Assets position

As of 31 December 2015, shareholders' equity came to TEUR 261,634 (31 December 2014: TEUR 243,479). The increase of TEUR 18,155, or 7.5 per cent, is principally due to the capital increases carried out in 2015 from the share dividend and to the net profit for the year. The equity ratio is 19.84 per cent (previous year: 24.70 per cent).

Total assets rose from TEUR 985,799 to TEUR 1,318,527.

As of 31 December 2015, the Group held intangible assets worth TEUR 176,250 (31 December 2014: TEUR 145,425). During the (partially still

ongoing) preliminary purchase price allocation process for the solar parks and wind parks acquired or consolidated for the first time in 2015, the electricity feed-in contracts between the parks and the energy supply companies and the exclusive licenses were valued, leading to the capitalisation of intangible assets amounting to TEUR 45,710 (31 December 2014: TEUR 66,759). These assets will be amortised over the term of the electricity feed-in contract (which is typically 20 years).

Goodwill stood at TEUR 7,361 as of 31 December 2015 (31 December 2014: TEUR 2,623). This increase results primarily from the acquisition of a company in 2015. Furthermore, the Company adjusted the purchase price allocation of the Grid Essence solar park portfolio within the measurement period as defined in IFRS 3.45 due to new information coming to light, resulting in an increase in goodwill of TEUR 817. As of the reporting date, Capital Stage carried out an impairment test for the goodwill allocated to the individual portfolio companies. The impairment test was based on forecast discounted free cash flows and resulted in an impairment loss of TEUR 652, which was recognised through profit or loss in the reporting year. When classifying the Financial Investments segment as "held for sale", an impairment of TEUR 957 was recorded in the reporting period on the remaining goodwill of Helvetic.

The interest in Eneri PV Services S.r.l., Bolzano, Italy, was sold as of 29 June 2015. Also, the subsidiaries Helvetic Energy GmbH and Calmatopo Holding AG (both in Flurlingen, Switzerland) were disposed of as of 20 October 2015.

The increase in the value of property, plant and equipment to TEUR 958,096 (31 December 2014: TEUR 675,648) is primarily due to newly acquired or constructed photovoltaic installations and wind parks.

Deferred tax assets were recognised on tax loss carry-forwards. Furthermore, pursuant to section 7g of the German Income Tax Act (EStG), accelerated depreciation is used for parks in Germany and either accelerated depreciation or degressive depreciation pursuant to the corresponding tax law of the country where the park is located. The resulting losses can in some cases be carried forward and set off against taxes.

Current assets increased from TEUR 142,587 the previous year to TEUR 145,228 as of 31 December 2015. As of the reporting date, this includes liquid funds amounting to TEUR 99,368 (31 December 2014: TEUR 118,722). Part of the mezzanine capital agreed with Gothaer Versicherungen was drawn down. As of 31 December 2015, some of these funds (TEUR 1,353) had not yet been used by CSG IPP GmbH to acquire additional solar parks.

The cash includes reserves for debt servicing and projects of TEUR 47,010 (previous year: TEUR 30,126) in the solar parks and wind parks which the Company can only dispose of in agreement with the lending banks.

As of 31 December 2015, the Group had bank and leasing liabilities of TEUR 916,552 (previous year: TEUR 637,237). TEUR 637,237). These loans and leases relate to funding for solar parks and wind parks and the mezzanine capital provided by Gothaer Versicherungen in November 2014. This also includes liabilities from listed notes for the Grid Essence portfolio including accrued interest in the amount of TEUR 53,713 as well as liabilities from debenture bonds in the amount of TEUR 23,000. This does not include amounts recognised under other liabilities totalling TEUR 13,423, which comprises interest advantages from low-interest government loans (KfW) and is to be accounted for in accordance with IAS 20 and shown separately. The increase stems primarily from the bank debt for the solar parks acquired or consolidated for the first time in the financial year as well as the receipt of debenture bonds for financing of further growth. Non-current liabilities from the mezzanine capital amounted to TEUR 133,020 as of 31 December 2015 (previous year: TEUR 63,282). Liability for almost all debt is limited to the parks themselves (non-recourse financing).

The rise in deferred tax liabilities relates to the capitalised intangible assets as well as the recognition of property, plant and equipment at fair value in connection with the purchase price allocations undertaken in the financial year.

Trade liabilities of TEUR 11,180 (previous year: TEUR 13,284) are primarily invoices for the construction of solar parks and wind parks.

Segment reporting

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

Administration

Earnings for the Administration segment totalled TEUR –8,800 (previous year: TEUR 21,559*). The change compared to the previous year results primarily from a reallocation of cost centres to the individual segments in order to allow more transparent presentation. A distribution from Capital Stage Solar IPP from the previous year is thus included which is included in the PV Parks segment in this reporting year. Additionally, in the previous year's reporting period, interest income stemming from loans from Capital Stage AG to various Group companies were allocated to the Administration segment. This interest income has been included in the PV Parks segment for the 2015 financial year. The reallocation has also affected revenue and other income.

PV Parks

A reallocation of cost centres to the individual segments was carried out during the reporting year. Certain revenues, other income and financial expenses which were allocated to the Administration segment in the previous year have been allocated to the PV Parks segment for the reporting year (compare to the figured under "Administration"). Revenue from the solar parks increased year on year by more nearly 58 per cent in 2015 to TEUR 101,186 (previous year: TEUR 64,083). This is attributable to the acquired parks in France and Italy, as well as the first-time acquisition of parks in the United Kingdom. However, revenue from the portfolio in Germany also went up by some EUR 4.1 million. Other income of TEUR 15,880 (previous year: TEUR 27,358) is mostly connected with negative differences from business combinations as defined in IFRS 3. This was offset by the costs for operation of the solar parks as well as other expenses of TEUR 21,715 (previous year: TEUR 11,033), depreciation and amortisation of PV installations and exclusive licences of TEUR 39,627 (previous year: TEUR 23,505), depreciation of goodwill totalling TEUR 652 (previous year: TEUR 0) and interest expenses on loans to finance the parks of TEUR 38,154 (previous year: TEUR 25,082). The increase in expenses is mainly due to the solar parks that were acquired in 2015 or only consolidated pro rata temporis the previous year. The increase in expenses is mainly due to the solar parks that were acquired in the 2015 financial year or that were only consolidated pro rata temporis in the previous year, as well as the higher amortisation due to the one-time adjustment of the useful life of electricity feed-in contracts to the length of the legally regulated term of the subsidy (TEUR 1,244 for the financial years from 2010 to 2014 and TEUR 3,114 for the 2015 financial year). Altogether the PV Parks segment generated a net income of TEUR 21,067 (previous year: TEUR 24,329).

PV Service

Earnings improved in the PV Service segment. Revenue and other income, less the cost of materials, of TEUR 3,728 (previous year: TEUR 2,969) were offset by personnel expenses and other expenses of TEUR 2,246 (previous year: TEUR 1,822). After deducting depreciation and amortisation, the financial result and taxes, net profit came to TEUR 2,582 (previous year: TEUR 1,112).

Wind Parks

In the reporting year, the Wind Parks segment generated revenue and other income of TEUR 13,543 (previous year: TEUR 11,372). Expenses for operating and managing the parks came to TEUR 2,996 (previous year: TEUR 2,440). Depreciation of TEUR 7,421 was recognised on wind turbines and electricity feed in contracts (previous year: TEUR 3,281). Of this, a total of TEUR 2,608 is attributable to amortisation due to adjustments of the useful life of electricity feed-in contracts to the length of the legally regulated subsidy term (TEUR 1,656 for the financial years from 2010 to 2014 and TEUR 952 for the 2015 financial year). Financial expenses of TEUR 3,871 were incurred (previous year: TEUR 2,555), mainly for non-current loans. Altogether the Wind Parks segment generated net income of TEUR 1,757 (previous year: TEUR 3,646).

Financial Investments

In September 2015, the Management Board of Capital Stage made the decision to sell the subsidiaries Helvetic Energy GmbH and Calmatopo Holding AG. The sale was completed on 20 October 2015. The Financial Investments segment will be discontinued.

Notes to the separate financial statements for Capital Stage AG (HGB)

The annual financial statements of Capital Stage AG for the 2015 financial year have been drawn up in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB) and the Stock Corporation Act (Aktiengesetz – AktG).

Results of operations

Capital Stage AG generated revenue in the reporting year of TEUR 1,187 (previous year: TEUR 661). This revenue stems from charging the expenses of accounting, management, administration and operation of solar parks (asset management) to the companies in the Capital Stage Group.

Other operating income amounted to TEUR 259 (previous year: TEUR 940). In the previous year, this included the proceeds from the disposal of BlueTec GmbH & Co. KG.

Personnel expenses came to TEUR 4,775 (previous year: TEUR 3,583). The increase is mainly due to the growth-inducing expansion of the team at Capital Stage AG.

Other operating expenses of TEUR 3,059 were incurred (previous year: TEUR 2,706). This increase is primarily due to expenses from abandonment of subsidies in relation to Helvetic Energy GmbH and Calmatopo Holding AG (TEUR 462) over the course of the sale of these companies in October 2015 as well as a loss from the disposal of the participating interest (TEUR 129). The costs for carrying out capital increases had the opposite effect. In 2015, these amounted to TEUR 69 (previous year: TEUR 806). Other expenses also include the expenses for remuneration of the Supervisory Board, office space, costs for accounting and auditing, costs for stock market listing (annual report, Annual General Meeting, investor relations, statutory publications) and legal expenses.

Financial income rose to TEUR 28,116 in 2015 (previous year: TEUR 24,439). This includes a distribution from Capital Stage Solar IPP GmbH of TEUR 19,654 (previous year: TEUR 18,000) as well as interest income on loans to affiliates of TEUR 7,263 (previous year: TEUR 4,343). Capital Stage AG received income of TEUR 1,167 (previous year: TEUR 1,113) from the control and profit transfer agreement between Capital Stage AG and Capital Stage Solar Service GmbH signed during the 2012 financial year.

Financial expenses of TEUR 1,170 were incurred (previous year: TEUR 3,774). Expenses from currency translation as well as impairments of loans and accrued interest receivables in relation to Calmatopo Holding AG are shown. In the previous year, financial expenses still included the interest on a current loan that Capital Stage AG had received from Lobelia Beteiligungs GmbH, Grünwald. The loan was repaid in the 2014 financial year. Additionally, due to a further required subordination, loans to Calmatopo Holding AG, Flurlingen (Switzerland) – including interest already accrued – were completely written down in 2014, which resulted in a total of TEUR 3,594 being recognised in depreciation and amortisation on financial investments.

Tax expenses recognised for Capital State AG amount to TEUR 451 (previous year: income in the amount of TEUR 1,884). The income in the previous year resulted from deferred tax income from tax loss carry-forwards.

Capital Stage AG reported a net profit for the year of TEUR 20,005 (previous year: TEUR 17,763). This corresponds to earnings per share of EUR 0.27 (previous year: EUR 0.25).

Financial position

Shareholders' equity increased from TEUR 196,698 the previous year to TEUR 215,180 as of 31 December 2015. The increase stems principally from the capital increases due to the share dividend carried out in 2015 and net income for the year. The equity ratio on the reporting date stood at 89.4 per cent (previous year: 99.0 per cent).

Total assets rose from TEUR 198,604 by TEUR 42,081 to TEUR 240,685. On the assets side, the increase was principally due to granting loans to subsidiaries and providing them with short-term liquidity for the acquisition of further solar parks and wind parks. On the liabilities side, liabilities to financial institutions increased primarily as a result of the receipt of debenture bonds. Additionally, the capital reserve increased due to the capital increase which was carried out. Moreover, the balance sheet profit increased due to the positive results.

In 2015, cash flow from operating activities came to TEUR 13,122 (previous year: TEUR 11,606). Increased distributions from Capital Stage Solar IPP GmbH were the main reason for the increase.

Investing activities yielded a cash flow of TEUR –1,492 (previous year: TEUR 35,923). This chiefly comprises payments for newly acquired solar parks.

Cash flow from financing activities amounted to TEUR –24,629 (previous year: TEUR 25,265). The capital increases from the share dividend carried out in 2015 resulted in an inflow of funds totalling TEUR 688 (previous year: TEUR 17,896). In the 2015 financial year, a dividend of EUR 0.15 per share was distributed to the shareholders of Capital Stage AG (previous year: EUR 0.10 per share). Shareholders had the option of receiving the dividend either fully in cash or (partly) in the form of shares in Capital Share AG. Shareholders representing more than 80 per cent of outstanding share capital chose to receive shares. Cash distributions of the dividends in the amount of TEUR 2,211 were made to shareholders in July 2015 (previous year: TEUR 3,119). Issuing and repayments of loans to affiliates resulted in cash outflows of TEUR 46,071 (previous year: inflows of TEUR 10,653).

Events after the reporting date

Apart from the matters mentioned below, there have been no significant changes in the operating environment for the Capital Stage Group in the period between the reporting date 31 December 2015 and the time the separate and consolidated financial statements for 2015 were drawn up.

Capital Stage expands solar park portfolio in Italy to more than 100 MWp

On 16 February 2016, Capital Stage also announced the acquisition of four Italian solar parks with a total production capacity of 16.9 MWp. The total investment volume of the acquisition, including assumed debt relating to the project, amounted to some EUR 65.4 million. The acquisition of the four solar parks brings Capital Stage's Italian portfolio to more than 100 MWp. At the time of the announcement, the purchase was still subject to standard conditions precedent.

The four Italian solar parks are located between the cities of Turin and Genoa in the Piedmont region in north-west Italy. They went into operation between April and December 2011. The guaranteed feed-in tariff amounts to an average of some EUR 0.273 per kilowatt-hour and has a remaining term of 15 years. In its first full year of operation, the solar park portfolio is expected to make revenue contributions of around EUR 8.6 million.

Capital Stage Solar Service GmbH, Halle, a wholly owned subsidiary of Capital Stage AG, is expected to take over technical operation of the parks from 1 March 2016. This brings the number of solar parks under the management of Capital Stage Solar Service to 48, with a total production capacity of more than 200 MWp.

Through the acquisition of the four Italian solar parks, the total production capacity of Capital Stage in Italy increased from 86.7 MWp to approximately 103.6 MWp. Following the acquisition, the total production capacity of Capital Stage across the entire portfolio of solar parks and wind parks was more than 570 MW.

FREP proceedings

In a letter dated 10 March, the Company was informed about the results of the ongoing Financial Reporting Enforcement Panel's (FREP) proceedings (spot test). According to the results, the chamber responsible has identified erroneous accounting for the 2012 financial year. The individual breaches of applicable accounting principles are as follows:

1) Disclosures of the purchase prices as well as (in particular) information on the corresponding recognised profits from business combinations for the acquisitions of shares in solar or wind parks accounted for as business combinations in accordance with IFRS 3 are missing from the notes to the consolidated financial statements. Furthermore, there is no appropriate description of the reasons which led to the profits from purchase price allocations.

2) In the Group cash flow statement for the period from 1 January to 31 December 2012, Capital Stage showed the cash and cash equivalents as being too high. The reason for this is the improper recognition in cash and cash equivalents of capital services and project reserve

account balances which are subject to long-term restrictions. This also affects the payments made for acquisition of consolidated companies, less acquired cash, and the cash flow from investing activitie

3) In the 2012 financial year, Capital Stage extended the useful life of electricity feed-in contracts recognised as intangible assets to up to 30 years. The maximum useful life of electricity feed-in contracts is determined, however, by the legally regulated term of the subsidy for the corresponding wind or solar park, which is generally 20 years. Due to the improper exceeding of the useful life, depreciation on the intangible assets (electricity feed-in contracts) was shown as too low and the electricity feed-in contracts too high.

Following an exhaustive examination Capital Stage decided not to contest the results of the audit and informed the FREP of this in a letter dated 30 March 2016. The ongoing FREP proceedings are now concluded.

The effects on the consolidated financial statements as of 31 December 2015 are as follows:

1) These are solely disclosures in the notes which have no financial influence on the consolidated financial statements of Capital Stage AG. The determinations of the FREP have already been accounted for – partially in the financial statements for 2014 and completely in the financial statements for 2014.

2) This also involves solely an error in presentation which has no financial influence on the consolidated financial statements of Capital Stage AG. The respective information was available in the corresponding notes. In the current consolidated financial statements, cash and cash equivalents are shown reduced by the capital services and project reserve account balances. Furthermore, the investment cash flow was corrected correspondingly by the acquired capital services and project reserves.

3) As per the determinations of the FREP, Capital Stage has retroactively reduced all depreciation periods for the intangible assets from purchase price allocations (electricity feed-in contracts) to the corresponding remaining term of the legally regulated subsidy. The cumulative effect on earnings, including deferred taxes for the years of 2010 to 2014, amounted to TEUR 2,045. Altogether, this effect is insignificant and has already been accounted for on a current account basis in the consolidated financial statements for the 2015 financial year. This additionally results in an effect on earnings, including deferred taxes for the 2015 financial year, in the amount of TEUR 3,000. In this context, the reader is referred to the figures in chapter 2.

Solarpark Manor Farm
On 14 March 2016, Capital Stage acquired 100 per cent of the shares in a solar park near the town of Horton in the United Kingdom. The solar park has a production capacity of almost 5 MWp and was connected to the grid in December 2015. The seller of the solar park is the project developer F&S solar concept, which is headquartered in Euskirchen, Germany. Capital Stage expects the park to make revenue contributions of approximately TGBP 500 (approx. TEUR 650) from its first year of full operation onwards. The park has a long-term power purchase agreement with the internationally active Danish energy-trading company Neas Energy. The total investment volume is around EUR 6 million.

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

Personnel

In 2015, there were an average of 66 employees at the Group (previous year: 66), of which 28 were employed at Capital Stage AG, 14 at Capital Stage Solar Service GmbH and 24 at Helvetic Energy GmbH.

At the end of 2015, there were 46 employees at the Capital Stage Group. The reduction in the number of employees is primarily due to the disposal of the participating interest in Helvetic Energy GmbH in Zurich, Switzerland, in October 2015. In all other Group companies, the growth was under proportionally reflected in the increase in the number of employees. As of 31 December 2015, Capital Stage AG had 31 employees and two managing directors. Six employees work in the investments department, 11 in finance and controlling, nine in asset management, one in IR/PR and four in administration and staffing. The team of Capital Stage Solar Service GmbH also continued to grow in the reporting year. In addition to the technical managing director, there were 14 other employees in the areas of technology and administration at the Company.

There were changes to the Management Board in the course of the financial year. Felix Goedhart withdrew, of his own volition, from the Management Board and his role as chief executive officer of the Company as of 31 October, 2015. The Supervisory Board named Professor Klaus-Dieter Maubach the new CEO of the Company as of 1 November 2015.

Supervisory Board

There have been no changes in the composition of the Supervisory Board of Capital Stage AG in the reporting year.

Since the close of the Annual General Meeting on 20 June 2012, the Supervisory Board consists of Dr Manfred Krüper (chairman), Alexander Stuhlmann (deputy chairman), Albert Büll, Dr Cornelius Liedtke, Dr Jörn Kreke and Professor Fritz Vahrenholt.

Remuneration report

To create long-term incentives, Dr Husmann (Management Board member) is granted share options under the share option programme. These were adopted in 2007 and 2012 by the Annual General Meeting. The AOP 2007 share option programme was completely satisfied in the 2012 financial year. Since 2013, options have been granted as part of the share option programme AOP 2012. The subscription rights attached to the share options may only be exercised after a waiting period of four years. 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. To reach the performance target for AOP 2012, the price of shares in Capital Stage AG in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange must exceed the exercise price by at least 30 per cent during the ten trading days preceding the date on which the subscription rights are exercised. The applicable exercise period is deemed to be the period in which the relevant subscription rights may first be exercised, the performance target having been reached or exceeded.
Full details of the share option programmes 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. Dr Husmann also receives an annual performance-related bonus. The annual bonus for the previous financial year is determined by the Supervisory Board, taking the Company's earnings and financial position as well as Dr Husmann's personal performance into account. 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. The annual bonus for Mr Felix Goedhart, who withdrew from the Company in the 2015 financial year, was three per cent of the consolidated profit for the year. Gross annual salary and annual bonus together (excluding other benefits) should not exceed TEUR 800. Since 1 November 2015, Professor Klaus-Dieter Maubach has been the new chief executive officer.

No substantially different contractually agreed compensation payments will be made in case employment of the Management Board members is terminated.

The disclosures required pursuant to GAS 20 in connection with GAS 17, as well as all other legal requirements, are shown in detail in the notes of Capital Stage AG and in the notes to the consolidated financial statements as well as in the remuneration report as part of the corporate governance report.

Total provisions for remuneration for the Supervisory Board's activities during the reporting year amounted to TEUR 258. 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 chairperson and TEUR 22.5 for the deputy

chairperson. The provisions are based on the remuneration defined by the Annual General Meeting for the financial years since 2011. The total deferred remuneration also includes the total remuneration for the staff committee and for the audit committee, which was newly formed in the 2015 financial year, in the amount of TEUR 35 per committee.

Other information

Disclosure of barriers to takeovers pursuant to section 289, paragraph 4 and section 315, paragraph 4 of the HGB

- On 31 December 2015, the Company's subscribed capital was EUR 75,483,512 (in words: seventy-five million four hundred and eighty-three thousand five hundred and twelve), divided into 75,483,512 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 of the WpHG, Capital Stage AG, Hamburg, Germany, was notified in a letter dated 25 June 2015 that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by Dr. Liedtke Vermögensverwaltung GmbH, Hamburg, Germany, on 23 June 2015 exceeded the threshold of ten per cent, on that date amounting to 10.10 per cent (7,467,351 voting rights).

  Capital Stage AG, Hamburg, Germany, was also notified on 7 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by AMCO Service GmbH, Hamburg, Germany, exceeded the 25 per cent threshold on 3 September 2015 and amounted to 26.94 per cent of the voting rights (20,298,399 voting rights), with 6.52 per cent of the voting rights (4,909,124 voting rights) being attributed to AMCO Service GmbH pursuant to section 22, paragraph 1, no. 1 of the WpHG. These included voting rights of Albert Büll Beteiligungsgesellschaft mbH, Hamburg, Germany, whose share of the voting rights in Capital Stage AG amounted to three per cent or more.

  Capital Stage AG, Hamburg, Germany, was also notified on 7 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by Albert Büll Beteiligungsgesellschaft mbH, Hamburg, Germany, exceeded the 10, 15, 20 and 25 per cent thresholds on 3 September 2015 and amounted to 26.94 per cent of the voting rights (20,298,399 voting rights), with 20.43 per cent of the voting rights (15,389,275 voting rights) being attributed to Albert Büll Beteiligungsgesellschaft mbH, Hamburg, Germany, pursuant to section 22, paragraph 1, no. 1 of the WpHG. These included voting rights of AMCO Service GmbH, Hamburg, Germany, whose share of the voting rights in Capital Stage AG amounted to three per cent or more.

  Capital Stage AG, Hamburg, Germany, was also notified on 9 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by Albert Büll Holding GmbH & Co. KG, Hamburg, Germany, exceeded the 10, 15, 20 and 25 per cent thresholds on 3 September 2015 and amounted to 26.94 per cent of the voting rights (20,298,399 voting rights), with 26.94 per cent of the voting rights (4,909,124 voting rights) being attributed to Albert Büll Holding GmbH & Co. KG pursuant to section 22, paragraph, 1 no. 1 of the WpHG. Pursuant to section 22, paragraph 1, sentence 1, no. 1 of the WpHG, a total of 6.52 per cent of the voting rights (4,909,124 voting rights) were attributed to Albert Büll Holding GmbH & Co. KG, Hamburg, Germany, and 20.43 per cent of the voting rights (15,389,275 voting rights) were attributed to Albert Büll Holding GmbH & Co. KG from – pursuant to section 22, paragraph 1, sentence 1, no. 1 of the WpHG – AMCO Service GmbH, Hamburg, Germany.

  Capital Stage AG, Hamburg, Germany, was also notified on 9 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by Albert Büll GmbH, Hamburg, Germany, exceeded the 10, 15, 20 and 25 per cent thresholds on 3 September 2015 and amounted to 26.94 per cent of the voting rights (20,298,399 voting rights), with 26.94 per cent of the voting rights (20,298,399 voting rights) being attributed to Albert Büll GmbH pursuant to section 22, paragraph 1, no. 1 of the WpHG. Of those – pursuant to section 22, paragraph 1, sentence 1, no. 1 of the WpHG – a total of 6.52 per cent of the voting rights (4,909,124 voting rights) were attributed to Albert Büll Holding GmbH & Co. KG, Hamburg, Germany, from Albert Büll Beteiligungsgesellschaft mbH, Hamburg, Germany, and 20.43 per cent of the voting rights (15,389,275 voting rights) were attributed to Albert Büll Holding GmbH & Co. KG from – pursuant to section 22, paragraph 2 of the WpHG – AMCO Service GmbH, Hamburg, Germany.

- In the event that a person who, as of 14 November 2014, was not a shareholder of Capital Stage AG required to report pursuant to section 21 of the WpHG acquires more than 50 per cent of the voting rights in Capital Stage AG, Gothaer Versicherungen AG has a right to terminate the mezzanine capital contract concluded on 14 November 2014 for extraordinary circumstances. This right to terminate also gives Gothaer Versicherungen the right to require Capital Stage AG to repay the drawn mezzanine capital. The mezzanine capital drawn as of 31 December 2015 amounted to TEUR 130,168

- 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 Corporation Act (Aktiengesetz – AktG) (section 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 share 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, the reader is referred to the detailed account of the share capital set out in the notes to the financial statements.

- In the event of a change of control or a non-cash capital increase that leads to a material change in the group of shareholders, CEO Prof. Dr. Klaus-Dieter Maubach has the right to resign from office giving one month's notice with effect from the end of a month and to terminate his employment contract with effect from the same date. The company also has a special termination right. A change of control takes place when a third party or persons acting in concert within the meaning of section 2 (5) WpÜG hold at least 30% of the voting rights within the meaning of section 29 (2) WpÜG through the acquisition of shares or otherwise. A non-cash capital increase leading to a material change in the group of shareholders takes place when new shares representing at least 25% of the company's share capital at the time of the issue of the new shares are issued to one or several shareholders in return for a non-cash contribution. If Prof Dr Klaus-Dieter Maubach or the company exercise their special termination right, Prof Dr Klaus-Dieter Maubach is entitled to a severance payment that is equivalent to the remuneration of six months.

Principle characteristics of the internal control system with respect to the financial accounting process

The Management Board of Capital Stage is responsible for preparing the financial statements and the management report for Capital Stage AG according to the German Commercial Code (HGB) and the German Stock Corporation Act (Aktiengesetz – AktG). The consolidated financial statements are also prepared in accordance with International Financial Reporting Standards (IFRS) and the consolidated management report in accordance with German Accounting Standard (GAS), no. 20.

To ensure the accuracy and completeness of the details given in the reporting as well as the correctness of the financial accounting methods employed, the Management Board has established a suitable internal control system.

The internal control 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 financial accounting regulations. Changes to laws, financial accounting standards and other pronouncements are analysed continuously for their relevance to and impact on the separate financial statement 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 and 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 fully consolidated companies, with the exception of the companies in Italy, France, the UK and Switzerland and eight wind parks, is carried out 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 standardised consolidation system.

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

The Supervisory Board of Capital Stage is responsible for regularly monitoring the effectiveness of the control and supervision systems. It receives regular reports from the Management Board on the subject. In this context, an auditing firm was tasked with auditing the internal controlling and monitoring systems in the 2015 financial year regarding the processes for handling insurance losses and for the commissioning of service providers. The results of the internal audit were presented to the Management Board and Supervisory Board in an internal audit report.

Opportunity report

Conservative investment strategy with balanced risk–return ratio

As an investor in and operator of ground-mounted PV parks and wind parks, Capital Stage AG acts in the dynamic market environment of renewable energies. Expansion of renewable energies is a constant and global megatrend, and it offers the Company new opportunities on an ongoing basis. Systematically identifying and exploiting these opportunities while minimising risks forms the basis for the Company's sustainable growth.

Opportunities may consist of internal or external potential. To identify opportunities and potential for geographic and technological diversification, the Company analyses its markets and competitors and uses the comprehensive expertise and experience of its highly qualified staff. Specific market opportunities are then identified, which the Management Board agrees with operational management in the course of strategic company planning. Capital Stage strives for a balance between opportunity and risk with the aim of increasing enterprise value sustainably.

In the future, Capital Stage AG will continue to focus on the sectors of ground-mounted PV parks and onshore wind parks. To do this, the Company will continue its risk-minimising business model as regards value, technologies and country-specific risks

Opportunities from economic environment

The economic environment has no direct impact on the Company's business, earnings, net assets, financial position or cash flow. A weak economy may sometimes give rise to opportunities for acquisitions on the secondary market for solar parks and wind parks, as this could increase pressure on some market participants to sell.

Opportunities from low interest rates

Low interest rates are often the result of a weak economy, which widens the range of funding options and makes the terms for financing wind parks and solar parks more attractive. The European Central Bank recently extended its bond-buying programme through March 2017. With the backdrop of weak economic development, an increase in interest rates is not expected over the short or medium term.

Capital Stage is actively taking advantage of the low-interest environment to refinance existing loans at more favourable conditions for the long term. In the 2015 financial year, this resulted in the financing of six German solar parks being renegotiated with Deutsche Kreditbank (DKB), fixing the interest rates of the loans (some significantly) below the previous rates. The new interest rates apply from 2018 to the final repayment of the loan. The amount of the loans which were refinanced with DKB is some EUR 76 million.

Opportunities from meteorological developments

The performance of solar and wind parks depends on meteorological conditions. A positive deviation from forecast hours of sunshine and/or wind power has a direct short-term impact on the Company's financial and earnings position and on its cash flow. As forecasting quality is improving all the time, both for solar energy and wind, possible deviations are generally very slight.

Regulatory opportunities

National and international climate change targets and renewable energy targets are generally actively promoted by means of government subsidies. Generally speaking, there is an unbroken trend towards increasing the share of power production from renewable energies, be it in industrialised countries, emerging markets or developing countries.

Renewable energies continue to be a megatrend and represent a growth market. Across the globe, around USD 330 billion was invested in the expansion of renewable energies in 2015. The political framework for the development and subsidisation of renewable energies already exists in more than 120 countries. Sustainable, safe, competitive and environmentally friendly energy production is one of the topics on the international agenda for the future. More and more countries are beginning to enact new or adjust existing legislation and establish subsidy programmes in order to achieve their own – but also international – climate and expansion goals. In the medium to long term, this could fundamentally expand the Company's investment opportunities. Capital Stage will continue to invest only in countries with low country-specific risk, clear expansion goals and attractive economic conditions.

Opportunities from innovation

The renewable energy sector has enjoyed a period of ongoing innovation. This has increased the efficiency of existing technologies and also brought new technologies to market that will increase or extend the productivity of future projects. Many government subsidies for expanding renewable energies attempt to create additional incentives for further innovation by means of integrated degression models. If research and development work by manufacturers should cause individual technologies to progress substantially, this may make new and improved products available or make them available earlier than is currently expected. This could increase the future availability of economically attractive solar and wind parks and/or increase their potential utilisation and productivity – for example, through the use of modern storage technologies.

Opportunities from business relations and partnerships

Capital Stage has operated wind and solar parks since 2009 and has established itself in the industry as a dependable and competent market participant. The Company has a broad international network of well-known project developers, general contractors, operators, business partners, service providers, intermediaries, advisers, banks and many more. Over the past few years, Capital Stage was able to expand its generation portfolio to more than 570 MW. Today, the Company is the largest independent operator of solar parks in Germany. The SDAX-listed company has a market capitalisation (as of March 2016) of some EUR 550 million and is listed in the Prime Standard of Deutsche Börse. The ever-growing renown and good reputation of the Company continuously expands the circle of potential business partners and investors. Moreover, many attractive solar parks and wind parks are actively – and sometimes in advance and exclusively – offered to the Company.

Capital Stage Solar Service GmbH in Halle, Germany, a wholly owned subsidiary of Capital Stage, is responsible for the technical management, especially of solar parks in Germany, and also offers this service to third parties. Capital Stage Solar Services currently manages a generation portfolio of more than 200 MWp. The establishment and expansion of other business relationships and a network are also taking place as a part of this service. Capital Stage has partners abroad which are res-

ponsible for operating the solar parks and wind parks. As these service companies are established in their respective regions and have good networks, this may give rise to additional business opportunities.

Opportunities from new financing options

In November 2014, Capital Stage entered into a strategic partnership with Gothaer Versicherungen to invest in photovoltaics. As part of this strategic partnership, Gothaer Versicherungen has provided CSG IPP GmbH, a wholly owned subsidiary of Capital Stage AG, with EUR 150 million in mezzanine capital for the acquisition of new solar parks. The mezzanine capital has a term of 20 years and pays a fixed rate of interest, which is supplemented by a performance-related component. Capital costs only accrue when funds are drawn on and only in relation to the amount which is drawn. The mezzanine capital is used at the project level with an appropriate leverage factor. The strategic partnership with Gothaer Versicherungen has opened up additional growth opportunities for Capital Stage, which the Company took advantage of in 2015/2016. Capital Stage had already fully invested the funds from mezzanine capital by mid February 2016, around a year earlier than planned as part of the strategic partnership.

Capital Stage is currently reviewing various alternatives for the financing of further growth, including the continuation or the beginning of a similar strategic partnership. The Company's objective in the selection of appropriate measures and means continues to be to ensure the greatest possible flexibility. The Company has various alternative financing options at its disposal for meeting future capital requirements.

Capital Stage therefore took advantage of the favourable financing environment in December 2015 by successfully – and for the first time – issuing debenture bonds in two tranches with respective terms of seven and ten years totalling EUR 23 million at an attractive average interest rate of 2.32%.

Opportunities from geographic diversification

In the reporting period, Capital Stage successfully entered the UK market. This brought the number of core regions in which the Company is currently active to four (Germany, France, Italy and the United Kingdom). The Company continuously monitors and reviews developments in renewable energies and corresponding opportunities in other regions. The Company principally concentrates on countries with developed economies in (western) Europe – but also in North America (United States, Canada) – which have stable economic and regulatory environments and ideally which subsidise renewable energies by means of feed-in tariffs financed by levies on consumers. Geographic diversification contributes to further reducing risk in the existing portfolio by increasing independence from the sunshine or wind in individual regions as well as theoretically plausible retroactive adjustments to the subsidy programmes and amounts. Furthermore, entering markets in new countries gives the Company additional potential for growth outside its previous core markets.

Opportunities from large portfolio volumes in the core regions

Capital Stage is active in European core markets which have been investing in the renewable energy sector for some time and thus already have an existing portfolio of solar parks and wind parks. With a focus on turnkey solar parks and wind parks which are already operating and connected to the grid, Capital Stage benefits from the large existing portfolio and is not dependent on construction of new solar parks and wind parks over the short to medium term. With its existing portfolio of ground-mounted PV parks as of 31 December 2015, Capital Stage achieved a mathematical market share of less than two per cent in the core markets for 2015.

Risk management system

The risk management system at the Capital Stage Group is an element of all planning, controlling and reporting systems in the individual companies and at Group level. It comprises the systematic identification, valuation, management, documentation and monitoring of risks. The risks associated with solar parks and wind parks, the two main business areas of Capital Stage, are homogeneous.

Risk measurement

The risks identified are measured according to their probability of occurrence and significance and then assigned to risk classes (1 to 4). Risk classes 1 (high probability and significant impact on the Group) and 2 (lower probability but significant impact on the Group) are given particular attention. 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.

Risk management

The Capital Stage Group has various strategies to reduce and avoid risk by taking appropriate countermeasures. The Group focuses on existing parks in order to reduce the risk of the project phase. It has warranties from manufacturers for the unlikely event of a decline in performance and insurance contracts to cover the loss of income. Furthermore, project reserves for the solar parks and wind parks have been set aside from current cash flow and can be drawn on if components need to be replaced. Downtime is minimised by real-time online monitoring. Monitoring is carried out either by the Capital Stage Group itself or by respected partners. To minimise financing risks, the Group ensures that the financing banks do not have any recourse to companies other than the respective borrowers. Financing arrangements are generally on a non-recourse basis, in which the collateral for the bank is limited to the park in question. Meteorological risks are factored into the calculations for the wind parks in the form of safety margins, as wind power can fluctuate widely from year to year. Long-term statistical analyses show that, on average, years with less sunshine are balanced by sunnier years. Independent yield surveys are also obtained in most cases. Interest rate swaps may be used to hedge interest rate risks and enable reliable calculation and planning.

Risk controlling

The identified risks are reviewed in weekly deal meetings. Meetings are attended by the managing directors, the investment team, the asset management team and the commercial department of the Capital Stage Group. The asset management team presents all the technical and commercial aspects of the parks' current operations. These include the availability of the facilities and cumulative power production. The investment team provides information about new investment opportunities and the progress made on integrating investments already made.

Every solar park and wind park is discussed individually, so that specific countermeasures can be taken at short notice as necessary.

For ongoing business, Capital Stage has – in its wholly owned subsidiary Capital Stage Solar Service GmbH – its own unit for technical management and maintenance of the solar parks and wind parks. Systems which allow constant monitoring of performance are built in to the solar parks and wind parks. In the monitoring process, this information is relayed to Capital Stage Solar Service which can then react immediately to the development of errors and downtime in the operation of the installations.

Risk report

Risk management for the Capital Stage Group and Capital Stage AG entails defining the following risks, evaluating them according to their probability of occurrence and impact and then dividing them into risk classes.

Risk class 1

This class includes risks with a high probability of occurrence and a significant impact on the Group.

Risk class 2

This class includes risks with a low probability of occurrence but with a significant impact on the Group, should they occur.

Risk class 3

This class includes risks with a high probability of occurrence but minimal impact on the Group.

Risk class 4

This class includes risks with a low probability of occurrence and minimal impact on the Group.

Disclosures on significant changes in risk

Capital Stage identifies, analyses, evaluates and monitors each risk to the Company on a running and comprehensive basis. In the following risk report, significant risks to the Company are presented, explained and classified. Moreover, the Company's measures and strategies for avoiding and/or minimising these risks are presented.

In comparison with the risk report from the annual and consolidated financial statements for the 2014 financial year, there were no changes to the following risks as of 31 December 2015: risk class 1:

risks of raising capital when financing projects; risk class 2: dependence on national programmes to subsidise renewable energies, risks of raising capital for the Group,, technical risks and performance reductions, risks from downtime, risks from erroneous investment and return calculations, meteorological risks (sun), financing risks, exchange rate risks, tax risks; risk class 3: meteorological risks (wind), risks from the dependence on qualified employees; risk class 4: economic and sectoral risks, interest risk.

There were changes for the following risks:

Risk	Risk class	Change in comparison with 31 December 2014	Reason
Solar park and wind park planning and construction risks	2	Regrouping from risk class 1 to risk class 2	Only in exceptional cases does Capital Stage invest in a solar park or wind park during the project or construction phase. The possible effects from these exemptions on the Group's earnings, net assets and financial position are therefore correspondingly minimal.
Risks from existing covenant agreements	2	Correspondingly, the risks increased slightly with the receipt of a debenture bond in December 2015	Low probability of occurrence; occurrence could, however, have significant effects on the earnings, net assets and financial position of Capital Stage.
Financial investment risks	k.A.	This risk has been omitted; it was formerly grouped in risk class 4	Following the disposal of Helvetic Energy GmbH and Calmatopo AG in October 2015, there are no other financial investments.

Risks in risk class 1:

Risks associated with raising capital to finance projects

Continuing to grow our PV Parks and Wind Parks segments by acquiring additional projects requires obtaining project financing in the form of debt or equity capital and/or alternative financing solutions. In this field, it is customary (depending on the investment and the geographic region) to finance the bulk of the sum invested, up to 80 per cent, with debt. Any restrictions on the ability of the project companies or Capital Stage AG to obtain further financing could have an adverse effect on the Group's continued business activities and on its earnings, net assets and financial position.

However, the nature of its existing portfolio means that the Group's income is very secure. Moreover, we have already built up a close business relationship with banks which specialise in project financing and can therefore point to many years of experience in this field. Thanks to their predictable and relatively secure cash flows, financing photovoltaic and wind energy projects is a field which has been attracting the interest of increasing numbers of banks. In light of the consistently favourable interest rate environment and the lack of alternative investments with similar risk–return profiles, Capital Stage is currently able to secure good, attractive project financing and refinance existing financing arrangements at more favourable rates.

At the same time, in the reporting period Capital Stage also set up alternative project financing structures for the first time. The financing of the debt component of a British solar park portfolio was secured in the long term and at attractive rates through the issuance in the UK of listed notes worth GBP 40 million (approx. EUR 56 million). The notes were acquired by an institutional investor.

Risks in risk class 2:

Solar park and wind park planning and construction risks

Planning of solar parks and wind parks is subject to the risks inherent in obtaining regulatory approval and permission for the construction and operation of new parks.

In its core business, the Group concentrates on the acquisition of existing parks and is therefore not typically subject to any project or construction risks. In exceptional cases, however – for example, as part of securing early or exclusive rights to an attractive investment opportunity – the Group may invest in a project at an earlier point in time. In these cases, the Group can rely on its comprehensive experience in commercial and technical management of its existing parks as well as the few development projects from the past, thus enabling the Group to further limit the potential risks.

Dependence on national programmes to subsidise renewable energy

The success of solar power generation and power generation from wind energy is generally closely linked with national programmes for the subsidisation of renewable energy. The greatest risks to Capital Stage's business model are retroactive changes which have an adverse impact on existing investments. There were no retrospective restatements of or intervention in the subsidies for solar energy and wind power in any of the core regions of the Group during the reporting period. Also, no future retrospective interventions were resolved or discussed politically with the correspondingly high probability of occurrence. Future restatements of subsidy programmes and amounts are, however, easily calculated for the Group as an investor and are reflected in the purchase prices that the Company would offer for a given solar park or wind park.

Generally speaking, the dependence of renewable energies on public subsidies has continued to decline in recent years. Especially in photovoltaics, economies of scale, past experience, more efficient technologies and lower costs for power inverters and solar modules have increased the cost-effectiveness of photovoltaic plants considerably. The onshore wind sector is also showing similar developments.

Germany

The Renewable Energy Act was revised and amendments were made to the subsidy programmes in 2014. New legislation came into force on 1 August 2014. The new legislation primarily provides for a transition to a tendering process for financial subsidies for electricity generated using renewable energies. The reason for this change is, among other things, the new Guidelines on State aid for environmental protection and energy 2014–2020 from the European Commission, which determine that – from 2017 – any renewable energy subsidies in the European Union for projects from a certain size must be carried out on the basis of a tendering process. In order to introduce a binding tendering process for all energy sources from 1 January 2017, EEG 2014 will most likely need to be revamped once again in the current financial year. As a pilot project, a tendering process was introduced and carried out for ground-mounted PV parks in the 2015 financial year. By the end of the reporting period, a total of three tendering processes were carried out in Germany. All installations which are granted a subsidy as part of a tendering process receive a guaranteed feed-in tariff with a term of 20 years.

The consequences for the acquisition of new parks that will receive lower tariffs can 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 over the medium to long term. Because of this, the dependence of photovoltaic parks and wind parks on subsidies will continue to diminish until they are fully competitive (grid parity). All in all, then, the impact of these changes on the Group is of minor importance.

France

The law on the energy transition signalled the beginning of the energy revolution in France. Significant changes, or even retrospective restatements, in the subsidy system for renewable energies were not concluded in the reporting period and were not the subject of much political discussion.

Today, the tendering models are the only option for photovoltaic installations above a certain size in France. Similar structures are expected to be established and introduced for the wind power sector as well.

Italy

In Italy, there were no changes to the subsidisation of renewable energies in 2015. Feed-in tariffs for the existing parks were paid in the full amounts determined by the corresponding Conto Energia and/or were authorised and initiated in accordance with the payment system. Italy currently offers no additional government subsidies in the renewable energies sector. Moreover, no retroactive changes to the subsidisation of renewable energies were concluded or discussed politically.

Capital Stage and many other investors and operators have filed suit against the retroactive reductions concluded and carried out by the Italian government in 2014. In June 2015, following precedential proceedings, the administrative court of the Lazio region cast doubt on the constitutionality of the retroactive reductions of the feed-in tariffs for solar parks. The case against these reductions has now been sent to the Italian Constitutional Court (Corte Costituzionale) for further arguments. A ruling in these ongoing proceedings still had not been made as of the end of the reporting period.

Capital Stage does not assume that there will be any further retrospective restatements to the feed-in tariffs in Italy in the short or medium term. On the one hand, the political goals associated with the restatements were not achieved. On the other hand, the rate of construction in the solar power sector have sunk considerably and protection of investors was damaged to the disadvantage of the Italian economy as a whole.

United Kingdom

In the United Kingdom in the 2015 financial year, the exception from the climate change levy enjoyed by producers of electricity from renewable sources was scrapped. This applies for all producers and operators whose solar parks were connected to the grid on or after 1 August 2015. There was no retroactive retraction of this exception.

The loss of the ability to take advantage of these tax privileges is accompanied by only marginal changes in the return calculations for the photovoltaic installations – in particular, because a simultaneous reduction of the Corporation Tax rate is planned from April 2017.

Although the UK government further reduced the subsidies for solar power in 2015 and essentially no longer offers subsidies for larger installations, existing installations with government-approved tariffs are covered by prior legislation and the United Kingdom traditionally holds protecting investors in high regard.

Risks associated with the Group's capital procurement

Capital Stage has not carried out any capital increases since April 2014. The Company successfully concentrated on alternative means of financing growth which were not accompanied by a dilution of the existing shareholders.

In 2014, the Group was able to enter into a strategic partnership with Gothaer Versicherungen by which Gothaer Versicherungen provided Capital Stage with mezzanine capital totalling EUR 150 million for investments in European solar parks. In December 2015, it also successfully – and for the first time – issued debenture bonds in the amount of EUR 23 million at an attractive average interest rate of 2.32 per cent on the capital market. The debenture bond is divided into two tranches with terms of seven and ten years respectively.

The constant draw on mezzanine capital in 2015 led to a scheduled and intended reduction in the equity ratio to around 20 per cent as of 31 December 2015. Capital Stage considers this rate acceptable due to the low-risk business model. However, there is no additional room for a nominal increase in indebtedness in the future.

Therefore, in order to finance additional growth in future, measures involving equity and/or equity-equivalent financing instruments will be utilised. Should we be unable to raise funds by means of capital increases in future, this could have a negative impact on the Group's growth.

However, all the capital increases in recent years have been either fully subscribed or oversubscribed. Furthermore, Capital Stage AG's shareholder structure is very stable and entrepreneurially minded. The inclusion of Capital Stage AG in the Deutsche Börse SDAX index as of 24 March 2014 means the Company will attract greater attention on capital markets. In terms of market capitalisation, the Group is one of Germany's largest listed renewable energy companies and is therefore of increasing interest to large international groups of investors and investment funds. This generally increases the probability that any future capital increases can be completed successfully.

Capital Stage is very confident in its ability to successfully generate liquid funds for additional growth in future.

Technical risks and loss of capacity

The technical risks of the installed solar parks are low and limited to a few significant components. These risks are a good deal greater in the case of wind parks, since the moving parts are subject to wear and fatigue.

When selecting solar parks and wind parks, the Capital Stage Group therefore pays great attention to the choice of its partners and the quality of the components used and installed. The Group only considers acquiring projects or parks built by large, reputable project planners and manufacturers who have been established in the industry for many years. All the parks are put through an extensive due diligence process (technical due diligence), and solar parks are visited by experienced staff from the wholly owned subsidiary Capital Stage Solar Service GmbH, which specialises in the technical management of solar parks. For wind parks, the Group uses experienced and respected external service providers.

In the unlikely event of a loss of capacity or the failure of technical components during a park's operating phase, we are generally covered by manufacturers' warranties or general contractor guarantees, and we also have insurance contracts covering damages and loss of revenue. Verification of existing insurance coverage is also an established part of the entire due diligence process carried out for all new acquisitions.

Furthermore, capital is set aside in a project reserve for the solar parks and wind parks, and this can be drawn on if components need to be replaced. 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 parks may break down due to technical faults in the park's installations or in the power substation, or may be disconnected from the grid temporarily by the energy provider to enable maintenance work. There is a risk that this downtime may be prolonged if the faults are not noticed and the accompanying technical defects eliminated 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 or identified promptly via a real-time online monitoring system. In addition to these measures, all our installations are insured against the risk of operational interruptions, and the Group also has appropriate insurance against risks arising from third-party operations – for instance, faulty maintenance or repair work – and is covered for any loss, damage or consequential loss suffered as a result. Manufacturers generally give an availability guarantee for the wind turbines. There is also insurance cover against other damage to the installations.

Erroneous investment and income calculations

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

The calculations made in connection with the due diligence process take into account fluctuations of individual or multiple parameters. Furthermore, the expenses involved in operating solar parks and wind parks comprise a small number of items with a narrow range of fluctuation. Thanks to its existing portfolio, Capital Stage can draw on past experience which is factored into return calculations for new investments.

Meteorological risk (solar)

The output of regenerative solar parks is dependent in the short to medium term on meteorological circumstances that could have an adverse impact on results. A regional concentration of parks, either in Germany, France, Italy or the United Kingdom, 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. In addition, the Company once again increased its geographical diversification during the reporting period and is thus less exposed to weather conditions in individual regions.

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 financial investments or projects such as solar parks and wind parks 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 requirement of collateral 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 companies other than the respective borrowers and generally opt exclusively for non-recourse financing. As a rule, the bank's collateral is therefore limited to the assets of the operating companies for the individual projects.

Tax risk
Due to the various entities subject to taxes within Germany, the United Kingdom, France and Italy (tax groups and taxation at the individual-company level) as well as various legal forms within the Capital Stage Group, the tax structure is – at least in part – very complex. In particular, restrictions on so-called interest barriers, taxation of dividends and minimum tax rates for offsetting losses are of significant relevance according to the tax laws of each country.

The German – as well as the Italian, French and British – solar and wind park companies have only limited tax loss carry-forwards from project start-up phases. In addition, further tax loss carry-forwards are generated by German parks' use of accelerated depreciation in accordance with section 7 of the German Income Tax Act (EStG). Due to accelerated depreciation for tax purposes or degressive tax depreciation, corporate tax loss carry-forwards are generated for the foreign parks as well. Their use results in no or only limited tax liability for the first few years. After using these loss carry-forwards on an individual company level, the Group also has the option of using existing loss carry-forwards of the holding companies via profit transfer agreements with the various subsidiaries. An income tax burden should only be expected once the various and represented loss carry-forwards have been used.

For carrying out company transactions, income taxes incurred and any changes in tax law, as part of tax due diligence and an investment calculation, are analysed with the help of experts on the corresponding tax law and therefore play a role in the investment decision.

Even if the Company is of the opinion that the tax risks were sufficiently accounted for through corresponding provisions, additional tax burden can result from the process of subsequent external audits. However, the Group ensures that tax-relevant amounts are discussed in detail with tax advisers at regular intervals. If existing tax regulations are changed, or if a change is planned, the Group must analyse the effects of this change as soon as possible and, if needed, make the appropriate preparations.

Currency risk
Investments in solar parks and wind parks have been made solely in euros to date. The acquisition of a solar park portfolio in the United Kingdom in February 2015 and possible future acquisitions in foreign currencies entail a currency risk. Movements in the exchange rate between foreign currencies and the euro may result in exchange rate gains or losses. Unfavourable long-term development of the exchange rate could be to the detriment of the Company's assets and financial position and results, despite engaging in currency hedging transactions. In line with its comprehensive risk management strategy, the Company monitors whether currency hedges are appropriate on an ongoing basis.

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 the associated risk before arriving at the corresponding investment decisions.

Risks from existing covenant agreements
The mezzanine capital contract concluded in November 2014 with Gothaer Versicherungen contains standard agreements (covenants) regarding meeting defined financial KPIs. There is a fundamental risk that these covenants are not met, which would, in principle, authorise the immediate repayment of the drawn mezzanine capital. This would lead to significant strain on the earnings, net assets and financial position of Capital Stage.

Additionally, the contract on the debenture bonds issued in December 2015 contains contractual riders which obligate Capital Stage to meet defined financial KPIs. Here, the fundamental risk exists that the covenants are not complied with by the Company, resulting in principle in the loan issuer rightfully making the loans due for repayment with immediate effect. This would lead to significant strain on the earnings, net assets and financial position of Capital Stage.

During the reporting period, all covenants were completely met in accordance with the contractual regulations. Capital Stage assumes that, even in the case of worsening economic conditions, the covenants will be met in the subsequent year as well. As part of Group-wide risk management, maintaining compliance with the covenants is monitored and controlled on an ongoing basis.

Risks in risk class 3:

Meteorological risk (wind)
Generally speaking, generation capacity in the wind energy sector is subject to greater fluctuations than the solar power sector. Fluctuations in the wind energy sector may be up to 20% per year. Capital Stage addresses this risk by taking the greater volatility of wind parks into account by applying a safety margin in its return calculations and establishing worst-case scenarios. Nevertheless, such fluctuations cannot be completely ruled out, so there is a risk that individual wind parks may (even continually) perform below target. The total overall risk remains acceptable, however, because the portfolio is diversified by geography and wind parks account for a much smaller proportion of the Capital Stage Group's revenues.

Dependence on qualified personnel
As of 31 December 2015, the Group had two Management Board members and 46 other employees. It cannot be ruled out that the departure of key employees could have a negative impact on the Company's performance. It is also not certain that the Group will succeed in the future in attracting highly qualified personnel, and this state of affairs could have negative consequences for the Group's performance and therefore its assets, financial position and results.

To address these risks, Capital Stage makes use of all-round talent management and aims to maintain and develop a motivational and family-friendly working environment. Annual performance reviews are conducted with every employee to discuss both past and future performance as well as expectations. Jointly defined targets are used to set monetary and/or non-monetary incentives and individual career development activities are agreed. Capital Stage thereby makes an active contribution to the qualifications and motivation of its employees and promotes their long-term commitment to the Company.

Risks in risk class 4:

Interest rate risk
The solar parks and wind parks are financed by debt at fixed and variable rates of interest and with terms ranging from 10 to 17 years. Our calculations allow for sharp rises in interest rates when fixed interest rate periods come to an end. 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 distributions payable by the individual projects to Capital Stage AG.

In the case of variable-interest loans, the Group considers the use of interest rate hedging instruments to permit reliable long-term calculations and planning. Interest rate swaps are the only instruments used and they are used only for hedging. The Company represents corresponding interest rate hedges through a cash flow hedge. A majority of the existing interest rate hedges meet the conditions for hedge accounting pursuant to IAS 39. Changes in the effective portion of the market va-

lues are therefore recognised in equity without effect on profit or loss.

In 2014, Capital Stage entered into a long-term strategic partnership with Gothaer Versicherungen, by which Gothaer Versicherungen provided Capital Stage with mezzanine capital of EUR 150 million. The mezzanine capital of EUR 150 million agreed with Gothaer Versicherungen in November 2014 pays fixed interest over the entire term and is supplemented by a performance-related component.

Moreover, in December 2015, Capital Stage issued debenture bonds for the first time totalling EUR 23 million with an average yield of 2.32%. The debenture bond issue comprises two tranches; one tranche has a term of seven years and the other a term of ten years. The interest rates of both tranches are fixed.

Economic and sectoral risk
The state of the German, European and global economies is determined by many factors whose development cannot be forecast precisely. The sub-market for renewable energies on which the Group focuses is a growth sector worldwide. Due to the guaranteed feed-in tariffs (FIT) or long-term private power purchase agreements, the operation of solar parks and wind parks is not exposed to economic volatility. On the contrary: weak economic development can lead to an increase in the number of solar parks and wind parks on offer, since companies or private investors could need liquidity for economic reasons and therefore might look to dispose of assets. Moreover, weakening economic conditions are typically accompanied by low interest rates, which offers Capital Stage – both at a Group as well as at an individual project level – favourable (re)financing conditions.

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 and attending congresses, trade fairs and specialist conferences, as well as membership in trade associations. In addition, the Company stays in close and regular contact with business partners, experts and industry representatives from its network.

Other class 4 risks include general ones such as contractual risks and operational risks 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.

Overall risk
The risk section of the management report presents a comprehensive view of the main risks affecting Capital Stage AG and the Capital Stage Group as of the reporting date 31 December 2015. In the reporting period, these risks were continuously analysed, identified and actively managed as part of the Group's risk management. The Management Board of Capital Stage AG is not currently aware of any risks that would jeopardise the continued existence of the Company or the Group.

Forecast

The following statements include forecasts and assumptions that are not certain to materialise. If one or more of these forecasts or assumptions do not materialise, actual results and developments may differ significantly from the statements.

Macroeconomic developments
The global economic outlook once again became cloudy at the beginning of 2016. The reason for this is, in particular, that emerging and developing economies – the motor of the global economy up to this point – are slowing down. What is more, China is battling a considerable slowdown of its economic growth, and Brazil's emerging economy is going through a crisis which will most likely lead to a shrinking of the economic output in 2016. The economic recovery is making only limited progress in Europe as well. The German economy is particularly concerned about the growth in China, which is an important importer of goods produced in Germany and therefore a significant market. Moreover, geopolitical conflicts around the world – and in the Middle East in particular – are slowing the economic development of individual regions, and the refugee crisis remains a challenge for Europe. Risks for global economic developments are therefore still high.

The International Monetary Fund (IMF) revised its growth forecast for the world economy down again in January 2016. For 2016, the IMF is now predicting growth of 3.4%, compared with a rate of 3.1% in 2015.

While the economic upturn in the United States has at least gained more solid ground, and growth of the US economy is expected to be around the previous year at a forecast 2.6 per cent, the eurozone clearly lags behind the dynamic US economy with projected economic growth of 1.7% (2015: 1.5%).

As regards the German economy, the IMF also predicts only a slight increase from 1.5% in 2015 to 1.7% in 2016. Particularly the German export economy should continue to look with concern upon the Chinese economic slowdown, which the IMF expects to continue in 2016. In light of the weak global economic development, a reining in of the monetary policy in Europe or the United States is not expected. Neither the Fed nor the ECB are therefore expected to change their historically low interest rates.

Renewable energies: a megatrend
The expansion of renewable energies and the rejection of fossil fuels and nuclear power as sources of safe, sustainable and climate-friendly energy remain a global megatrend.

A safe and above all climate-friendly energy policy is now an established element of the global political agenda. In December 2015, the 31st United Nations Climate Change Conference took place in Paris. Each of the 196 participating nations agreed on the goal of reducing global warming to well under 2°C – if possible, down to 1.5°C. In order to be able to achieve the 1.5° goal, greenhouse gas emissions have to be reduced to zero worldwide between 2045 and 2060. This will not be possible without the continued transitioning of energy production to renewable sources. The political framework and measures for the development and subsidisation of renewable energies are already in place in more than 120 countries today. In this process, Germany will play a leading role in the energy revolution which began – if not even earlier – after the nuclear disaster in Fukushima in March 2011. But countries with emerging and developing economies have also recognised the necessity of and the opportunities that come with using energy from renewable sources. China alone plans to expand its capacities from wind, solar and biomass to around 200 GW by the year 2020. The African Renewable Energy Initiative (AREI) also set concrete expansion goals for Africa as regards renewable energy sources. These should increase the installed capacity by 300 GW between 2020 and 2030.

In addition, technological progress, experience and economies of scale have contributed to further improvements in the economic efficiency of renewable energy. Constant reductions in costs over recent years have meant that some technologies – especially in solar and wind power – have already achieved grid parity, or are nearly there.

This backdrop creates a favourable long-term economic and sociopolitical environment for the Capital Stage business model, which offers the Company further growth potential. Capital Stage has established itself on the secondary market for solar parks and wind parks and is a sought-after partner, thanks especially to its expertise, reliability and ability to close deals and complete acquisition processes swiftly. The Company also benefits, for example, from being offered off-market and exclusive projects.

Capital Stage on a growth track
The business environment for Capital Stage AG, as an investor in and operator of solar parks and wind parks, is therefore right on track and offers ideal conditions for future growth. As an investor in existing solar parks and (onshore) wind parks, the Company is also not directly dependent on growth in the renewable energy sector in the four core regions of Germany, France, the United Kingdom and Italy. The existing portfolio in these countries already offers the Company enough room for growth. According to the industry association Solar Power Europe, the four core regions of Capital Stage AG contained ground-mounted photovoltaic installations with a total production capacity of some 18.3 GW as of December 2014, of which the Company holds a share of below two per cent.

With the diversification of technologies and countries, Capital Stage also provides for a further reduction of risk from operating business and the dependence on sunshine and wind in individual countries and/or regions. The strategic focus on already-existing or turnkey solar parks and wind parks which feature fixed and long-term feed-in tariffs in stable and reliable regions, as well as long-term non-recourse financing at a project level, and which also offer attractive yields and calculable cash flows, rounds off the conservative, risk-minimising business model of the Company.

Capital Stage continues to have a flourishing project pipeline, for which to some extent exclusivity has already been agreed, in the various core regions. Moreover, the Company continuously monitors attractive opportunities in other regions that meet the requirements of the Company's investment criteria. Generally speaking, these include the markets in western Europe (Scandinavia, Benelux) and in North America (United States, Canada).

General statement of expected development

In view of the continued very favourable economic environment and the growth-oriented business strategy of the Capital Stage Group, the Management Board expects sales revenues and earnings to pick up again in the 2016 financial year.

Based on the existing portfolio of over 570 MW as of 16 March 2016, the Management Board expects sales revenues to climb to over EUR 130 million. Operating EBITDA will probably increase to over EUR 100 million. Including depreciation and amortisation the Group expects operating EBIT to increase to over EUR 60 million, while operating cash flow is expected to come in at over EUR 93 million. The technical availability of the installations should again reach 98% in the financial year 2016.

This outlook is based on the following assumptions:

- no material retroactive regulatory intervention
- no significant deviation from the long-term weather forecast

The cost of materials and personnel expenses dropped sharply in 2015 against the background of the sale of the Swiss investments. Adjusted for this effect, personnel expenses rose moderately, which is attributable to the growth-related increase in the headcount of Capital Stage AG and Capital Stage Solar Service GmbH. Also adjusted for the sale of the financial investments in Switzerland, the cost of materials of the Capital Stage Group picked up slightly as a result of the ongoing expansion of the solar and wind park portfolio. The Capital Stage Group expects both items to increase moderately also in future as the company continues to grow, although this increase should be lower than the growth in sales revenues. Systematic depreciation will also pick up as a result of the company's investments.

The existing liquidity and the anticipated operating cash flow for the 2016 financial year will be sufficient to cover the company's cash requirements as well as other planned short-term investments. In the event of favourable market conditions and the identification of attractive acquisition opportunities, further financing options such as the raising of debt capital at Group or company level as well as the cooperation with institutional investors and equity measures cannot be ruled out provided that they make economic sense.

For Capital Stage AG, which serves as the holding company and bears the Group's administrative expenses, the Management Board projects earnings to remain on previous year's levels with earnings before interest, taxes, depreciation and amortisation (EBITDA) of some EUR -6.3 million in the financial year 2016 and earnings before interest and taxes (EBIT) of around EUR -6.4 million. Personnel expenses will increase by approx. 2.5% to approx. EUR 4.9 million. As far as other operating expenses are concerned, the company incurred not only the planned expenses relating to the sale of the Swiss investments but also losses on sales and receivables totalling close to EUR 0.4 million in 2015. The sale of the Swiss companies marks Capital Stage's final exit from the financial investments segment, which means that no further charges will arise from this segment in future. The remaining other operating expenses will probably exceed the prior year level by roughly 2%.

Corporate governance statement pursuant to section 289a of the 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, 31 March 2016

Capital Stage AG
The Management Board

Prof Dr Klaus-Dieter Maubach
CEO

Dr Christoph Husmann

Consolidated statement of comprehensive income

Of Capital Stage AG, Hamburg, for the period from 1 January to 31 December 2015

in TEUR	Notes	2015	2014 (adjusted*)
Sales	3.16; 5.1	112,802	72,129
Other income	5.2	17,890	32,190
Cost of materials	5.3	-921	-567
Personnel expenses	5.4	-5,758	-4,244
thereof share-based renumeration		-181	-65
Other expenses	5.5	-23,565	-13,328
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**100,448**	**86,180**
Depreciation or amortization	5.6	-47,888	-34,683
Earnings before interst and taxes (EBIT)		**52,560**	**51,497**
Financial income	5.7	1,722	1,128
Financial expenses	5.7	-34,887	-23,516
Earnings before taxes on income (EBT)		**19,395**	**29,109**
Taxes on income	5.8	-52	2,000
Earnings from continuing operations		19,343	31,109
Earnings from discontinued operations		-86	-5,054
Earnings after taxes (EAT)		19,257	26,055
Items that may be reclassified to ptofit or loss			
Currency translation differences	5.9	201	-24
Cash flow hedges - effective portion of changes in fair value	5.9	910	-4.100
Income tax attributable to items that may be reclaissified to ptofit or loss	5.9	-264	1.189
Consolidated comprehensive income		**20,104**	**23,120**
Consolidated profit for the year, of which attributable to:			
Shareholders of Capital Stage AG		18,736	25,525
Non-controlling interests		521	530
Comprehensive income, of which attributable to:			
Shareholders of Capital Stage AG		19,583	22,590
Non-controlling interests		521	530
Eranings per share	3.19		
Average shares issued during reporting period (basic/diluted)		74,545.502/ 74,614.969	72,017.994/ 72,145.762
Earnings per share in EUR, basic		0.25	0.42
Earnings per share from discontinued operations, basic		0.00	-0.07
Earnings per share from continuing operations, diluted		0.25	0.42
Earnings per share from discontinued operations, diluted		0.00	-0.07

*Previous years partially adjusted in accordance with IFRS 5

Consolidated balance sheet

As of 31 December 2015 according to international financial reporting standards (IFRS)

Assets in TEUR	Notes	31.12.2015	31.12.2014
Non-current assets			
Intangible Assets	3.5; 6.1;20	176,250	145,425
Goodwill	6.2; 20	7,361	2,623
Property, plant and equipment	3.6; 6.3; 20	958,096	675,648
Financial assets	3.7; 6.4; 20	1	6
Other accounts receivable	6.5	6,925	5,970
Deferred tax assets	3.11; 5.8	24,666	13,540
Total non-current assets		**1,173.299**	**843,212**
Current assets			
Inventories	3.10; 6.6	1,232	1,926
Trade receivables	3.12; 6.7	19,205	9,341
Non-financial assets	3.12; 6.8	19,494	10,022
Other current receivables	3.12; 6.8	5,667	2,314
Liquid funds	3.13; 6.9	99,368	118,722
- cash and cash equivalents	*3.13; 6.9*	*52,358*	*88,596*
- subject to drawing restrictions	*3.13; 6.9*	*47,010*	*30,126*
In non-current asstes and disposal groups held for sale	3.14; 6.10	262	262
Total current assets		**145,228**	**142,587**
Total Assets		**1,318.527**	**985,799**

Equity and liabilities in TEUR	Notes	31.12.2015	31.12.2014
Equity			
Share capital		75,484	73,834
Capital reserve		108,651	100,802
Reserve for equity settled employee renumeration	3.17; 6.12	425	244
Other reserves		-2,194	-3,041
Distributable profit/loss		71,474	63,829
Non-controlling interests		7,794	7,811
Total equity	6.11	**261,634**	**243,479**
Non-current liabilities			
Liabilities to non-controlling interests	3.15; 6.13	0	11,996
Non-current financial liabilities	3.15; 6.13	848,251	568,373
Non-current leasing liabilities	3.18; 6.13	16,000	16,954
Provisions for restoration obligations	3.15; 6.13	10,155	5,566
Other non-current liabilities	3.15; 6.13	12,627	12,629
Deferred tax liabilities	3.11; 5.8	78,128	60,786
Total non-current liabilities		**965,161**	**676,304**
Current liabilities			
Liabilities to non-controlling interests	3.15; 6.13	11,780	0
Tax provisions	3.15; 6.13	3,145	950
Current financial liabilities	3.15; 6.13	55,554	41,400
Current leasing liabilities	3.18; 6.13	953	920
Trade payables	3.15; 6.13	11,180	13,284
Other current debt	3.15; 6.13	9,120	9,462
Total current liabilities		**91,732**	**66,016**
Total equity and liabilities		**1,318.527**	**985,799**

Consolidated cash flow statement

Of Capital Stage AG, Hamburg, for the period from 1 January to 31 December 2015

in TEUR	Notes	2015	2014 (adjusted*)
Net profit/loss for the period		19,257	26,055
Depreciation and amortization of fixed assets	5.6	47,912	38,923
Other non-cash expenses		579	327
Other non-cash income		-16,411	-29,555
Financial inomce	5.7	-1,722	-1,128
Financial expenses	5.7	35,333	23,640
Taex on income (recognized in income statement)	5.8	24	-2,200
Taxes on income (cash effecvt)		-6,746	-1,567
Result from deconsolidation	4.3	-589	
Increase/decrease in other assets not attributable to investment or financing activities		-2,516	1,373
Increase/decrease in othwer liabilities not attributable to investment or financing activities		-620	38
Cash flow from operating activities		74,501	**55,906**
Payments for the acquisition of consolidated companies less acquired cash*	4.2	-60,920	-58,279
Payments from the sale of consolidated companies	4.3	-293	0
Payments for invetsments in property, plant and equipment		-24,605	-35,686
Proceeds from disposals of tangible fixed assets		25	11
Payments for investments in intangible assets		-92	-54
Payments for investments in financial assets		-10	0
Proceeds form the sale of financial assets		16	0
Cash flow from investment activities		**-85,879**	**-94,008**
Loan proceeds		173,617	140,039
Loan repayments		-154,748	-38,327
Interest received		302	247
Interets paid		-27,505	-23,448
Proceeds from capital increases		688	17,896
Payment for issue cost		-69	-806
Change in limited restricted cash*		-10,839	-2,772
Dividends paid		-4,708	-4,197
Cash flow from financing activities		**-23,262**	**88,632**
Net change in cash and cash equivalents		-34,640	50,530
Changes in cash due to exchange rate changes		-1,289	6
Change in the financial funds		**-35,929**	**50,536**
As of 1 Januaray 2015 (1 January 2014)	6.9	87,558	37,022
As of 31 December 2015 (31 December 2014)	6.9	51,629	87,558

* Figures for 2014 have been partially adjusted in accordance with IAS 8

Capital Stage AG consolidated statement of changes in equity

in TEUR	Subscribed Capital	Capital reserve	thereof currency reserves	thereof hedge reserves	Reserves equity-based employee remuneration	Distributable profit/loss	Non-controlling interests	Total
As of 1 January 2014	67,741	85,680	-106	0	179	45,548	8,359	207,401
Consolidated comprehensive income for the period			-24	-2,911		25,525	530	23,120
Dividend paid						-7,244	-1,078	-8,322
Income and expenses recorded directly in equity					65			65
Receipts from corporate actions	6,093	15,928						22,021
Issuance costs		-806						-806
As of 31 December 2014	**73,834**	**100,802**	**-130**	**-2,911**	**244**	**63,829**	**7,811**	**243,479**
As of 1 January 2015	73,834	100,802	-130	-2,911	244	63,829	7,811	243,479
Consolidated comprehensive income for the period			201	646		18,735	522	20,104
Dividend paid						-11,090	-539	-11,629
Income and expenses recorded directly in equity					181			181
Receipts from corporate actions	1,649	7,917						9,566
Issuance costs		-69						-69
Non-controlling interests							1	1
As of 31 December 2015	**75,483**	**108,650**	**71**	**-2,265**	**425**	**71,474**	**7,795**	**261,633**

1,300,000*

**Prehistoric stone circles continue to captivate people. A record number of visitors to Stonehenge totalling 1.3 million was registered in 2014. While the majority of visitors were most likely only there for purposes of cultural education, New Age druids also regularly hold their celebrations by the giant stones, which they believe were raised as centres of power and energy. Whether that is truth or legend – Stonehenge remains fascinating, beautiful and enigmatically magical.*

Notes to the consolidated financial statements of Capital Stage AG, Hamburg, according to International Financial Reporting Standards (IFRS) as of 31 December 2015

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Notes to the consolidated financial statements of Capital Stage AG, Hamburg, according to International Financial Reporting Standards (IFRS) as of 31 December 2015

1. General information

The Group's parent company Capital Stage AG was entered in the Company Register of Hamburg district court on 18 January 2002 with the register number HRB 63197. The Company's place of business is Große Elbstraße 59, 22767 Hamburg, Germany.

As defined in its Articles of Association, the business of Capital Stage AG comprises the independent operation of power generation facilities from renewable energy sources in Germany and abroad, by the Company itself or by its subsidiaries.

Furthermore, the business of Capital Stage AG includes the provision of commercial, technical or other services not subject to regulation or authorisation in connection with the acquisition, installation and operation of power generation facilities from renewable energy sources in Germany and abroad by the Company itself or by its subsidiaries, and the acquisition, holding, management and sale of equity investments in companies.

The Company is entitled to take any action and engage in any transactions that serve the Company purpose. It may establish subsidiaries both in Germany and abroad, found other companies and acquire or invest in existing ones, as well as conclude inter-company agreements. It may purchase, use and transfer patents, trademarks, licences, distribution rights and other objects and rights. The purpose of subsidiaries and other financial investments may differ from the Company purpose of Capital Stage AG as long as it is appropriate for the Company's business objectives.

Capital Stage AG and its affiliates are subject to the consolidated financial statements. For a list of the consolidated entities, the reader is referred to the full ownership list in note 17.

The consolidated financial statements of Capital Stage AG were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), including the interpretations of IFRS by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable complementary statutory regulations pursuant to section 315a, paragraph 1 of the German Commercial Code (Handelsgesetzbuch – HGB).

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 prepared according to the nature-of-expense method. The figures in the notes are given in euros (EUR), thousands of euros (TEUR) or millions of euros. Rounding differences may occur in the percentages and figures of this report.

As a rule, the consolidated financial statements are prepared using the acquisition cost principle. Excluded from this are certain financial instruments that are measured at their fair value.

The business activities of the Group are subject to seasonal influences, leading to fluctuations in revenue and results throughout the course of the year. Due to seasonal influences, revenue from the PV Parks segment is usually higher in the second and third quarters of a financial year than in the first and fourth quarters, whereas revenue and results from the Wind Parks segment tend to be higher in the first and fourth quarters of a financial year than in the second and third quarters.

2. Application of new and revised accounting standards in accordance with IFRS and corrections in accordance with IAS 8

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).

The provisions of section 315a of the German Commercial Code (Handelsgesetzbuch – HGB) were also applied.

In the 2015 financial year, the Group applied the following new and/or revised IFRS standards and interpretations:

Application obligatory as of 31 December 2015			
New and amended standards and interpretations		Application obligatory in financial years beginning on or after the date mentioned	Status of EU endorsement (as of: 31 December 2015)
IFRIC 21	New interpretation – Levies	17.06.2014 (EU)	Adopted
AIP	Annual improvement programme for IFRS, 2011–2013 cycle	01.01.2015 (EU)	Adopted

Standards, interpretations and amendments to standards and interpretations applicable for the first time in the reporting period which affect reported amounts and disclosures in the reporting period

The revisions have no or no material effect on accounting or on the annual report for Capital Stage AG.

New and amended IFRS and interpretations which are not yet obligatory and which the Group has not applied before the effective date

The IASB and IFRIC also published the following new or amended standards and interpretations which will either not be applicable until a later date or which have not yet been endorsed by the European Commission. Capital Stage AG will not apply these standards earlier than required.

New and amended standards and interpretations		Application obligatory in financial years beginning on or after the date mentioned	Status of EU endorsement (as of: 31 December 2015)
IFRS 9	New standard – Financial Instruments (2014)	01.01.2018	Not yet adopted
IFRS 14	New standard – Regulatory Deferral Accounts	01.01.2016	Not yet adopted
IFRS 15	New standard – Revenue from Contracts with Customers	01.01.2015	Not yet adopted
IFRS 16	New standard – Leases	01.01.2019	Not yet adopted
IFRS 11	Amendment – Accounting of Acquisitions of Interests in Joint Operations	01.01.2016	Adopted
IFRS 10, IAS 28	Amendment – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Indefinitely postponed by IASB	Not yet adopted
IFRS 10, IFRS 12, IAS 28	Amendment – Investment Entities: Applying the Consolidation Exception	01.01.2016	Not yet adopted
IAS 1	Amendment – Disclosure Initiative	01.01.2016	Adopted
IAS 7	Amendment – Cash Flow Statement	01.01.2017	Not yet adopted
IAS 12	Amendment – Income Taxes	01.01.2017	Not yet adopted
IAS 16, IAS 38	Amendment – Clarification of Acceptable Methods of Depreciation	01.01.2016	Adopted
IAS 16, IAS 41	Amendment – Agriculture: Bearer Plants	01.01.2016	Adopted
IAS 19	Amendment – Defined Benefit Plans: Employee Contributions	01.02.2015 (EU)	Adopted
IAS 27	Amendment – Equity Method in Separate Financial Statements	01.01.2016	Adopted
AIP	JAnnual Improvement Programme for IFRS: 2010–2012 cycle	01.02.2015	Adopted
AIP	Annual Improvement Programme for IFRS: 2012–2014 cycle	01.01.2016	Adopted

IFRS 9 – Financial Instruments (2014)

IFRS 9 is a new standard whose final version, which replaces all previous versions, was published on 24 July 2014. The standard contains provisions for recognition and valuation, derecognition and hedge accounting of financial instruments and is expected to have an effect on reporting for the Group's financial assets. The standard is binding from 1 January 2018. Early application is possible, subject to endorsement by the EU. The Group is currently reviewing what the exact effects of IFRS 9 will be.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 is a new standard that was published on 28 May 2014 and is applicable to reporting periods beginning on or after 1 January 2018. IFRS 15 defines when and how an IFRS reporter has to recognise revenue. Reporting entities are also required to provide users of financial statements with more informative, relevant disclosures than before. The standard provides a single, principles-based five-step model to be applied to all contracts with customers. Apart from the additional disclosures in the notes, the standard is not expected to have any effect on the Group's earnings, net assets and financial position.

IFRS 16 – Leases

IFRS 16 was published in January 2016, and its application is not obligatory until financial years that begin on or after 1 January 2019. The new standard regulates the recognition, valuation, presentation and the reporting requirements regarding leases in financial statements of companies that report in accordance with IFRS. For the lessee, the standard stipulates a single accounting model. Under this model, all of the lessee's assets and liabilities from lease agreements are to be recognised in the balance sheet, unless the term is 12 months or less or it involves a low-value asset (choice of either). For accounting purposes, the lessor differentiates between finance and operating lease agreements. Here, the accounting model from IFRS 16 does not differ significantly from IAS 17 ("Leases"). The figures in the notes are more comprehensive in order to allow the addressee to evaluate the amount, time frame and uncertainties in connection with a lease agreement. The Group is currently reviewing what the exact effects of IFRS 16 will be.

Amendments to IAS 1: Disclosure Initiative

The amendments aim to remove perceived obstacles to the exercise of discretion by reporters when presenting financial statements. They come into effect for reporting periods beginning on or after 1 January 2016; early application is permitted. Slight changes in the presentation of the financial statements are expected.

Capital Stage AG does not currently assume that application of the other new accounting standards, to the extent that they are adopted by the EU in this form, will have a significant effect on the consolidated financial statements.

Corrections in accordance with IAS 8

In the process of auditing the consolidated financial statements of Capital Stage AG, Hamburg, for the 2012 financial year, the German Financial Reporting Enforcement Panel (FREP) determined that the previous subordination of the useful life of electricity feed-in contracts (intangible assets) is not appropriate, and that the maximum useful life is determined by the length of the legally regulated term of the subsidy for the corresponding wind or solar park, which is typically 20 years. Because the cumulative corrections in the depreciation for the 2010 to 2014 financial years have, in total, an insignificant effect with respect to IAS 8, the corrections will be recognised on a current account basis in the reporting year.

The following table gives an overview of the effects of the corrections:

Item	Cumulative corrections up to and including 2014 TEUR	2015 corrections TEUR	Total effect TEUR
Assets			
Intangible assets	-2,901	-4,059	-6,960
Liabilities			
Liabilities to non-controlling interests	-109	-96	-205
Deferred tax liabilities	-747	-968	-1,715
Income statement			
Depreciation and amortisation	-2,901	-4,066	-6,967
Financial result	109	96	205
Taxes on income	747	970	1,717
Group earnings after taxes	-2,045	-3,000	-5,045
of which shares of non-controlling interests	-193	-137	-330

3. Significant accounting policies and consolidation principles

3.1 Consolidation principles

The consolidated financial statements include Capital Stage AG and all significant subsidiaries controlled by Capital Stage AG both in Germany and abroad. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In general, this involves control from the existence of a direct or indirect majority of voting rights. The results of subsidiaries acquired or disposed of over the course of the year are included in the Group income statement from the acquisition date or until the date of disposal. Intra-Group transactions are conducted on arm's-length terms.

The effects of intra-Group transactions are eliminated. Loans and other receivables and liabilities among the consolidated companies are offset against each other. Interim profit and loss are eliminated and intra-Group income is offset by the corresponding expenses.

In conformity with IAS 28.1, due to their designation as well as the portfolio management within the Group, shares in associates are not measured according to the equity method but rather at fair value through profit or loss in accordance with IAS 39. Resulting adjustments to fair value are recognised through profit or loss in the financial result.

Financial investments are also measured at fair value in line with IAS 39. The resulting changes are recognised through profit or loss in the financial result.

The financial year for all companies included in the consolidated financial statements ended on 31 December 2015.

3.2 Business combinations

Der Erwerb von Geschäftsbetrieben wird nach der The acquisition of a business is accounted for 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 liabilities assumed 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 expenses associated with the business combination must be immediately recognised in the statement of comprehensive income.

The identifiable assets acquired and debt assumed are carried at fair value, with the following exceptions:

- Deferred tax assets and liabilities as well as assets or liabilities in connection with employee benefit agreements must be recognised and measured pursuant to IAS 12 (Income Taxes) and IAS 19 (Employee Benefits).
- Debt 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 pursuant to IFRS 2 (Share-based Payment).
- 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 as income (under other operating income).

Non-controlling interests that 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 measurement option can be chosen again with each business combination. Other components of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

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

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value on 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 resulting 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.

When accounting for business combinations, it may occur – due to technical aspects – that the technical date of initial consolidation slightly differs from the actual closing date.

3.3 Foreign currency translation

The consolidated financial statements are prepared in euros. The euro represents the functional and reporting currency of Capital Stage AG. The annual financial statements of included subsidiaries prepared in a foreign currency are converted to euros using the functional currency concept pursuant to IAS 21. The functional currency of foreign companies is determined by the primary economic environment in which they operate. Asset and liability items are converted using the exchange rate on the reporting date, while equity – with the exception of income and expenses directly recognised under equity – is converted at historical exchange rates. Until the disposal of the subsidiary, the resulting currency translation differences are displayed as a special item under equity and do not impact the result. The income statement items are converted to euros using weighted average exchange rates.

The following exchange rates form the basis for currency translation:

1 Euro =	Exchange rate		Average exchange rate	
	31.12.2015	31.12.2014	2015	2014
British pound (GBP)	0.7340	0.7789	0.7320	0.8064
Swiss franc (CHF)	1.0835	1.2024	1.0694	1.2026

3.4 Critical accounting decisions and key sources of estimation uncertainties

In some cases during the preparation of the consolidated financial statements, estimates and assumptions are made which affect the use of accounting methods and the amount of the presented assets, liabilities, income and expenses. The actual amounts may differ from these estimates. The estimates, and the assumptions upon which they are based, are continuously evaluated. Adjustments to estimates are recognised prospectively.

Below, the most important forward-looking assumptions as well as the other principal sources of estimation uncertainties as of the end of the reporting period are discussed which could give rise to a substantial risk within the coming financial year that a significant adjustment of the reported assets and liabilities will be required.

Economic life of property, plant and equipment and intangible assets

When measuring property, plant and equipment and intangible assets, the expected useful life of the assets must be estimated; in doing so, we take into account contractual agreements, knowledge of the industry and management estimates. Further disclosures can be found in note 3.5 (intangible assets) and note 3.6 (property, plant and equipment).

Business combinations

As part of business combinations, all identifiable assets and liabilities are recognised at fair value during their initial consolidation. The recognised fair values are subject to estimation uncertainties. If intangible assets are identified, the fair values are determined using generally acknowledged valuation methods. The valuations form the basis for the Company's planning, which also takes into account contractual agreements and management estimates. The discount rate (WACC) applied in connection with the valuation of intangible assets was between 3.08 and 5.36 per cent (previous year: 3.32 to 4.53 per cent). This range is chiefly due to the different interest rates in the individual markets and for different energy sources (wind, solar, etc.).

The acquisition of solar and wind parks already connected to the grid is treated like a business combination because, in the opinion of the Group, the requirements of an existing business operation exist.

Control over the entities Windkraft Sohland GmbH & Co. KG, BOREAS Windfeld Greußen GmbH & Co. KG, Windkraft Olbersleben II GmbH & Co. KG and Windkraft Kirchheilingen IV GmbH & Co. KG

The wind parks mentioned above are structured as general partnerships (GmbH & Co. KG). The general partner, and therefore personally liable partner, in each case is BOREAS Management GmbH, Reichenbach. The general partner has no share of the partnership assets, does not participate in profits or losses and has made no contribution. Limited partners are Capital Stage Wind IPP GmbH, Hamburg (with an interest of more than 50 per cent), and BOREAS Energie GmbH, Dresden (with an interest of less than 50 per cent). Capital Stage holds no interest in the general partner.

IFRS 10 states that control is always assumed when the parent company is exposed to the risk of variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee and thus is influenced by these factors when engaging in the relevant activities. For a wind park, the relevant operating and financing activities are planning and managing liquidity and making decisions on maintenance contracts and necessary repairs.

The partnership is managed by the general partner. Despite this, the partnership agreement states that the relevant decisions described above are made at the partnership meeting by simple majority. Capital Stage holds a direct or indirect majority of voting rights in all the wind parks mentioned above (with an interest of more than 50 per cent in each case) and can therefore exercise a significant influence over its operating and financial activities.

Capital Stage is therefore not restricted to the supervisory role typical for a limited partner, but actively makes all relevant decisions. If a decision does not require a vote at the partnership meeting, the general partner prepares proposals which are approved, amended or rejected by Capital Stage.

Capital Stage therefore exercises control over the partnership, because it has the power to direct its financial and operating activities and by means of its interest of more than 50 per cent can generate an inflow of economic benefits from these activities.

The wind parks mentioned above are therefore included in full in the consolidated financial statements.

3.5 Intangible assets

With the exception of the goodwill, all the intangible assets have limited useful lives and are valued at their acquisition costs 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, the assets are impaired. If the reasons for unscheduled depreciation recognised in the past cease to apply, the impairments are reversed.

Depreciation of electricity feed-in contracts is carried out for, at most, the legally regulated term of the subsidy for the corresponding wind or solar park, which is generally 20 years. Project rights are amortised over 18 to 30 years, in line with the useful lives of the photovoltaic and wind power installations and the existing land leases, 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 acquisition cost less any necessary impairments and is shown separately in the consolidated balance sheet.

For impairment test purposes, the goodwill must be allocated to 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. However, if there are indications that a unit has lost value, it will be tested more frequently. If the recoverable amount which a cash-generating unit can earn is lower than its carrying amount, the corresponding impairment loss 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 disposing of 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 amortised cost less cumulative depreciation. Profit or loss from the disposal of assets is recognised as either other income or other 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. The useful lives recognised for property, plant and equipment range from 3 to 30 years. The range for photovoltaic and wind power installations is 18 to 30 years, and 3 to 15 years for other office and business equipment.

3.7 Primary 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 directly attributable to the acquisition are to be included for all financial assets and financial liabilities not subsequently measured at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities subsequently measured at fair value through profit or loss are recognised immediately in profit or loss.

3.7.1 Financial assets

Financial assets are classified in the following categories:

- Financial assets measured at fair value through profit or loss (FVTPL)
- Financial investments held to maturity (HTM)
- Available-for-sale financial assets (AFS)
- Loans and receivables (L&R)

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.

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 opportunities of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and opportunities 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 or 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.

Financial assets measured at fair value through profit or loss

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

- 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.

- 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 at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a valuation or recognition inconsistency that would otherwise arise.

- 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.

- 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 at FVTPL.

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 loans, trade receivables, other receivables, bank balances and cash in hand) are valued at amortised acquisition cost on the basis of the effective interest method, unless they are held for trading. If there is any doubt as to the recoverability of loans and receivables, they are carried at acquisition cost less any appropriate impairments. An impairment of trade receivables is recognised if objective factors indicate that the outstanding receivables cannot be recovered in full. The impairments are recognised directly through profit or loss. Cash in hand is carried at its nominal value.

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 asset 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.

Objective indications that financial assets are impaired include in particular:

- Substantial financial difficulties on the part of the issuer or counterparty
- Breach of contract, such as default or delayed interest or principal payments
- Increased probability that the borrower will become insolvent or enter restructuring proceedings

For financial assets measured at acquisition cost, the impairment loss is equal to the difference between the carrying amount of the asset and the present value of the estimated future cash flows, discounted at the original effective interest rate of the financial asset.

For financial assets measured at acquisition cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease is objectively related 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 acquisition cost would have been had the impairment

3.7.2 Financial liabilities and equity instruments

Debt and equity instruments issued by a Group entity are classified in accordance with the substance of the contractual arrangements and their definitions as financial liabilities or equity instruments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its debt. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs. Issue costs are those costs that would not have arisen if the equity instrument had not been issued.

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, issuance or retirement of the Company's own equity instruments.

Financial liabilities

Financial liabilities are categorised either as financial liabilities measured at fair value through profit or loss (FVTPL) or as other financial liabilities (AC).

Initial recognition of financial liabilities is carried out at fair value. For financial liabilities which are subsequently not recognised at fair value, the direct transaction costs of the acquisition are also recognised.

Other financial liabilities

Other financial liabilities (including financial debt as well as trade and other liabilities) are subsequently measured at amortised acquisition cost using the effective interest method.

The effective interest method is a method of calculating the amortised acquisition cost of a financial liability and of allocating interest expenses to the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including any 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.

Derecognition of financial liabilities

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

3.7.3 Measuring the fair value

A series of accounting and valuation methods and Group figures require the measurement of the fair value of financial and non-financial assets and liabilities.

To the greatest extent possible for the measurement of the fair value of an asset or a liability, the Group makes use of information observable on the market. Depending on the availability of observable parameters and the significance of these para-

meters for measuring fair value as a whole, the fair value measurement is assigned to level 1, 2 or 3. This fair value hierarchy is defined as follows:

- Input parameters for level 1 are quoted prices (unadjusted) on active markets for identical assets or liabilities that the Company can access on the measurement date.
- Input parameters for level 2 are listed prices other than those used for level 1, which can either be observed for the asset or liability directly or indirectly, or which can be derived indirectly from other prices.
- Input parameters for level 3 are unobservable inputs for the asset or liability.

Assets and liabilities consistently measured at fair value are reclassified from one level to another if necessary – for example, if an asset is no longer traded on an active market or is traded for the first time.

3.8 Derivative financial instruments

The Group uses derivative financial instruments to manage its interest rate and currency risks. Derivative financial instruments are measured at fair value both upon their initial recognition as well as during subsequent recognition. If derivative financial instruments are not a component of an effective hedging relationship (hedge accounting), they must be categorised pursuant to IAS 39 as held for trading.

As far as possible, the Group designates derivatives as hedging instruments in a hedging relationship when they are traded or acquired. Since the main terms of the hedged loans (interest period, interest rate, interest calculation method, repayment of nominal amounts) typically match the interest rate swaps exactly, the Group assumes that an effective hedging relationship can be proven prospectively. In the case of forward-starting swaps, management assumes that the underlying financing arrangements can be continued at a variable rate of interest when the fixed-interest period comes to an end.

At the beginning of the hedge, both the hedging relationship and the Group's risk management objectives and strategies with regard to the hedge are formally defined and documented. The documentation includes the definition of the hedging instruments, the hedged items and the type of hedged risk (interest rate risk for the base interest rate concerned). In addition, the documentation includes a description of how the Group intends to monitor the effectiveness of the hedging relationship at inception and in subsequent periods, and of whether the hedges were effective over the entire period of the hedging relationship. A hedging relationship is considered to be effective as long as its effectiveness can be shown retrospectively to be within a range of 80 to 125 per cent.

The effective part of the change in the fair value of derivative financial instruments which were classified as cash flow hedges is recognised, adjusted for deferred taxes, in equity without effect on profit or loss. The ineffective part is recognised directly through profit or loss.

Changes in the market value of derivative financial instruments which are not part of a hedging relationship are recognised directly through profit or loss within the financial result.

3.9 Collateral

The financial liabilities of the solar parks and wind parks are primarily 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 collateral for their financial liabilities and, where applicable, contingent liabilities. As is customary with this kind of financing, the property, plant and equipment as well as all rights and future receivables have been assigned to the banks. The current value of the collateral furnished therefore corresponds to the carrying amount of the assets or the reserves (see subsection 6.9), or it involves immaterial assets (e.g. a right of subrogation in regard to the feed-in contracts). The principal collateral provided is as follows:

- Enforceable land charges (property, plant and equipment)
- Pledging of capital servicing and project reserve accounts (restricted cash and cash equivalents)
- 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)

3.10 Inventories

The inventories mainly comprise replacement parts for the energy generation installations and merchandise. They are carried at the lower value between acquisition or construction cost and net realisable value. The net realisable value is determined by the expected sale proceeds less the estimated costs until completion and the estimated necessary operating costs.

3.11 Income taxes

Income tax expenses represent the sum of current tax expenses and deferred taxes.

Current and deferred taxes are recognised in the Group income statement, unless they are connected to items which are recognised in either other comprehensive income or directly in equity. In this case, the current and deferred taxes are also recognised in other comprehensive income or directly in equity.

Current taxes

The actual tax rebates and tax liabilities are valued at the amount which is expected to be paid by or to the tax authorities as part of the rebate or liability. The tax rates and legislation valid on the reporting date are applied.

Deferred taxes

Deferred taxes must be determined in relation to temporary differences between the IFRS carrying amount of an asset or liability and its tax base. In general, deferred tax liabilities are recognised for all taxable temporary differences; deferred tax assets are recognised to the extent that it is probable that taxable profits are available for which deductible temporary differences can be used. Deferred tax assets from tax loss carry-forwards that have not yet been used are capitalised to the extent that is probable within the planning period of five years that they will be able to be offset against available taxable income in the future. Additionally, further stipulations of IAS 12 are to be observed in the case of a debt carry-forward in deferred taxes, as well as if the existing tax loss carry-forwards cannot be used within the planning period of five years.

Deferred tax assets and liabilities are offset against each other if the Group has a legally enforceable right to offset the actual tax rebates against the actual tax liabilities and these are related to income taxes due to the same tax authorities for the same taxable entity.

Deferred tax liabilities and tax rebates are determined using the average expected Group tax rate which is expected to be valid at the time the liability is settled or the asset is realised.

The tax offsetting and reconciliation as well as additional information can be found in note 5.8 (taxes on income).

3.12 Trade receivables and other assets

Trade receivables are initially carried at their fair value, which generally corresponds to the nominal amount. They are subsequently valued at their amortised acquisition cost. Impairments are recognised on the basis of past experience through the classification of receivables and other assets according to their age and other objective information relating to their value.

3.13 (Restricted) cash and cash equivalents

The cash and cash equivalents comprise cash in hand, bank balances and time deposits which have a high degree of liquidity and a total term of up to three months. These sums are not subject to interest rate risk and are carried at their nominal values. This does not apply to capital servicing and project reserves, which serve as collateral for the solar and wind parks' lending banks and can only be used in agreement with the lending banks. These are classified as restricted cash but do not form part of cash and cash equivalents pursuant to IAS 7.

3.14 Assets held for sale and associated liabilities

Individual non-current assets or groups of assets and any associated liabilities (disposal groups) are presented in this category if they can be sold in their current condition and their disposal is highly probable. A disposal group requires that the assets and liabilities are intended to be sold in a single transaction or as part of an overall plan.

A discontinued operation is a component of an entity which is either intended for sale or has already been sold and which can be clearly separated from the entity's other activities, both from an operating perspective and for the purposes of financial reporting. A discontinued operation must also represent a separate major line of business or a geographical area of operations for the Group.

No further depreciation and amortisation is recognised for non-current assets held for sale, either singly or as part of a disposal group or as discontinued operations. They are held at the lower of their carrying amount and fair value less costs of disposal. If fair value less is lower than the carrying amount, they are written down accordingly.

The result of measuring assets held for sale at fair value less costs of disposal and profits and losses on the disposal of discontinued operations, along with the result of operations from these units, are recognised separately in the consolidated income statement as the result from discontinued operations. However, the result of valuing individual assets held for sale and disposal groups is recognised in depreciation, amortisation and impairment.

3.15 Liabilities, provisions and financial liabilities

When first recognised on the balance sheet, financial liabilities are carried at fair value. Subsequent valuation is carried out at amortised acquisition cost using the effective interest method. Other liabilities are carried at their settlement value if, due to their short-term nature, the time value of the money is negligible. Financial debt of the solar parks and wind parks consists of non-recourse loans, i.e. the solar and wind installations constitute the sole collateral for each individual loan.

Other non-current provisions are carried at their prospective settlement value with no discounting; they cover all identifiable obligations at the balance sheet date which are based on business transactions or events occurring before the balance sheet date and whose extent or due date is uncertain. The settlement values calculated are those with the highest likelihood of occurrence.

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

Provisions are only recognised if there is a corresponding legal or constructive obligation towards third parties and the associated probability of occurrence is greater than 50 per cent.

3.16 Revenue

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

- The material risks and opportunities arising from ownership of the goods are transferred to the buyer.
- Neither the right of disposal normally associated with ownership nor effective control over the purchased goods and products is withheld.
- The amount of the sales revenue can be reliably determined.
- It is likely that economic benefit will be derived from the transaction.
- The costs incurred or yet to be incurred in connection with the purchase can be reliably determined.

Revenue from the sale of goods and electricity is therefore generally recognised when the goods and electricity have been supplied and legal title has been transferred.

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 electricity exchange rather than following the EEG remuneration model. On the electricity exchange, 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 electricity exchange is then equalised by 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 of the EEG constitute genuine subsidies and, as such, are not subject to VAT.

Financial income

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 must be recognised if it is likely that the economic benefit will flow to the Group and the amount of the revenue can be reliably determined. Interest income must be accrued or deferred on the basis of the outstanding nominal amount via the applicable effective interest rate. The effective interest rate is the exact rate by which the expected future payments over the lifetime of the financial asset will be discounted from the net carrying value of that asset on initial recognition.

3.17 Share option programme

Share options (equity-settled share-based payment transactions) are measured at their fair value at the time they are granted. The fair value of the obligation is recognised as personnel expenses over the vesting period, and a capital reserve is recognised at the same time (reserve for equity-settled employee remuneration). The options issued are measured using a binomial option price model.

3.18 Leasing

In a lease relationship, economic ownership of leased assets is attributed to the contractual partner who bears the significant risks and opportunities that are associated with the leased asset.

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 towards the lessor must be shown on the consolidated balance sheet as an obligation arising from finance leases. The lease payments are thus divided into interest expenses and payment of lease liabilities in such a way as to ensure a constant rate of repayment of the outstanding liability. Interest expenses are recognised directly in the income statement.

Expenses from operating leases are recognised linearly in the income statement over the term of the respective contracts.

The Group has financed solar installations via lease agreements whereby the material risks and opportunities are transferred to Capital Stage, thus establishing finance leases. The solar installations in the various solar parks are used as a collateral for the corresponding liabilities.

3.19 Earnings per share

Basic earnings per share are calculated by dividing the earnings attributable to shareholders by the weighted average number of shares in circulation during the period. Diluted earnings per share are calculated by dividing the earnings attributable to shareholders by the weighted average number of shares in circulation during the period, plus the number of exercisable options. The options are taken into consideration from the date on which the performance target is permanently reached or exceeded.

3.20 Borrowing costs

Borrowing costs in direct connection with the construction of qualified assets that accrue from the beginning of construction until the commencement of operations are capitalised and subsequently amortised with the corresponding asset. The financing cost rate is determined using the specific financing costs of external funds borrowed for the construction of a qualified asset. Other borrowing costs are recognised as current expenses.

3.21 Government grants

An advantage from a government loan (e.g. subsidised loans from the KfW banking group) at an interest rate below the market rate is treated like a government grant and valued using the difference between payments received and the fair value of a loan at market rates. The interest rate advantage is shown as deferred income and used with effect on the result over the term of the subsidised interest rate of the loan.

3.22 Segment reporting

During the reporting period, the focus of the Capital Stage Group's business activities did not change from the previous year, remaining on the operation of existing solar parks and wind parks and the expansion of the portfolio. Accordingly,

the allocation of the consolidated assets and liabilities to the various segments remained largely unaltered. The Group's segments are Administration, PV Parks, PV Service, Wind Parks and Financial Investments. The Financial Investments segment was discontinued during the 2015 financial year.

The PV Parks segment comprises the German, Italian, French and British solar parks plus any holding companies. In the reporting year, the following 36 companies were included for the first time:

- Blestium Ltd.
- Bypass Nurseries LSPV Ltd.
- Capital Stage Caddington Ltd.
- Capital Stage Hall Farm Ltd.
- Capital Stage Tonedale 1 Ltd.
- Capital Stage Tonedale 2 Ltd.
- Capital Stage Tonedale LLP
- Capital Stage Venezia Beteiligungs GmbH
- Centrale Fotovoltaica Camporota S.r.l.
- Centrale Fotovoltaica Santa Maria in Piana S.r.l.
- Centrale Fotovoltaica Treia 1 S.a.s. di Progetto Marche S.r.l.
- Clawdd Ddu Farm Ltd.
- CPV Sun 20 SARL
- CPV Sun 21 SARL
- CPV Sun 24 SARL
- CPV Bach SARL
- CPV Entoublanc SARL
- CPV Labecede SARL
- Foxburrow Farm Solar Farm Ltd.
- GE.FIN Energy Oria Division S.r.l.
- GlenSolar IQ Ltd.
- Grid Essence UK Ltd.
- IOW Solar Ltd.
- MonSolar IQ Ltd.
- Progetto Marche S.r.l.
- Solarpark Golpa GmbH & Co. KG
- Sowerby Lodge Ltd.
- SP 07 S.r.l.
- SP 09 S.r.l.
- SP 10 S.r.l.
- SP 11 S.r.l.
- SP 13 S.r.l.
- SP 14 S.r.l.
- Treia 1 Holding S.r.l.
- Trequite Farm Ltd.
- Trewidland Farm Ltd.

The segment's principal business activity is electricity production. The segment's revenue comes chiefly from either the feed-in tariffs paid by the various local providers, long-term purchase agreements with private companies or the market premium paid for direct marketing of electricity on the energy markets.

The PV Service segment is responsible for the development of the plant operations company Capital Stage Solar Service GmbH. The participating interest in Eneri PV Service S.r.l. was disposed of during the reporting year. The principal business activities of the segment are the technical and commercial operation of both the Group's and external solar parks. The revenue earned by this segment chiefly comes from plant operation charges.

The wind parks and the associated holding companies and general partners are included in the Wind Parks segment. In the reporting year, the following five companies were included for the first time:

- Capital Stage Wind Beteiligungs GmbH
- Energiekontor Windstrom GmbH & Co. UW Lunestedt KG
- Energiepark Lunestedt GmbH & Co. WP HEE KG
- Energiepark Lunestedt GmbH & Co. WP LUN KG
- Windpark Dahme – Wahlsdorf 3 GmbH & Co. KG

The segment's principal business activity is electricity production. The segment's revenue comes 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.

The Financial Investments segment contains shares in Calmatopo Holding AG and its subsidiary Helvetic Energy GmbH. The segment's principal business activity was the acquisition, holding and selling of these investments. The segment's revenue mainly consists of the revenue generated by Helvetic Energy GmbH. The companies belonging to the Financial Investments segment were disposed of in October 2015 and the segment has been discontinued. Moreover, there were no effects on the other segments.

Activities carried out by Capital Stage AG for all the companies in the Group are pooled in the Administration segment. This segment includes exclusively Capital Stage AG.

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

The assets, provisions and liabilities presented in the consolidated balance sheet have been allocated to the appropriate segments. The investments presented in the segment reporting relate to acquisitions of property, plant and equipment and financial assets.

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

The various segments' revenues from third parties were as follows: TEUR 100,492 in the PV Parks segment, TEUR 11,830 in the Wind Parks segment and TEUR 480 in the PV Service segment. Around 43 per cent of revenue is generated in Germany (previous year: 51 per cent), zero per cent in Switzerland (previous year: seven per cent), 21 per cent in Italy (previous year: 19 per cent) and 29 per cent in France (previous year: 23 per cent) and seven per cent in the United Kingdom (previous year: 0 per cent). Out of total assets (property, plant and equipment) amounting to TEUR 958,096 (previous year: TEUR 675,648), TEUR 404,810 (previous year: TEUR 326,676) are situated in Germany, TEUR 0 (previous year: TEUR 89) in Switzerland, TEUR 202,499 (previous year: TEUR 86,235) in Italy, TEUR 256,959 (previous year: TEUR 262,648) in France and TEUR 93,829 (previous year: TEUR 0) in the United Kingdom.

The reconciliation of revenues between the segments and overall Group revenue is mainly attributable to the elimination of intra-Group plant operation charges and commercial services.

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

3.23 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 for the Capital Stage Group. For more-detailed information on the various types and classes of risk, the reader is referred to the management report.

4. Subsidiaries

4.1 Disclosures on subsidiaries

Details on the subsidiaries as of the reporting date is shown in the following table:

Segment	Place of business	Number of wholly owned subsidiaries 31.12.2015	Number of wholly owned subsidiaries 31.12.2014
PV Parks	Germany	24	23
	Italy	27	15
	France	10	10
	United Kingdom	16	0
Wind Parks	Germany	7	2
PV Service	Germany	1	1
Financial Investments	Switzerland	0	2
Total		**85**	**53**

Segment	Place of business	Number of non-wholly owned subsidiaries 31.12.2015	Number of non-wholly owned subsidiaries 31.12.2014
PV Parks	Germany	1	1
	France	8	2
Wind Parks	Germany	4	4
	Italy	1	1
Total		**14**	**8**

Einzelheiten zu den nicht 100%igen Tochterunternehmen, an denen wesentliche nicht beherrschende Anteile bestehen

Die nachfolgende Tabelle enthält Einzelheiten zu den nicht 100%igen Tochterunternehmen des Konzerns, an denen wesentliche nicht beherrschende Anteile bestehen. Bei den angegebenen Beträgen wurden konzerninterne Transkaktionen nicht eliminiert.

Subsidiaries	Equity interest and share of voting rights of non-controlling interests in %		Profit or loss attributable to non-controlling interests in TEUR		Cumulative non-controlling interests in TEUR	
	2015	2014	2015	2014	31.12.2015	31.12.2014
Solarpark Brandenburg (Havel) GmbH	49	49	549	558	5,763	5,214
Windkraft Sohland GmbH & Co.KG	25.7	25.7	90	131	1,249	1,159
BOREAS Windfeld Greußen GmbH & Co. KG	28.6	28.6	358	194	2,169	1,812
Parco Eolico Monte Vitalba S.r.l.	15	15	-116	14	664	780
Windkraft Olbersleben II GmbH & Co. KG	25.1	25.1	-55	48	809	864
Solaire Ille SARL	15	15	61	-19	42	-19
Centrale Photovoltaique SauS 06 SARL	15	15	33	-23	10	-23
Windkraft Kirchheilingen IV GmbH & Co. KG	49.01	49.01	181	-	6,111	5,930
Total non-controlling interests					**16,817**	**15,717**

No profit or loss for the previous year is shown for Windkraft Kirchheilingen IV GmbH & Co. KG because it was consolidated for the first time as of 31 December 2014.

Condensed financial information about the subsidiaries in which the Group holds non-controlling interests is shown below. The condensed financial information represents amounts before elimination of intra-Group transactions.

Solarpark Brandenburg (Havel) GmbH, Germany	31.12.2015 in TEUR	31.12.2014 in TEUR
Current assets	3,801	3,208
Non-current assets	40,534	42,770
Current liabilities	2,121	2,131
Non-current liabilities	30,637	32,291
Net assets	11,577	11,556
Carrying amount of non-controlling interests	5,673	5,663
	2015	**2014**
Revenue	5,305	5,132
Annual net profit	1,120	1,139
Other comprehensive income	0	0
Comprehensive income	1,120	1,139
Profit or loss attributed to non-controlling interests	549	558
Comprehensive income attributed to non-controlling interests	0	0
	31.12.2015	**31.12.2014**
Dividends paid to non-controlling interests	539	1,078
Cash flow from operating activities	4,894	4,820
Cash flow from investing activities	-24	-8
Cash flow from financing activities	-4,248	-5,444
Net change in cash and cash equivalents	622	-632

Windkraft Sohland GmbH & Co. KG, Germany	31.12.2015 in TEUR	31.12.2014 in TEUR
Current assets	1,064	987
Non-current assets	11,257	11,751
Current liabilities	632	621
Non-current liabilities	5,657	6,234
Net assets	6,032	5,883
Carrying amount of non-controlling interests	1,550	1,512
	2015	**2014**
Revenue	1,329	1,328
Annual net profit	350	509
Other comprehensive income	0	0
Comprehensive income	350	509
Profit or loss attributed to non-controlling interests	90	131
Comprehensive income attributed to non-controlling interests	0	0
	31.12.2015	**31.12.2014**
Dividends paid to non-controlling interests	52	78
Cash flow from operating activities	1,044	1,048
Cash flow from investing activities	0	0
Cash flow from financing activities	-1,021	1,060
Net change in cash and cash equivalents	23	-12

BOREAS Windfeld Greußen GmbH & Co. KG, Germany	31.12.2015 in TEUR	31.12.2014 in TEUR
Current assets	1,803	1,711
Non-current assets	25,435	26,200
Current liabilities	2,792	2,678
Non-current liabilities	15,093	17,133
Net assets	9,353	8,100
Carrying amount of non-controlling interests	2,675	2,317
	2015	**2014**
Revenue	3,618	2,876
Annual net profit	1,251	678
Other comprehensive income	0	0
Comprehensive income	1,251	678
Profit or loss attributed to non-controlling interests	358	194
Comprehensive income attributed to non-controlling interests	0	0
	31.12.2015	**31.12.2014**
Dividends paid to non-controlling interests	0	0
Cash flow from operating activities	2,945	1,710
Cash flow from investing activities	0	0
Cash flow from financing activities	-2,687	-2,594
Net change in cash and cash equivalents	258	-884

Parco Eolico Monte Vitalba S.r.l., Italy	31.12.2015 in TEUR	31.12.2014 in TEUR
Current assets	1,333	1,028
Non-current assets	7,653	9,863
Current liabilities	2,293	3,014
Non-current liabilities	2,285	2,692
Net assets	4,408	5,185
Carrying amount of non-controlling interests	661	778
	2015	**2014**
Revenue	1,587	1,447
Annual net profit	-776	96
Other comprehensive income	0	0
Comprehensive income	-776	96
Profit or loss attributed to non-controlling interests	-116	14
Comprehensive income attributed to non-controlling interests	0	0
	31.12.2015	**31.12.2014**
Dividends paid to non-controlling interests	0	0
Cash flow from operating activities	1,448	745
Cash flow from investing activities	0	0
Cash flow from financing activities	-893	-971
Net change in cash and cash equivalents	555	-226

Windkraft Olbersleben II GmbH & Co. KG, Germany	31.12.2015 in TEUR	31.12.2014 in TEUR
Current assets	2,061	2,364
Non-current assets	13,384	15,140
Current liabilities	964	1,296
Non-current liabilities	10,946	12,453
Net assets	3,535	3,756
Carrying amount of non-controlling interests	887	943
	2015	**2014**
Revenue	1,537	1,277
Annual net profit	-220	192
Other comprehensive income	0	0
Comprehensive income	-220	192
Profit or loss attributed to non-controlling interests	-55	48
Comprehensive income attributed to non-controlling interests	0	0
	31.12.2015	**31.12.2014**
Dividends paid to non-controlling interests	0	0
Cash flow from operating activities	1,549	944
Cash flow from investing activities	0	0
Cash flow from financing activities	-1,558	-1,073
Net change in cash and cash equivalents	-9	-129

Solaire IIle SARL, France	31.12.2015 in TEUR	31.12.2014 in TEUR
Current assets	2,259	2,401
Non-current assets	12,322	11,767
Current liabilities	4,855	5,378
Non-current liabilities	9,445	8,918
Net assets	281	-129
Carrying amount of non-controlling interests	42	-19
	2015	**2014**
Revenue	1,556	651
Annual net profit	410	-129
Other comprehensive income	0	0
Comprehensive income	410	-129
Profit or loss attributed to non-controlling interests	61	-19
Comprehensive income attributed to non-controlling interests	0	0
	31.12.2015	**31.12.2014**
Dividends paid to non-controlling interests	0	0
Cash flow from operating activities	1,241	208
Cash flow from investing activities	-1,170	-10,506
Cash flow from financing activities	-1,340	12,200
Net change in cash and cash equivalents	-1,269	1,902

Centrale Photovoltaique SauS 06 SARL, France	31.12.2015 in TEUR	31.12.2014 in TEUR
Current assets	812	3,171
Non-current assets	13,000	12,159
Current liabilities	3,734	7,823
Non-current liabilities	10,010	7,660
Net assets	68	-153
Carrying amount of non-controlling interests	10	-23
	2015	**2014**
Revenue	1,606	0
Annual net profit	221	-153
Other comprehensive income	0	0
Comprehensive income	221	-153
Profit or loss attributed to non-controlling interests	33	-23
Comprehensive income attributed to non-controlling interests	0	0
	31.12.2015	**31.12.2014**
Dividends paid to non-controlling interests	0	0
Cash flow from operating activities	1,631	-491
Cash flow from investing activities	-5,096	-8,257
Cash flow from financing activities	1,679	11,051
Net change in cash and cash equivalents	-1,786	2,303

Windkraft Kirchheilingen IV GmbH & Co. KG, Germany	31.12.2015 in TEUR	31.12.2014 in TEUR
Current assets	2,340	1,781
Non-current assets	35,875	37,774
Current liabilities	2,044	3,116
Non-current liabilities	23,279	23,115
Net assets	12,892	13,324
Carrying amount of non-controlling interests	6,318	6,530
	2015	**2014**
Revenue	2,991	-
Annual net profit	370	-
Other comprehensive income	0	-
Comprehensive income	370	-
Profit or loss attributed to non-controlling interests	181	-
Comprehensive income attributed to non-controlling interests	0	-
	31.12.2015	**31.12.2014**
Dividends paid to non-controlling interests	0	0
Cash flow from operating activities	2,767	0
Cash flow from investing activities	-532	140
Cash flow from financing activities	-1,627	0
Net change in cash and cash equivalents	608	140

The reader is also referred to the full ownership list in chapter 17.

4.2 Business combinations

The purchase price allocations (PPA) used for first-time consolidation are provisional in some cases, because circumstances may come to light after the PPA has been carried out that may result in adjustments being made up to one year after the acquisition.

In addition to the operation of installations, the acquisition of existing solar parks and wind parks, as well as those currently under construction, is part of the business activities of the Group and therefore represents the primary reason for the acquisitions.

Business combinations in the 2015 financial year

Capital Stage Venezia Beteiligungs GmbH (including participating interests in SP 07 S.r.l., SP 09 S.r.l., SP 10 S.r.l., SP 11 S.r.l., SP 13 S.r.l. und SP 14 S.r.l.)

in TEUR	Carrying amount before PPA	Fair value according to preliminary PPA
Intangible assets	5,077	2.196
Property, plant and equipment	31,201	31,504
Current assets	875	875
Deferred tax assets	0	441
Cash and cash equivalents	597	597
Restricted cash	1,707	1,707
Debt and provisions	34,718	33,065
Deferred tax liabilities	0	183
Identified acquired net assets	**4,739**	**4,072**
Determining the amount of the difference		
Purchase price for acquired shares		148
Purchase price for acquired financial liabilities		8,575
Total purchase price		**8,723**
Identified acquired net assets		4,072
Acquired financial liabilities (shareholder loans)		8,575
Badwill (-)		**-3,924**
Net outflow of cash from the acquisition		8,126

This transaction refers to the 100 per cent acquisition of a solar park portfolio comprising a German holding company and six solar installations near the city of Udine in the Friuli region of Italy. The portfolio was consolidated for the first time as of 28 February 2015. The business combination was carried out by applying the purchase method. The revaluated shareholders' equity at the time of initial consolidation was TEUR 4,072. Receivables acquired in the course of the transaction, which consist mainly of trade and tax receivables, have a fair value of TEUR 768. The best estimate, on the acquisition date, of the anticipated unrecoverable portion of the contractual cash flows was TEUR 0. There were no contingent assets or liabilities. The incidental transaction costs totalled TEUR 37. Revenue of TEUR 3,797 and a profit of TEUR 556 have been recognised from the acquired company since the date of first consolidation. Had the companies been consolidated since the beginning of 2015, projections show that the consolidated financial statements would have reflected additional revenue of TEUR 4,196 and a profit of TEUR 595 from these companies. The purchase price for the shares and an assumed shareholder loan was TEUR 8,723. Due to a working-capital adjustment in the fourth quarter of 2015, the purchase price increased by TEUR 123 in comparison to the figure shown in the interim reports, which results in a reduction of badwill in the same amount.

Capital Stage Caddington Ltd.

in TEUR	Carrying amount before PPA	Fair value according to preliminary PPA
Intangible assets	0	1,515
Other non-current receivables	631	631
Property, plant and equipment	6,634	6,637
Current assets	41	41
Cash and cash equivalents	0	0
Restricted cash	0	0
Debt and provisions	7,340	7,340
Deferred tax liabilities	0	455
Identified acquired net assets	**-34**	**1,029**
Determining the amount of the difference		
Purchase price for acquired shares		138
Purchase price for acquired financial liabilities		7,338
Total purchase price		**7,476**
Identified acquired net assets		1,029
Acquired financial liabilities (shareholder loans)		7,338
Badwill (-)		**-891**
Net outflow of cash from the acquisition		7,476

This transaction refers to the 100 per cent acquisition of a solar park in direct proximity to London in the south-east of the United Kingdom. The park was consolidated for the first time as of 1 April 2015. The business combination was carried out by applying the purchase method. The revaluated shareholders' equity at the time of initial consolidation was TEUR 1,029. The current receivables assumed as a result of the transaction, mainly comprising trade receivables, have a fair value of TEUR 41. The best estimate, on the acquisition date, of the anticipated unrecoverable portion of the contractual cash flows was TEUR 0. There were no contingent assets or liabilities. The incidental transaction costs totalled TEUR 38. Revenue of TEUR 721 and a profit of TEUR 58 have been recognised from the acquired company since the date of first consolidation. Had the company been consolidated since the beginning of 2015, projections show that the consolidated financial statements would have reflected additional revenue of TEUR 763 and a profit of TEUR 5 from this company. The purchase price for the shares and an assumed company loan was TEUR 7,476.

Foxburrow Farm Solar Farm Ltd.

in TEUR	Carrying amount before PPA	Fair value according to preliminary PPA
Intangible assets	14	266
Property, plant and equipment	11,384	11,318
Current assets	1,224	1,224
Deferred tax assets	10	29
Cash and cash equivalents	5	5
Restricted cash	0	0
Debt and provisions	12,750	12,718
Deferred tax liabilities	0	82
Identified acquired net assets	**-113**	**42**
Determining the amount of the difference		
Purchase price for acquired shares		0
Total purchase price		0
Identified acquired net assets		42
Badwill (-)		**-42**
Net inflow of cash from the acquisition		5

This transaction refers to the 100 per cent acquisition of a solar park in the south-east of the United Kingdom. The park was consolidated for the first time as of 1 April 2015. The business combination was carried out by applying the purchase method. The revaluated shareholders' equity at the time of initial consolidation was TEUR 42. The receivables assumed as a result of the transaction, mainly comprising advance payments and tax receivables, have a fair value of TEUR 1,224. The best estimate, on the acquisition date, of the anticipated unrecoverable portion of the contractual cash flows was TEUR 0. There were no contingent assets or liabilities. The incidental transaction costs totalled TEUR 48. Revenue of TEUR 129 and a loss of TEUR 195 have been recognised from the acquired company since the date of first consolidation. Had the company been consolidated since the beginning of 2015, projections show that the consolidated financial statements would have reflected additional revenue of TEUR 129 and a loss of TEUR 239 from this company. The purchase price for the shares was TEUR 0 (GBP 1). Capital Stage remains contractually obliged to grant a company loan in the amount of some TEUR 10,300 (approx. TGBP 7,500) to the company.

Capital Stage adjusted the provisional purchase price allocation for the Foxburrow solar park within the valuation period in accordance with IFRS 3.45. Unlike the other solar parks acquired by Capital Stage in the United Kingdom, the kilowatt-hours produced for Foxburrow are not fed into the public electricity grid, but rather directly into the data centre belonging to the buyer of the power purchase agreement (PPA). Due to technical limitations of the installation for the buyer of the PPA, the solar park was only initially able to feed in approximately 15 per cent of its total installed capacity. As of the acquisition date, Capital Stage assumed that complete grid connection would be completed by the end of the financial year. According to the most recent information, however, the complete grid connection will be significantly delayed.

Unlike the other solar parks acquired by Capital Stage in the United Kingdom, the buyer of the PPA is also not subject to contractual penalties if the kilowatt-hours produced are not completely fed into the grid. Capital Stage accounted for this risk with a safety reduction in cash flows.

Compared with the provisional purchase price allocation and the presentation in the semi-annual report and interim financial reports for 2015, intangible assets were therefore reduced by TEUR 5,630, the deferred taxes by TEUR 1,691 and the badwill by TEUR 3,939.

Grid Essence UK Ltd. (including participating interests in Blestium Ltd., Bypass Nurseries LSPV Ltd., Clawdd Ddu Farm Ltd., Trewidland Farm Ltd., Trequite Farm Ltd., IOW Solar Ltd., GlenSolar IQ Ltd., MonSolar IQ Ltd.)

in TEUR	Carrying amount before PPA	Fair value according to preliminary PPA
Intangible assets	4,501	22,731
Property, plant and equipment	58,381	58,341
Current assets	10,575	10,575
Deferred tax assets	667	795
Cash and cash equivalents	11	11
Restricted cash	0	0
Debt and provisions	92,320	91,911
Deferred tax liabilities	685	6,390
Identified acquired net assets	**-18,870**	**-5,848**
Determining the amount of the difference		
Purchase price for acquired shares		0
Initial earn-out		500
Total purchase price		**500**
Identified acquired net assets		**-5,848**
Goodwill (+)		6,348
Net outflow of cash from the acquisition		**489**

This transaction refers to the 100 per cent acquisition of a solar park portfolio comprising two British holding companies and six solar installations in the south of England and Wales. The portfolio was consolidated for the first time as of 01 April 2015. The business combination was carried out by applying the purchase method. The revaluated shareholders' equity at the time of initial consolidation was TEUR -5,848. Receivables acquired in the course of the transaction, which consist mainly of trade and tax receivables, have a fair value of TEUR 10,575. The best estimate, on the acquisition date, of the anticipated unrecoverable portion of the contractual cash flows was TEUR 0. There were no contingent assets or liabilities. The incidental transaction costs totalled TEUR 152. Since their date of initial consolidation, sales of TEUR 6,763 and a loss of TEUR 952 have been recognised by the entities acquired. Had the companies been consolidated since the beginning of 2015, projections show that the consolidated financial statements would have reflected additional revenue of TEUR 7,413 and a loss of TEUR 3,707 from these companies. The purchase price for the shares acquired including a further initial earn-out component due immediately stood at TEUR 500.

The goodwill, which represents synergy effects, amounts to TEUR 6,348. No tax deductibility is expected for this goodwill.

The goodwill is divided among the individual companies as follows:

TEUR	Proportionate goodwill
Bypass Nurseries LSPV Ltd.	501
Clawdd Ddu Farm Ltd.	1,852
IOW Solar Ltd.	991
MonSolar IQ Ltd.	697
Trequite Farm Ltd.	1,593
Trewidland Farm Ltd.	714
Summe	**6,348**

During the valuation period as per IFRS 3.45, the Company adjusted the purchase price allocation in light of the final acquisition balance sheet. The main changes compared to the figures presented in the half-yearly financial report are a decrease of TEUR 1,167 in intangible assets and a decrease of TEUR 350 in deferred tax liabilities. Following revaluation, this resulted in a reduction in equity of TEUR 817 and an increase in goodwill of TEUR 817.

Furthermore, the purchase price for the solar park portfolio in the United Kingdom is subject to a conditional earn-out component of up to TEUR 1,500. The reference periods for determining the earn-out are 12 months from either 1 July 2015 or 1 July 2016. Two trigger events have been stipulated, both of which depend on the PV installations generating above-average specific yield, adjusted for solar radiation. The earn-outs will become payable if these trigger events are attained within the earn-out reference periods. The contingent considerations (earn-outs) recognised as financial liabilities are deemed under IFRS 3.58b to be financial instruments within the meaning of IAS 39 and are measured at fair value. These are categorised as level 3 in the fair value-hierarchy of IFRS 13. This means that the input parameters for measurement are not observable. As things currently stand, the management assumes that no further payments will arise from the conditional earn-out components.

Treia 1 Holding S.r.l. (including participating interests in Centrale Fotovoltaica Treia 1 S.a.s. di Progetto Marche S.r.l.), Progetto Marche S.r.l. (including participating interests in Centrale Fotovoltaica Treia 1 S.a.s. di Progetto Marche S.r.l.), Centrale Fotovoltaica Camporota S.r.l., Centrale Fotovoltaica Santa Maria in Piana S.r.l., GE.FIN Energy Oria Division S.r.l.

in TEUR	Carrying amount before PPA	Fair value according to preliminary PPA
Intangible assets	7,654	11,072
Property, plant and equipment	87,015	91,065
Current assets	10,333	7,600
Deferred tax assets	0	1,980
Cash and cash equivalents	5,447	5,447
Restricted cash	3,799	3,799
Debt and provisions	109,294	113,385
Deferred tax liabilities	0	3,776
Identified acquired net assets	**4,954**	**3,802**
Determining the amount of the difference		
Purchase price for acquired shares		360
Purchase price for acquired financial liabilities		32,187
Total purchase price		**32,547**
Identified acquired net assets		3,802
Acquired financial liabilities (shareholder loans)		32,187
Badwill (-)		**-3,442**
Net outflow of cash from the acquisition		27,100

This transaction refers to the 100 per cent acquisition of a solar park portfolio comprising two Italian holding companies and four solar parks in the Marche and Apulia regions of Italy. The portfolio was consolidated for the first time as of 01 July 2015. The business combination was carried out by applying the purchase method. The revaluated shareholders' equity at the time of initial consolidation was TEUR 3,802. Receivables acquired in the course of the transaction, which consist mainly of trade and tax receivables, have a fair value of TEUR 5,263. The best estimate, on the acquisition date, of the anticipated unrecoverable portion of the contractual cash flows was TEUR 0. There were no contingent assets or liabilities. The incidental transaction costs totalled TEUR 82. Revenue of TEUR 6,455 and a profit of TEUR 942 have been recognised from the acquired company since the date of first consolidation. Had the companies been consolidated since the beginning of 2015, projections show that the consolidated financial statements would have reflected additional revenue of TEUR 13,512 and a profit of TEUR 2,256 from these companies. The purchase price for the shares and an assumed company loan was TEUR 32,547.

During the valuation period as per IFRS 3.45, the Company adjusted the purchase price allocation due to new documents regarding the valuation of the financial liabilities. The table above shows the adjusted valuation of assets acquired and debts assumed. The main changes compared to the figures presented in the interim reports are an increase in liabilities of TEUR 2,751, an increase of TEUR 757 in deferred tax assets and a decrease of TEUR 131 in deferred tax liabilities. This resulted in a reduction in badwill of TEUR 1,863.

Solarpark Golpa GmbH & Co. KG

in TEUR	Carrying amount before PPA	Fair value according to preliminary PPA
Intangible assets	0	1,398
Property, plant and equipment	14,893	15,019
Current assets	1,281	1,281
Deferred tax assets	0	40
Cash and cash equivalents	242	242
Restricted cash	293	293
Debt and provisions	15,693	15,830
Deferred tax liabilities	0	247
Identified acquired net assets	**1,016**	**2,196**
Determining the amount of the difference		
Purchase price for acquired shares		1,606
Purchase price for acquired financial liabilities		444
Total purchase price		**2,050**
Identified acquired net assets		2,196
Acquired financial liabilities (shareholder loans)		444
Badwill (-)		**-590**
Net outflow of caash from the acquisition		1,808

This transaction refers to the 100 per cent acquisition of a solar park in the district of Wittenberg in the German state of Saxony-Anhalt. The park was consolidated for the first time as of 01 September 2015. The business combination was carried out by applying the purchase method. The revaluated shareholders' equity at the time of initial consolidation was TEUR 2,196. The current receivables assumed as a result of the transaction, mainly comprising trade receivables and tax receivables, have a fair value of TEUR 1,111. The best estimate, on the acquisition date, of the anticipated unrecoverable portion of the contractual cash flows was TEUR 0. There were no contingent assets or liabilities. The incidental transaction costs totalled TEUR 17. Revenue of TEUR 286 and a loss of TEUR 200 have been recognised from the acquired company since the date of first consolidation. Had the company been consolidated since the beginning of 2015, projections show that the consolidated financial statements would have reflected additional revenue of TEUR 1,161 and a profit of TEUR 132 from this company. The purchase price for the shares and an assumed company loan was TEUR 2,050.

During the valuation period as per IFRS 3.45, the company adjusted the purchase price allocation due to new supplementary balance sheets coming to light. The table above shows the adjusted valuation of assets acquired and debts assumed. The main change compared to the figures presented in the interim reports is a decrease in deferred tax liabilities of TEUR 210. This resulted in an increase in badwill of TEUR 209.

Sowerby Lodge Ltd.

in TEUR	Carrying amount before	Fair value according to preliminary PPA
Intangible assets	0	359
Property, plant and equipment	5,474	5,474
Current assets	1,094	1,094
Deferred tax assets	0	31
Cash and cash equivalents	0	0
Restricted cash	0	0
Debt and provisions	6,577	6,683
Deferred tax liabilities	0	104
Identified acquired net assets	**-9**	**171**
Determining the amount of the difference		
Purchase price for acquired shares		166
Total purchase price		**166**
Identified acquired net assets		171
Badwill (-)		**-5**
Net outflow of cash from the acquisition		166

This transaction refers to the 100 per cent acquisition of a solar park in the north-west of the United Kingdom. The park was consolidated for the first time as of 01 December 2015. The business combination was carried out by applying the purchase method. The revaluated shareholders' equity at the time of initial consolidation was TEUR 171. The current receivables assumed as a result of the transaction, mainly comprising tax receivables, have a fair value of TEUR 1,094. The best estimate, on the acquisition date, of the anticipated unrecoverable portion of the contractual cash flows was TEUR 0. There were no contingent assets or liabilities. The incidental transaction costs totalled TEUR 57. Revenue of TEUR 0 and a loss of TEUR 24 have been recognised from the acquired company since the date of first consolidation. Had the company been consolidated since the beginning of 2015, projections show that the consolidated financial statements would have reflected additional revenue of TEUR 0 and a loss of TEUR 33 from this company. The purchase price for the shares was TEUR 166.

Energiepark Lunestedt GmbH & Co. WP HEE KG, Energiepark Lunestedt GmbH & Co. WP LUN KG, Energiekontor Windstrom GmbH & Co. UW Lunestedt KG

in TEUR	Carrying amount before	Fair value according to preliminary PPA
Intangible assets	0	5,704
Property, plant and equipment	65,269	65,425
Current assets	6,775	6,775
Deferred tax assets	0	1,115
Cash and cash equivalents	0	0
Restricted cash	0	0
Debt and provisions	74,845	75,982
Deferred tax liabilities	0	1,657
Identified acquired net assets	**-2,801**	**1,380**
Determining the amount of the difference		
Purchase price for acquired shares		2
Purchase price for acquired financial liabilities		18,600
Agreement on contingent considerations (i)		65
Total purchase price		**18,667**
Identified acquired net assets		1,380
Acquired debt (shareholder loans)		18,600
Badwill (-)		**-1,313**
Net outflow of cash from the acquisition		18,602

This transaction refers to the 100 per cent acquisition of a German onshore wind park near Bremerhaven. The park was consolidated for the first time as of 31 December 2015. The business combination was carried out by applying the purchase method. The revaluated shareholders' equity at the time of initial consolidation was TEUR 1,380. The current receivables assumed as a result of the transaction, mainly comprising trade receivables and tax receivables, have a fair value of TEUR 6,775. The best estimate, on the acquisition date, of the anticipated unrecoverable portion of the contractual cash flows was TEUR 0. There were no contingent assets or liabilities. The incidental transaction costs totalled TEUR 1. Since their date of initial consolidation, sales of TEUR 0 and a result of TEUR 0 have been recognised by the entities acquired. Had the companies been consolidated since the beginning of 2015, projections show that the consolidated financial statements would have reflected additional revenue of TEUR 1,955 and a loss of TEUR 2,649 from these companies. The purchase price for the acquired shares, a contingent consideration and assumed liabilities was TEUR 18,667.

As part of the transaction, agreements on the following contingent considerations were reached:

(i) Commencement of operation

In the purchase contract, a medium-term date for the commencement of operations of the wind installations was defined. Depending on when the installations actually commence operations, this agreement can result in either an increase or decrease of the purchase price. The amount of TEUR 65 represents the estimated fair value of this obligation during the acquisition period.

(ii) Dismantling security

The amount of the dismantling security was determined as part of the building permit process. To the extent that the security volume can be reduced as part of opposition proceedings initiated by the seller, this would cause an additional payment obligation for the Group. The estimated range of this additional payment obligation is from TEUR 0 to TEUR 70. As things currently stand, the management assumes that no further payments will arise from this conditional earn-out component.

(iii) Bat monitoring

For portions of the wind park, the obligation to carry out bat monitoring for a period of two years

was determined during the building permit process. Should the monitoring lead to additional official requirements which result in one or more of the wind turbines being permanently operated with limited performance, the seller is required to pay damages to Capital Stage. However, the results of the monitoring can also lead to the reduction of the existing limitation of performance. In this case, Capital Stage is subject to an additional payment obligation vis-à-vis the seller. The estimated range is from TEUR –560 to TEUR 560. As things currently stand, the management assumes that no further payments will arise from this conditional earn-out component.

Reasons for the realisation of badwill
This badwill was largely generated by the advantages that Capital Stage has over other potential purchasers. These advantages particularly include very strong liquidity and therefore the possibility of repaying the sellers' existing short-term loans smoothly.

Business combinations often require participation in a public sale process whereby the purchase price is significantly influenced by the bids made by competitors. However, the Group acquisitions result only from exclusive negotiations with the seller, which has a significant influence on the realisation of badwill. Additionally, public and structured sale processes take longer than exclusive negotiations. Many sellers prefer the quick and predictable conclusion of the transaction with a very small time period from contract signing to closing – i.e. payment of the purchase price – over a time-consuming and structured sale process, because this often results in a highest-bidding buyer who is unknown and possibly unable to pay, which results in a timely closing not being possible.

Another aspect for the generation of badwill is the discount that can be obtained when a portfolio of assets is acquired. 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 assets concerned.

Each year, Capital Stage receives around 200 solar and wind parks to analyse. During a clearly defined filtering process, these offers are reduced to the approximately 30 which are deemed worthy of additional scrutiny in the short term. Its many years of experience and competent staff enable Capital Stage to review and execute business combinations in a very short space of time. As the business relationships go back a long way in some cases, the sellers also have a high degree of trust in Capital Stage. This filtering process leads to between eight and ten acquisitions over the course of a year.

Finalisation of the purchase price allocation for Lagravette S.A.S., France
During the valuation period within the meaning of IFRS 3.45, the company finalised the purchase price allocation as of the balance sheet date, as the complete closing balance sheets are now available. The main changes to the provisional price allocation and the figures presented in the 2014 annual report are an increase in badwill of TEUR 475, an increase in intangible assets of TEUR 465 and a decrease in property, plant and equipment of TEUR 713.

Overall impact of the business combinations on the Group's results
The net profit for the period from 1 January to 31 December 2015 includes gains of TEUR 185 from the companies included in the consolidated financial statements for the first time during this period. The sales revenue recognised as of 31 December 2015 includes TEUR 18,151 from the newly consolidated solar and wind parks. If the business combinations had taken place on 1 January 2015, Group revenues in these divisions as of 31 December 2015 would have been TEUR 10,977 greater and the net profit would have been TEUR 3,824 lower.

The badwill for the business combinations and adjustments to provisional purchase price allocations made in the 2015 financial year comes to TEUR 10,682 in total (previous year TEUR 29,335). From the business combinations and adjustments of provisional purchase price allocations, goodwill in the amount of TEUR 6,348 (previous year: TEUR 0) was recognised.

Business combinations after the reporting date
On 15 February 2016, Capital Stage signed a contract for the acquisition of a portfolio of Italian solar parks in the Piedmont region. The solar park portfolio consists of four solar parks and has a capacity of 16.9 MWp. The seller of the solar park portfolio is project developer and operational management company OPDE based in Spain. The solar parks commenced operations between April and December 2011 and benefit from an average guaranteed feed-in tariff of EUR 0.2730 per kilowatt-hour for a remaining term of 15 years. Capital Stage expects the portfolio of solar parks to make revenue contributions of EUR 8.6 million from its first year of full operation onwards. The total investment volume for the acquisition, including debt, is approximately EUR 65.4 million. The existing financing for the project is being retained. The acquisition is still subject to standard conditions precedent, so the purchase price allocation has not yet been carried out.

On 14 March 2016, Capital Stage acquired 100 per cent of the shares in a solar park near the town of Horton in the United Kingdom. The solar park has a production capacity of almost 5 MWp and was connected to the grid in December 2015. The seller of the solar park is the project developer F&S solar concept, which is headquartered in Euskirchen, Germany. Capital Stage expects the park to make revenue contributions of approximately TGBP 500 (approx. TEUR 650) from its first year of full operation onwards. The park has a long-term power purchase agreement with the internationally active Danish energy-trading company Neas Energy. The total investment volume is around EUR 6 million. Due to a lack of final information, no purchase price allocation could be made by the date of publication of the consolidated financial statements.

Business combinations in the previous year
In the 2014 financial year, the following companies were added to the group of consolidated entities via business combinations:

- Capital Stage Biscaya Beteiligungs GmbH, Hamburg, Germany
- Capital Stage France Beteiligungsgesellschaft mbH, Reußenköge, Germany
- Communal Le Court S.A.S., France
- CS Solarpark Bad Endbach GmbH, Halle, Germany
- Énergie Solaire Biscaya S.A.S., France
- Haut Lande SARL, France
- La Gouardoune Centrale Solaire SARL, France
- Labraise Sud SARL, France
- Lagravette S.A.S., France
- Le Communal Est Ouest SARL, France
- MTS4 S.r.l., Italy
- Pfeffenhausen-Egglhausen Photovoltaik GmbH, Regensburg, Germany
- Windkraft Kirchheilingen IV GmbH & Co. KG, Kirchheilingen, Germany

The negative difference (badwill) for the business combinations and adjustments to provisional purchase price allocations made in the 2014 financial year came to TEUR 29,335 in total.

4.3 Acquisition of subsidiaries which do not meet the definition of business operation

No purchase price allocation was carried out for the following subsidiaries acquired during the financial year because they do not meet the definition of business operations as of the acquisition date pursuant to IFRS 3 and therefore do not fall within the scope of IFRS 3. Instead, the transactions are recognised as acquisitions of assets.

The companies CPV Sun 20 SARL, France, CPV Sun 21 SARL, France, CPV Sun 24 SARL, France, CPV Bach SARL, France, CPV Entoublanc SARL, France, and CPV Labecede SARL, France, are all project companies that have submitted bids in a tendering process instigated by the French government for the construction of solar parks. The date of their initial consolidation was 20 May 2015. To this point, Capital Stage has been awarded construction of the parks for five of the companies. As things currently stand, the management assumes that the first parks will commence operations in the fourth quarter of 2016.

Capital Stage Hall Farm Ltd., United Kingdom, is a project company for the construction of a solar park in the south-west of England with a production capacity of some 5 MWp. The date of their initial consolidation was 16 July 2015. It commenced operations in October 2015.

On 21 October 2015, Capital Stage acquired the company Windpark Dahme-Wahlsdorf 3 GmbH & Co. KG. This is a project company for the construction of a wind park in the German state of Brandenburg with a production capacity of 7.5 MW. It commenced operations in February 2016.

Capital Stage Tonedale LLP, United Kingdom, is a project company for the construction of a solar park in the south-west of England with a production capacity of some 5 MWp. The date of their initial consolidation was 04 November 2015. It commenced operations in December 2015.

4.4 Disposal of subsidiaries and participating interests

In October 2015, Capital Stage completed the sale of Helvetic Energy GmbH, Flurlingen, Switzerland, and Calmatopo Holding AG, Flurlingen, Switzerland. Both companies are allocated to the Financial Investments segments. Pursuant to IFRS 5, the assets and liabilities of the companies were reclassified to assets and liabilities held for sale in September 2015. In September 2015, the final valuation of the assets prior to reclassification resulted in an impairment on goodwill in the amount of TEUR 957, which was recognised in earnings from discontinued operations. This sale ties in with the Group's long-term strategy of concentrating its business activities on solar parks, wind parks and service. The Financial Investments segment has been discontinued. The sale price was TEUR 0 (CHF 1).

The outflow and deconsolidation effects from this transaction are as follows:

Dispatched assets and liabilities	in TEUR
Assets	2,588
Liabilities	4,419
Disposed net assets	**-1,831**
Total consideration received	0
Disposed net assets	1,831
Impairment in goodwill	-957
Reversal of the currency translation reserve	-284
Deconsolidation profit	**590**
Net cash outflow from the disposal	**293**

Disposal profit is contained in the earnings from discontinued operations.

Capital Stage Solar Service GmbH, Halle, disposed of its participating interest in Eneri PV Service S.r.l., Bolzano, Italy, as of 29 June 2015. This resulted in a loss of TEUR 16, which was recognised in the income statement as a financial expense.

4.5 Discontinued operations

The earnings components included in the net profit for the year that are attributable to the financial investments in discontinued operations are listed in the following. The comparative figures in respect of the earnings from discontinued operations were adjusted to take into account the business unit classified as "discontinued" during the current year.

in TEUR	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Revenue	6,016	5,697
Other income	15	19
Expenses	-6,706	-6,566
Earnings before taxes (EBT)	-675	-850
Attributable income tax expenditure	0	0
Impairment in goodwill	-957	-4,204
Profit from the outflow of the business unit (including reversal of the foreign currency reserve in the income statement)	**1,546**	**0**
Net loss for the year from discontinued operations (fully attributable to the shareholders of the parent company)	-86	-5,054

Deconsolidation profit results from the profit from outflow of the business unit and the impairment in goodwill.

Cash flows from discontinued operations are made up as follows:

in TEUR	01.01.2015 – 31.12.2015	01.01.2014 – 31.12.2014
Cash flow from operating activities	4,431	-547
Cash flow from investment activities	-309	-12
Cash flow from financing activities	-4,674	647
Total net cash flow	**-552**	**88**

4.6 Significant restrictions

CSG IPP GmbH is subject to the following significant restrictions within the meaning of IFRS 12.13 resulting from the mezzanine capital agreement with Gothaer Lebensversicherung AG (hereafter known as "Gothaer"). Investments in connection with the mezzanine capital are subject to various investment criteria defined by a committee made up of equal numbers of representatives of Capital Stage and Gothaer. Furthermore, for the duration of the mezzanine agreement, the shares in CSG IPP GmbH may not be pledged or subjected to any other charges and the entity may not be party to any cash-pooling contract. This does not apply to contracts between CSG IPP GmbH and the subsidiaries of CSG IPP GmbH. Significant measures, such as the dissolution or liquidation of CSG IPP GmbH, require the unanimous approval of the committee. Gothaer has a pre-emption right in the event that Capital Stage should intend to sell its interest in CSG IPP GmbH. Furthermore, the mezzanine agreement has strict rules governing the distribution of available liquidity. The carrying amount of the assets in the consolidated financial statements as of the reporting date is TEUR 13,353 (previous year: TEUR 25,809) and the carrying amount of the liabilities is TEUR 134,418 (previous year: TEUR 63,322).

5. Notes to the consolidated statement of comprehensive income

As part of the classification of the subsidiaries Helvetic Energy GmbH and Calmatopo Holding AG as "held for sale", the previous year's figures were adjusted on the income statement pursuant to IFRS 5. With this in mind, the previous year's figures contained below that are marked with an asterisk (*) do not match the figures published in the annual financial statements for 2014.

5.1 Revenue

TEUR 112,802
Previous year: TEUR 72,129*

Revenue is recognised when the work or services are performed and a price has been agreed or is determinable and payment thereof appears probable. The breakdown of revenue is shown in the segment reporting.

5.2 Other income

TEUR 17,890
Previous year: TEUR 32,190*

Other income mainly consists of income recognised through profit or loss of TEUR 10,207 from the initial consolidation of solar parks and wind parks (previous year: TEUR 29,335). In the course of the provisional purchase price allocation process, all acquired assets and liabilities were identified and their fair value determined. This resulted in differences which were recognised in the 2015 income statement. Due to new information, the provisional purchase price allocation for one French solar park was adjusted. These changes produced income of TEUR 475. This item still includes income from the reversal of a contingent consideration, from provisions and from other liabilities.

5.3 Cost of materials

TEUR -921
Previous year: TEUR -567*

These chiefly comprise expenses for externally supplied electricity for operating the solar parks and wind parks in the amount of TEUR 831 (previous year: TEUR 563).

5.4 Personnel expenses

TEUR -5,758
Previous year: TEUR -4,244*

Personnel expenses changed as follows:

TEUR	2015	2014
Salaries	5,070	3,804*
Social security contributions	431	349*
Other personnel expenses	76	26
Personnel expenses, share-based payment	181	65
Total	**5,758**	**4,244***

In 2015, there was an average of 66 employees at the Group (previous year: 66), of which 28 were employed at Capital Stage AG, 14 at Capital Stage Solar Service GmbH and 24 at Helvetic Energy GmbH.

Salaries still include expenses for employee bonuses and other payments. A breakdown of Management Board remuneration is given in section 13 of the notes.

The share option programme (see note 6.12) led to the recognition in the 2015 income statement of TEUR 181 (previous year: TEUR 65) in personnel expenses.

5.5 Other expenses

TEUR -23,565
Previous year: TEUR -13,328*

Type of expense in TEUR	2015	2014
Costs of solar parks and wind parks	19,065	9,721*
Costs of ongoing business operations	2,167	801*
Due diligence	1,020	1,212
Rent and office space	308	298*
Supervisory Board fees	258	223
Costs of drawing up and auditing financial statements	225	215
Legal and tax advice	209	453
Publications and Annual General Meeting	187	202
Investor relations and designated sponsoring	32	113
Miscellaneous	94	90*
Total	**23,565**	**13,328***

The other operating expenses mainly 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 travel costs, insurance, advertising costs, telecommunications, vehicle costs and Supervisory Board remuneration. The following table provides a more detailed view of the item "Costs of solar parks and wind parks".

The costs of solar parks and wind parks are made up as follows:

Costs of solar parks and wind parks in TEUR	2015	2014
Technical and commercial management	4,050	2,509
Rent	2,641	1,471
Tax expenses, parks	2,493	1,054
Repairs and maintenance	2,111	1,716
Legal and tax advice	1,644	280*
Insurance	932	694
Fees and incidental and travel expenses	725	152*
Alarm and security costs	173	83
Other	4,296	1,762*
Total	**19,065**	**9,721***

Due to a structural adjustment within other expenses, the previous year's figures will in part not match up with the figures published in the 2014 annual financial statements.

5.6 Depreciation, amortisation and impairment

TEUR -47,888
Previous year: TEUR -34,683*

This item includes scheduled amortisation of intangible assets (TEUR 15,115; previous year: TEUR 12,837*) and depreciation of property, plant and equipment (TEUR 32,773; previous year: TEUR 21,846*). The bulk of the amortisation of intangible assets and impairment losses (TEUR 14,097, previous year: TEUR 12,524) relates to capitalised electricity feed-in contracts. The depreciation of property, plant and equipment chiefly relates to energy generation installations (TEUR 32,667; previous year: 21,765).

Impairment testing of the goodwill for the companies of the Grid Essence portfolio results in an impairment loss in the amount of TEUR 652. For further information, the reader is referred to section 6.2 (goodwill).

In the previous year, impairment testing resulted in impairments of TEUR 6,794 on the recognised electricity feed-in contracts of the Italian solar park portfolio. Due to the adjusted useful life, the impairments on electricity feed-in contracts were reduced by TEUR 970 compared with the figures published in the 2014 annual report (see chapter 2).

5.7 Financial result

TEUR -33,165
Previous year: TEUR -22,388*

The item comprises the following:

in TEUR	2015	2014
Interest income	1,667	1,128
Earnings attributable to non-controlling interests	55	0
Financial income	**1,722**	**1,128**
Interest expense	-34,242	-23,143*
Expenses from the disposal of investments	-16	0
Earnings attributable to non-controlling interests	-629	-373
Financial expenses	**-34,887**	**-23,516**
Total	**-33,165**	**-22,388***

5.8 Income taxes

TEUR -52
Previous year: TEUR 2.000*

in TEUR	2015	2014
Earnings before taxes on income (EBT)	19,395	29,109
Expected taxes on income (29%)	-5,625	-8,733
Differences due to local tax rates and changes in tax rates	-691	-675
Increase or reduction in corporation tax	0	0
Taxes from other periods	-720	106
Effects of tax-free income	3,446	8,898
Tax effects of non-deductible operating expenses	-2,764	-24
Effects of using or writing down tax loss carry-forwards	3,417	-71
Other and compensatory tax effects	-1,350	-24
Other valuation differences	4,139	2,523
Other permanent differences	96	0
Taxes on income	-52	2,000

With a current tax liability of TEUR 2,366 (previous year: TEUR 1,587*) and deferred tax assets of TEUR 2,314 (previous year: TEUR 3,587*), the total tax expense recognised in the statement of comprehensive income was TEUR -52 (previous year: income of TEUR 2,000).

The recognition of deferred tax assets and liabilities within the Group takes into account the respective typical corporate tax rate for the country (Germany, France, Italy and the United Kingdom) and the solidarity surcharge (Germany only). The average tax rate for the Group is 29 per cent.

Deferred taxes arising from the use of tax loss carry-forwards must be capitalised if it is probable that existing tax loss carry-forwards may be offset against income.

The Group's provisional tax loss carry-forwards as of 31 December 2015 came to TEUR 45,472 (previous year: TEUR 64,802) (trade tax) and TEUR 110,068 (previous year: TEUR 69,144) (corporation tax). Of this, totals of TEUR 24,057 (previous year: TEUR 39,729) (trade tax) and TEUR 52,481 (previous year: TEUR 36,995) (corporation tax) will likely not be used within a reasonable period. Accordingly, no deferred tax assets have been recognised for these amounts. No deferred taxes result from the existing interest carry-forwards totalling TEUR 14,636 (previous year: TEUR 2,296) because their use appears unlikely at the present time.

Deferred taxes recognised in other comprehensive income amount to TEUR –264 (previous year: TEUR 1,189). They result from the effective part of the change in the fair value of derivative financial instruments.

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

Deferred taxes	2015		2014		
	Asset TEUR	Liability TEUR	Asset TEUR	Liability TEUR	Change
Fixed assets	1,897	77,099	1,288	60,010	-16,480
Current assets	770	155	289	138	464
Liabilities	5,965	874	3,629	638	2,100
Tax loss carry-forwards	16,034	0	8,334	0	7,700
Interest carry-forward	0	0	0	0	0
Total	**24,666**	**78,128**	**13,540**	**60,786**	**-6,216**
Offsetting	0	0	0	0	0
Balance sheet figures	**24,666**	**78,128**	**13,540**	**60,786**	**-6,216**
2015 change					-6,216
of which without effect (without deconsolidation)					-8,344
of which deconsolidation					-185
2015 change with effect					2,313

The sum of the changes in deferred taxes differs by TEUR 8,529 from the deferred taxes shown in the income statement.

This includes the recognition in equity of deferred taxes in the amount of TEUR 8,344 associated with the initial consolidation of companies acquired during the financial year and the deconsolidation of Helvetic Energy GmbH in the amount of TEUR 185.

The change in deferred taxes compared to the previous year is due to two significant effects from the 2015 financial year: first, the differences in the carrying amounts of the capitalised electricity feed-in contracts

and the wind and photovoltaic installations, and second, the increase in the tax loss carry-forwards.

The change in deferred taxes from property, plant and equipment totalling TEUR –16,480 relates to deferred taxes in the amount of TEUR –7,718 from the capitalised electricity feed-in contracts, deferred taxes in the amount of TEUR –8,556 from the carrying amount differences of the wind and photovoltaic installations and TEUR –206 from the valuation differences of financial investments. The change is primarily due to the acquisition of new companies in the 2015 financial year and the initial capitalisation of their electricity feed-in contracts. The change also results from the increase in carrying amount differences of the energy generation installations due to the higher depreciation for tax purposes (accelerated/degressive depreciation). Due to the accelerated or degressive depreciation for tax purposes, tax loss carry-forwards and deferred tax assets rose from TEUR 8,334 to TEUR 16,034.

This includes deferred tax assets in the amount of TEUR 3,794 (previous year: TEUR 2,866) from the ineffective portion of the fair value of interest rate swaps in a hedging relationship, from the fair value of interest rate swaps not in a hedging relationship, and from valuation differences resulting from use of the effective interest method. Deferred tax assets have formed in the amount of TEUR 2,169 (previous year: TEUR 758) from provisions for restoration obligations.

5.9 Other comprehensive income

	TEUR	847
Previous year:	TEUR	-2,935

Other comprehensive income is chiefly comprised of reserves for hedge accounting and the corresponding deferred tax effects. Amounts recognised in equity will be reclassified in full in profit or loss once the corresponding hedged items have expired. Other comprehensive income also includes currency translation differences.

6. Notes to the consolidated balance sheet

6.1 Intangible assets

	TEUR	176,250
Previous year:	TEUR	145,425

Developments in intangible assets are set out in the statement of changes in fixed assets. The intangible assets mainly comprise project rights as well as rights deriving from the electricity feed-in contracts amounting to TEUR 175,927 (previous year: TEUR 144,727).

Details of assets provided as collateral are given in note 3.9 (collateral). There are no contractual obligations to acquire intangible assets.

6.2 Goodwill

	TEUR	7,361
Previous year:	TEUR	2,623

The goodwill as of the reporting date mainly derives from the acquisition of a 100 per cent shareholding in Grid Essence UK Ltd. and its subsidiaries as well as Capital Stage Solar Service GmbH. Of this, goodwill in the amount of TEUR 5,695 (following impairment testing; previous year: TEUR 0) is attributed to the Grid Essence solar park portfolio (PV Parks segment). Capital Stage Solar Service GmbH (PV Service segment) accounts for goodwill of TEUR 1,481 (previous year: TEUR 1,481). The goodwill is subject to regular (at least annual) impairment testing.

Capital Stage Solar Service

Impairment testing for acquired goodwill from Capital Stage Solar Service GmbH is carried out using forecast cash flows from the cash-generating unit (CGU). The CGU is identical to the legal entity. The payments anticipated on the basis either of long-term contracts or expectations based on past business performance are discounted by using a risk-weighted interest rate (WACC). When determining the value in use in this manner, the discount rate for the detailed planning period of five years as of the reporting date is 3.84 per cent (previous year: 4.07 per cent). A growth rate of 1.00 per cent (previous year: 1.00 per cent) was assumed for the perpetual annuity.

The cash inflows determined by this method are compared with the carrying amounts, including goodwill, of the respective CGUs. Capital Stage Solar Service GmbH's carrying amount is TEUR 2,578. Goodwill accounts for TEUR 1,481 (previous year: TEUR 1,481) of this amount. The recoverable amount for Capital Stage Solar Service GmbH is equal to its value in use and amounts to TEUR 16,906 as of the reporting date.

Management plans cash flows and the underlying budgets for a period of five years. Cash flows react most sensitively to the amount of revenue generated. Since the discounted cash inflows of CGU Capital Stage Solar Service GmbH show a surplus of TEUR 14,329 over their total carrying amounts, including goodwill, a sensitivity analysis was not performed. However, neither a 0.5 per cent increase in the WACC nor a ten per cent reduction in the forecast discounted cash flows would result in an impairment of goodwill.

Grid Essence

Impairment testing for acquired goodwill from the companies of the Grid Essence portfolio is carried out using forecast cash flows from the cash-generating unit (CGU). The CGU is identical to the respective legal entity. The payments anticipated on the basis either of long-term contracts or expectations based on business performance are discounted by using a risk-weighted interest rate (WACC). When determining the value in use in this manner, the discount rate for the corresponding detailed planning period as of 31 December 2015 is between 6.33 and 6.52 per cent.

The cash inflows determined by this method are compared with the carrying amounts (including goodwill) of the respective CGU. The corresponding carrying amounts of the CGUs exceed the recoverable amounts determined. Impairment testing resulted in an impairment loss for only two CGUs, totalling TEUR 652, which is attributable to the limited useful life of the solar parks. The goodwill is thus impaired at this amount. The impairment is attributed in full to the PV Parks segment.

The management plans cash flows and the financial plans that form their basis over a time period that covers the long-term feed-in and lease contracts of the respective CGU. The entire planning horizon can therefore be shown using a detailed plan. In light of the finite planning period, determination of a perpetual annuity is not necessary.

In addition to impairment testing for acquired goodwill from the companies of the Grid Essence portfolio, two sensitivity analyses were carried out for each CGU. The first sensitivity analysis assumed an increase or decrease in the discount rate of 0.5 percentage points. If the discount rate had been 0.5 percentage points higher (or lower), the impairment loss would have increased by TEUR 1,446 (or decreased by TEUR 425). For the second sensitivity analysis, the cash flows from the CGUs were increased or reduced by ten per cent. If the cash flows had been ten per cent higher (or lower), the impairment loss would have decreased by TEUR 652 (or increased by TEUR 5,558).

In the previous year, an impairment loss of TEUR 4,204 on the goodwill from Helvetic Energy GmbH, Flurlingen, Switzerland, was recognised (Financial Investments segment).

6.3 Property, plant and equipment

	TEUR	958,096
Previous year:	TEUR	675,648

Developments in property, plant and equipment are set out in the statement of changes in non-current assets. Property, plant and equipment includes the energy generation installations (TEUR 945,845; previous year: TEUR 648,741), installations under construction (TEUR 11,731; previous year: TEUR 26,415) and other property, plant and equipment (TEUR 520; previous year: TEUR 492).

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

in TEUR	2015	2014
Acquisition cost		
As of 1.1	22,278	22,278
As of 31.12	**22,278**	**22,278**
Depreciation and amortisation		
As of 1.1	4,356	3,610
Additions	747	746
As of 31.12	**5,103**	**4,356**
Carrying amount on 31.12	**17,175**	**17,922**

Details of assets provided as collateral are given in note 3.9 (collateral). There are no contractual obligations to acquire property, plant and equipment, and no significant long-term assets from property, plant and equipment were disposed of.

6.4 Financial assets

TEUR 1
Previous year: TEUR 6

The financial investments changed as follows:

in TEUR	2015	2014
As of 1.1	6	7,785
Additions	10	0
Disposals	-15	-7,779
As of 31.12	**1**	**6**

6.5 Other receivables (non-current)

TEUR 6,925
Previous year: TEUR 5,970

These consist chiefly of encroachment easements, advance payments for leases and other non-current receivables.

6.6 Inventories

TEUR 1,232
Previous year: TEUR 1,926

The inventories consist chiefly of merchandise and replacement parts.

6.7 Trade receivables

TEUR 19,205
Previous year: TEUR 9,341

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

6.8 Other current assets

TEUR 25,161
Previous year: TEUR 12,336

Other current assets break down as follows

in TEUR	2015	2014
Non-financial assets	19,494	10,022
Other current receivables	5,667	2,314
Total	**25,161**	**12,336**

The non-financial assets comprise primarily tax receivables.

Other current receivables consist largely of prepaid expenses of TEUR 3,149 (previous year: TEUR 1,399) and of other intangible assets and receivables.

No impairments were required in the reporting year or the previous year.

6.9 Liquid funds

TEUR 99,368
Previous year: TEUR 118,722

Cash break down as follows:

in TEUR	2015	2014
Cash and cash equivalents	52,358	88,596
Current account advances	729	1,038
Liquid funds from the cash flow statement	51,629	87,558
Restricted cash	47,010	30,126

The cash and cash equivalents consist exclusively of cash and bank balances. They include capital servicing and project reserves of TEUR 47,010 (previous year: TEUR 30,126) which serve as collateral for the solar parks' lending banks and can only be used in agreement with the lending banks. Pursuant to IAS 7, cash and cash equivalents is comprised of cash and cash equivalents without restrictions. Details of assets provided as collateral are given in note 3.9 (collateral).

6.10 Assets held for sale

TEUR 262
Previous year: TEUR 262

Assets held for sale and associated liabilities consist solely of the photovoltaic installation and one advance lease payment for Capital Stage Göttingen Photovoltaik GmbH, the Group's sole roof-mounted PV installation. The transaction is expected to be completed by the end of the second quarter 2016.

6.11 Shareholders' equity

TEUR 261,634
Previous year: TEUR 243,479

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

In view of the Company's positive performance in 2014 and the prospects for the future, which remain good, the Management Board and Supervisory Board of Capital Stage AG tabled a proposal at the Annual General Meeting that took place on 23 June 2015 to pay a dividend of EUR 0.15 per share for the 2014 financial year. This represents an increase of 50 per cent over the 2013 financial year (EUR 0.10 per share). Shareholders also had the option of receiving the dividend either fully in cash or partly in the form of shares in Capital Share AG. The proposal by the Management and Supervisory Boards was approved by a clear majority. The dividend was paid on 27 July 2015.

The option once again offered by Capital Stage AG of taking the dividend either all in cash or partly in the form of shares at a subscription price of EUR 6.30 was very popular with shareholders. Shareholders representing more than 80 per cent of outstanding share capital chose to receive shares. In total, 1,409,368 new bearer shares were issued. The new shares have dividend rights from 1 January 2015 onwards. The capital increase was entered in the commercial register of the Hamburg district court on 31 July 2015.

Subscribed capital increased as a result to EUR 75,343,536.

A contingent capital increase was adopted by the Annual General Meeting on 31 May 2007 (contingent capital I). The exercise of share options at a nominal value of EUR 1.00 from this contingent capital increased share capital by a further 240,000 shares.

Altogether, the Company received gross proceeds from the capital increases of some TEUR 9,567 from the issue.

As a result of capital increases, the capital reserves rose from EUR 104,420,171.45 to EUR 112,337,421.85. The cumulative issue costs for the capital increases amount to TEUR 3,686 (previous year: TEUR 3,618).

As of the reporting date, share capital therefore comes to EUR 75,483,512.00, divided into 75,483,512 shares with a nominal value of EUR 1.00 per share.

Authorised capital

As of the reporting date 31 December 2015 and following the partial use of the authorisation granted at the Annual General Meeting held on 26 June 2014, the Management Board was still authorised, subject to the approval of the Supervisory Board, to increase the share capital of the Company by up to EUR 33,695,597.00 on or before 25 June 2019 through the single or multiple issue of up to 33,695,597 new no-par-value bearer shares for subscription in cash and/or in kind (Authorised Capital 2014). All shareholders are entitled to subscription rights. The new shares may also be issued to one or more credit institutes or other companies named under section 186, paragraph 5, sentence 1 of the German Stock Corporation Act (AktG) with the obligation that they be offered to shareholders (indirect subscription right) or partly by way of a direct subscription right (for instance, to eligible shareholders who have previously given an irrevocable subscription guarantee) and, in any case, by way of indirect subscription rights pursuant to section 186, paragraph 5 of the AktG.

The Management Board is authorised, subject to the consent of the Supervisory Board and to further conditions, to exclude the subscription rights of shareholders.

The Supervisory Board is authorised to amend the wording of section 4, paragraphs 1 and 6 of the Articles of Association as appropriate to reflect the use of Authorised Capital 2014 either after the full or partial execution of the increase in share capital or, if some or all of Authorised Capital 2014 has not been used by 25 June 2019, after the expiry of the authorisation period.

Contingent capital

In 2015, subscription rights were exercised for 240,000 Company shares. Share capital is therefore now conditionally increased by up to EUR 1,015,000.00 from the issue of up to 1,015,000 no-par-value bearer shares (contingent capital I). However, the contingent capital increase will only be carried out 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 resolution passed by the Annual General Meeting on 31 May 2007 in connection with the 2007 share option programme exercise their options to acquire Company shares, and the Company does not issue treasury shares in fulfilment of the subscription 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 share capital is conditionally increased by up to EUR 33,392,084.00 through the issue of up to 33,392,084 new no-par-value bearer shares, each representing EUR 1.00 of share capital (contingent capital 2015/II).

The contingent capital increase will only be implemented to the extent that holders or creditors of conversion rights or warrants attached to warrant bonds, convertible bonds, mezzanine capital and/or profit-linked bonds (or a combination of these instruments) issued before 22 June 2020 by the Company or its direct or indirect wholly owned affiliates on the basis of the resolution passed by the Annual General Meeting on 23 June 2015 (known collectively as the "bonds") make use of their conversion rights or warrants, or if the holders or creditors of the corresponding bonds issued before 22 June 2020 by the Company or its indirect or direct wholly owned affiliates on the basis of the resolution passed at the Annual General Meeting on 23 June 2015 meet their obligation to convert their bonds or exercise their warrants. With the consent of the Supervisory Board, the Management Board may, as far as permitted by law, determine that new shares participate in profits in a different proportion from that defined in section 60, paragraph 2 of the Stock Corporation Act (Aktiengesetz – AktG).

The Management Board is also authorised, subject to the consent of the Supervisory Board, to determine the further contents of share rights and further details regarding the execution of a contingent capital increase. The Supervisory Board is authorised to adjust the wording of section 4, paragraph 4 of the Articles of Association to reflect the issuance of contingent capital from time to time.

Furthermore, share capital is conditionally increased by up to EUR 2,320,000.00 through the issue of up to 2,320,000 no-par-value bearer shares (contingent 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 the 2012 share option programme, 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 contingent capital III). The contingent 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 profits from the beginning of the financial year in which they are created through exercise of the option. The Supervisory Board is authorised to amend the wording of section 4, paragraphs 1 and 5 of the Articles of Association as appropriate to reflect the issue of option shares.

The consolidated distributable profit is determined as follows:

TEUR	31.12.2015	31.12.2014
Consolidated profit for the year after third-party holdings	18,735	25,525
Profit carried forward	63,829	45,548
Dividend distribution	-11,090	-7,244
Consolidated distributable profit	71,474	63,829

Capital reserves of TEUR 108,651 (previous year: TEUR 100,802) stem chiefly from the increase in share capital of TEUR 2,520 entered in the Company register on 28 January 2002 and from the share premium received on the capital increases carried out in 2010 (TEUR 2,464), 2011 (TEUR 12,194), 2012 (TEUR 20,488), 2013 (TEUR 48,014) and 2014 (TEUR 15,122). In the 2015 financial year, capital reserves increased primarily from the distribution of dividends in the form of shares and from the exercise of share options.

The currency adjustment item in the amount of TEUR 71 (previous year: TEUR –130) as of the reporting date relates exclusively to currency translation of British pounds into euros from the British subsidiaries.

In addition to the currency translation reserve, other reserves also contain hedging reserves (including the corresponding deferred tax effects) in the amount of TEUR –2,265 (previous year: –2,911). The hedging reserves are comprised of profits or losses from the effective part of cash flow hedges resulting from changes in the fair value of the hedging instruments. The cumulative profit or loss from changes in the fair value of hedging instruments recognised in the reserves from hedging instruments is only transferred to the income statement if the hedged item affects the income statement. During the reporting period, a cumulative profit or loss from changes in the fair value of hedging instruments in the amount of TEUR 1,334 was transferred to the income statement.

Non-controlling interests relate chiefly to third-party shares in the following companies: Solarpark Brandenburg GmbH, Parco Eolico Monte Vitalba S.r.l., Solaire Ille SARL and Centrale Photovoltaique SauS 06 SARL.

Capital management

The aim of capital management is to ensure that the Group can meet its financial obligations. The Group's long-term goal is to increase enterprise value. On the balance sheet date, the Group had an equity ratio of 19.84 per cent (previous year: 24.70 per cent).

The following table shows the Group's equity, equity ratio and cash and cash equivalents.

	31.12.2015	31.12.2014
Equity in TEUR	261,634	243,479
Equity ratio in %	19.84	24.70
Liquid funds in TEUR	99,368	118,722

6.12 Share-based payment

To enable Capital Stage AG to grant share options as remuneration components 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 (contingent capital I). The purpose of contingent 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 authorisation resolution of the Capital Stage AG Annual General Meeting on 31 May 2007 in connection with the 2007 share option programme (AOP 2007). 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.

When AOP 2007 expired, a new share option programme (AOP 2012) was adopted and contingent capital III was created at the Annual General Meeting held on 20 June 2012.

Warrants were offered each year from 2008 to 2015. 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. No more share options can be exercised from AOP 2007 (tranches from 2008 to 2012) or from the 2013 tranche of AOP 2012.

To create long-term incentives, the subscription rights attached to the share options cannot be exercised until after the expiry of a vesting period. The vesting period for AOP 2012 is four years. The subscription price (exercise price) for both programmes 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 for AOP 2012 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 30 per cent during the ten trading days preceding the date on which the subscription rights are exercised. The applicable exercise period is deemed to be the period in which the relevant subscription rights may first be exercised, the performance target having been reached or exceeded.

Share option programme 2007 (AOP 2007)

On 17 June 2011 and 1 April 2012, the following share options were issued from the 2007 share option programme which were exercised in the reporting year:

Year of distribution	2012	2011
Exercise period	01.04.2014–31.03.2017	17.06.2013 –16.06.2016
Basic price	EUR 3.08	EUR 2.22
Exercise price on issue	EUR 3.85	EUR 2.78
Options offered and accepted	685,000	350,000
No. of shares on 01.01.2015	180,000	60,000
Exercised options	-180,000	-60,000
Expired options	0	0
No. of shares on 31.12.2015	0	0
Exercisable as of 31.12 2015	0	0

In 2015, 240,000 options were exercised, of which 240,000 by Management Board members. The weighted average share price on the exercise date was EUR 7.60. No share options expired during the reporting period. As of the reporting date 31 December 2015, the number of outstanding options had therefore gone down from 240,000 as of 31 December 2014 to zero. No more options from AOP 2007 can be exercised as of the reporting date 31 December 2015.

Share option programme 2012 (AOP 2012)

On 21 March 2013, 26 June 2014, 27 January 2015, 31 March 2015 and 21 April 2015, the following share options were granted under the share option programme for 2012:

Year of distribution	2015	2015	2015	2014	2013
Exercise period	22.04.2019 – 21.04.2022	01.04.2019 – 31.03.2022	28.01.2019 – 27.01.2022	27.06.2018 – 26.06.2021	22.03.2017 – 21.03.2020
Basic price	6.49	EUR 6.08	EUR 4.92	EUR 3.74	EUR 3.81
Exercise price on issue	8.44	EUR 7.91	EUR 6.40	EUR 4.86	EUR 4.95
Options offered and accepted	150,000	580,000	150,000	250,000	600,000
No. of shares on 01.01.2015	0	0	0	250,000	300,000
Exercised options	0	0	0	0	0
Expired options	-150,000	-150,000	0	-150,000	-300,000
No. of shares on 31.12.2015	0	430,000	150,000	100,000	0
Exercisable as of 31.12.2015	0	0	0	0	0

No options were exercised in the 2015 financial year. In the reporting period, 750,000 options expired, of which 300,000 were held by Management Board members. As of the reporting date, there were a total of 680,000 options outstanding (previous year: 550,000), of which 150,000 were held by Management Board members. The tranches from the AOP 2012 share option programme are in the vesting period until March 2017, June 2018, January 2019 and April 2019, so no options can be exercised from AOP 2012 as of the reporting date.

Pursuant to IFRS 2, the share options are recognised in the balance sheet at their fair value, whereby fair value is then recognised as personnel expenses over the vesting period. Accordingly, the warrants must be valued on their issue through the use of a suitable model which takes into account the capital-market-oriented characteristics of the warrants. Characteristics not oriented on the capital market, such as the vesting 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 vesting period must be distributed pro rata over the vesting period and recognised in the income statement as personnel expenses. The anticipated fluctuation rates are based on those experienced over recent years.

The options issued in 2015 were valued using a binomial option price model. The basic price as per the table above was used for the valuation. This is the price per share at the time of issue. Where relevant, the expected option period applied by the model was adjusted on the basis of the management's best estimates in respect of the effect of their non-transferability, exercise restrictions and the probability of the market conditions connected to the options actually transpiring, as well as assumptions relating to the beneficiaries' exercise behaviour. The calculations are based on anticipated volatility of 30.0 per cent (previous year: 30 per cent), an assumption based on the historic volatility one year prior to issue. A further assumption of a risk-free interest rate of 1.00 per cent (previous year: 1.00 per cent) p.a. was made.

Personnel expenses of TEUR 181 (previous year: TEUR 63) from AOP 2012 and of TEUR 0 (previous year: TEUR 2) from AOP 2007 were recognised in the income statement for 2015. In subsequent years, the programme is expected to entail recognition of personnel expenses of a further TEUR 494 (previous year: TEUR 192), 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 2015 was EUR 0.64 (previous year: EUR 0.91). The weighted mean fair value of all share options in existence on 31 December 2015 was EUR 0.59 (previous year: EUR 0.26).

6.13 Liabilities, provisions, accruals and financial liabilities

TEUR 978,765
Previous year: TEUR 681,534

Type of liability	Total amount	Current	Non-current
Liabilities to non-controlling interests (previous year)	11,780 (11,996)	11,780 (11,996)	0 (0)
Financial liabilities (previous year)	903,805 (609,774)	55,554 (41,401)	848,251 (568,373)
Leasing liabilities (previous year)	16,953 (17,874)	953 (920)	16,000 (16,953)
Provisions for restoration obligations (previous year)	10,155 (5,566)	0 (0)	10,155 (5,566)
Tax provisions (previous year)	3,145 (950)	3,145 (950)	0 (0)
Trade payables (previous year)	11,180 (13,284)	11,180 (13,284)	0 (0)
Other liabilities (previous year)	21,747 (22,091)	9,120 (9,462)	12,627 (12,629
Total (previous year)	978,765 (681,534)	91,732 (78,013)	887,033 (603,521)

Compared with the presentation found in the 2014 annual report, the deferred accruals resulting from the advantageous subsidised loans from the KfW banking group are shown under other liabilities and not under financial debt.

Liabilities to non-controlling interests

Liabilities to non-controlling interests are chiefly comprised of shares in profit attributable to non-controlling interests and loans from non-controlling interests.

Financial liabilities

Financial debt is comprised of the following items:

TEUR	31.12.2015	31.12.2014
Liabilities to financial institutions and other loans	702,441	533,916
Liabilities from mezzanine capital	134,323	63,282
Liabilities from listed notes	53,713	0
Derivatives with negative fair values	13,328	12,576
Total	**903,805**	**609,774**

Leasing liabilities

Liabilities from finance leases relate exclusively to solar parks and include the following conditions:

Company	Lease partner	Interest rate in %	Maturity date	Carrying amount 31.12.2015 TEUR	Carrying amount 31.12.2014 TEUR
Alameda S.r.l., Italy	Mediocredito Italiano S.p.A.	3.630	2029	4,420	4,657
Casette S.r.l., Italy	Mediocredito Italiano S.p.A.	3.630	2029	4,600	4,848
Oetzi S.r.l., Italy	Unicredit Leasing S.p.A.	3.819	2029	2,523	2,663
Solar Energy S.r.l., Italy	Unicredit Leasing S.p.A.	3.750	2029	2,359	2,490
Vallone S.r.l., Italy	Mediocredito Italiano S.p.A.	3.630	2029	3,051	3,215

The leased items are recognised in property, plant and equipment with carrying amounts totalling TEUR 17,175 (previous year: TEUR 17,922). Differences between the carrying amounts of the assets and the liabilities result from unscheduled repayment of lease obligations.

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

The finance lease liabilities are due as follows:

	Minimum lease payments		Present value of minimum lease payments	
	31.12.2015 TEUR	31.12.2014 TEUR	31.12.2015 TEUR	31.12.2014 TEUR
Remaining term up to one year	1,552	1,552	953	920
Remaining term one to five years	6,207	6,207	4,171	4,025
Remaining term more than five years	13,917	15,469	11,829	12,929
	21,676	**23,228**	**16,953**	**17,874**
Less financing costs	-4,723	-5,354		
Present value of minimum lease payments	16,953	17,874	16,953	17,874
of which current liabilities			953	920
of which non-current liabilities			16,000	16,954

Provisions

Changes in provisions are as follows:

Provisions table in TEUR	As of 01.01.2015	Additions	Reversals	Consolidation changes, currency adjustments, currency translation	Used	As of 31.12.2015
Tax provisions	950	2,998	-616	32	-219	3,145
Provisions for restoration obligations	5,566	26	-27	4,744	-154	10,155
Provisions for personnel expenses	1,136	1,194	-112	0	-1,024	1,194
Other provisions	1,265	4,951	-1,148	-17	-1,088	3,963
Total	**8,917**	**9,169**	**-1,903**	**4,759**	**-2,485**	**18,457**

In evaluating the extent of 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 per cent has been assumed. Provisions are accreted to their present value on an annual basis. The expenses for accrued interest on the provisions were TEUR 154 in 2015 (previous year: TEUR 112).

Provisions for personnel expenses primarily include bonuses for employees and Management Board members.

Trade payables

Trade payables mainly relate to invoices from suppliers received by individual solar parks and wind parks.

Other liabilities

Other non-current debt chiefly relates to deferred accruals in the amount of TEUR 11,292 (31.12.2014: TEUR 9,883). Deferred accruals are comprised of the advantage from subsidised loans from the KfW banking group at interest rates lower than the market rate.

Other current debt is attributed to the following items:

TEUR	31.12.2015	31.12.2014
Provisions for personnel expenses	1,194	1,136
Other provisions	3,963	1,265
Deferred accruals (interest rate advantage)	2,132	1,707
Other taxes	474	3,604
Other	1,357	1,750
Total	**9,120**	**9,462**

7. Additional disclosures related to financial assets and liabilities

Carrying amounts, recognised amounts and fair value according to classes and valuation categories

Classes of financial instruments in TEUR	Valuation category*	Carrying amount as of 31.12.2015 (31.12.2014)	Valuation under IAS 39* Amortised cost	Fair value in equity	Fair value through profit or loss	Fair value as of 31.12.2015 (31.12.2014)
Financial assets						
Liquid funds (31.12.2014)	L&R	99,368 (118,722)	99,368 (118,722)			99,368 (118,722)
Trade receivables (31.12.2014)	L&R	19,205 (9,341)	19,205 (9,341)			19,205 (9,341)
Other current receivables (31.12.2014)	L&R	1,567 (657)	1,567 (657)			1,567 (657
Participating interests (31.12.2014)	FV-Option	1 (6)			1 (6)	1 (6)
Derivative financial assets						
Derivatives in a hedging relationship (31.12.2014)	n.a.	49 (0		49 (0)		49 (0)
Financial liabilities						
Trade payables (31.12.2014)	AC	11,180 (13,284)	11,180 (13,284)			11,180 (13,284)
Financial liabilities (31.12.2014)	AC	887,098 (605,749)	887,098 (605,749)			1,027,728 (650,369)
Leasing liabilities (31.12.2014)	AC	16,953 (17,874)	16,953 (17,874)			17,215 (17,445)
Liabilities to non-controlling partners (31.12.2014)	AC	11,780 (11,996)	11,780 (11,996)			11,780 (11,996)
Liabilities from contingent consideration (31.12.2014)	n.a.	65 (2,000)			65 (2.000)	65 (2,000)
Other financial liabilities (31.12.2014)	AC	5,445 (547)	5,445 (547)			5,445 (547)
Derivative financial liabilities						
Derivatives in a hedging relationship (31.12.2014)	n.a.	9,857 (8,409)		9,857 (8,409)		9,857 (8,409)
Derivatives not in a hedging relationship (31.12.2014)	FLHfT	3,471 (4,167)			3,471 (4,167)	3,471 (4,167)
Of which: Aggregated by valuation categories as per IAS 39						
Loans and receivables (31.12.2014)	L&R	120,140 (128,720)	120,140 (128,720)			120,140 (128,720)
Fair value option (31.12.2014)	FV-Option	1 (6)			1 (6)	1 (6)
Financial liabilities at amortised cost (31.12.2014)	AC	932,456 (649,450)	932,456 (649,450)			1,073,348 (693,641)
Financial liabilities held for trading (31.12.2014)	FLHfT	3,471 (4,167)			3,471 (4,167)	3,471 (4,167)

* L&R: loans and receivables; FAHFT: financial assets held for trading; AC: amortised cost; FLHFT: financial liabilities held for trading.

Fair value hierarchy

Fair value hierarchy 31.12.2015 (31.12.2014) in TEUR	Level 1	2	3
Assets Financial investments (fair value option) (previous year)			1 (6)
Derivative financial assets: Derivatives in a hedging relationship (previous year)		49 (0)	
Liabilities Liabilities from contingent consideration (previous year)			65 (2,000)
Derivative financial liabilities: Derivatives in a hedging relationship (previous year)		9,857 (8,409)	
Derivatives not in a hedging relationship (previous year)		3,471 (4,167)	

No financial instruments were reclassified in the 2015 financial year.

For each class of assets and liabilities not measured at fair value in the balance sheet and for which fair value is not approximately equal to the carrying amount, the following table shows the level of the fair value hierarchy to which the measurement of fair value has been assigned overall.

Fair value hierarchy 31.12.2015 (31.12.2014) in TEUR	Level		
	1	2	3
Liabilities Financial liabilities at amortised cost			
Financial liabilities (previous year)		1,027,728 (650,369)	
Leasing liabilities (previous year)		17,215 (17,445	

The following tables show the valuation methods that were used to determine fair values.

Financial instruments measured at fair value

Type	Valuation method	Important non-observable input factor
Interest rate swaps	Discounted cash flows: The fair values are determined using the future expected cash flows discounted using the standard observable market data of the corresponding interest structure curves	Not applicable
Liabilities from contingent consideration	Contractually fixed discounted cash flows based on contractually fixed mechanisms	Not applicable

Financial instruments not measured at fair value

Type	Valuation method	Important non-observable input factor
Financial debt and liabilities from finance leases	Discounted cash flows: The fair values are determined using the future expected cash flows discounted with equivalent terms using the standard observable market interest rates.	Not applicable

For financial instruments with short-term maturities – including cash and cash equivalents, trace receivables, trade liabilities and other current receivables and liabilities – the assumption is made that their fair values are approximately equal to their carrying amounts.

The following overview provides a detailed reconciliation of the assets and liabilities regularly measured at fair value in level 3.

TEUR	2015	2014
Financial investments		
As of 1.1	6	6
Purchases (including additions)	10	0
Profits (+) and losses (–) in the income statement	-15	0
As of 31.12	**1**	**6**
Liabilities from contingent consideration		
As of 1.1	2,000	**0**
Purchases (including additions)	65	**2,000**
Profits (+) and losses (–) in the income statement	-1,209	**0**
Payments made	-791	**0**
As of 31.12	**65**	**2,000**

The liability from contingent considerations for the acquisition of Capital Stage France Beteiligungsgesellschaft mbH in the amount of TEUR 2,000 was utilised in the reporting year to some TEUR 791. The difference in the amount of TEUR 1,209 was recognised as income and is shown under other operating income. The liability from contingent considerations stemming from the acquisition of the Lunestedt wind park portfolio (see section 4) in the 2015 financial year is recognised at its fair value of TEUR 65.

The following table shows the net profits and losses from the financial instruments recognised in the consolidated income statement (categorised by valuation categories):

TEUR	2015	2014
Loans and receivables (L&R)	284	778
Financial liabilities measured at amortised acquisition cost (AC)	-33,064	-19,295*
Financial instruments recognised at fair value through profit or loss	919	-3,832
of which held for trading (FAHFT and FLHFT)	*919*	*-3,832*
Total	**-31,861**	**-22,349***

Net gains and losses from financial instruments comprise valuation effects, recognition and reversal of impairment losses, interest and all other earnings effects from financial instruments. The item "Financial instruments recognised at fair value through profit or loss" contains earnings from instruments which are not designated as hedging instruments as part of a hedge relationship in accordance with IAS 39. In addition, the item includes gains and losses from the ineffective portion of financial instruments designated as hedging instruments in accordance with IAS 39. Valuation gains and losses on financial instruments not recognised through profit or loss are shown in the overview of income and expenses recognised directly in equity.

The following interest income and expenses originate from financial instruments not measured at fair value through profit or loss:

TEUR	2015	2014
Interest income	294	1,009
Interest expenses	-31,853	-19,595*
Total	**-31,559**	**-18,586***

Not included are, in particular, interest income and expenses from derivatives in a hedging relationship and interest income and expenses from assets and debt outside of the scope of IFRS 7.

Interest rate swaps

The fair value of the interest rate swaps on the balance sheet date is determined by discounting future cash flows through application of both the yield curves on the balance sheet date and the credit risk of the contracts.

As of the reporting date, the Group held a total of 62 (31 December 2014: 37) interest rates swaps under which the Group receives interest at a variable rate and pays interest at a fixed rate. These are what are known as amortising interest rate swaps, whose nominal volume is reduced at regular, defined intervals. The following table shows the nominal amounts as of the reporting date, the average (volume-weighted) fixed interest rates and the fair values. It distinguishes between interest rate swaps that are part of an effective hedging relationship pursuant to IAS 39 and those that are not.

	31.12.2015	31.12.2014
Nominal volume in TEUR	**256,304**	**157,400**
of which in a hedging relationship	231,949	129,162
of which not in a hedging relationship	24,355	28,238
Average interest rate in %	2.48	2.60
Fair value in TEUR	**-13,280**	**-12,576**
of which in a hedging relationship	-9,809	-8,409
of which not in a hedging relationship	-3,471	-4,167

Effectiveness tests carried out as of 31 December 2015 showed an effectiveness level for all hedging relationships of 87.67 to 114.06 per cent, which is well within the permitted range.

The ineffective portion of the swaps in a hedging relationship was recognised as income of TEUR 225 through profit and loss (previous year: expenses of TEUR 3,264). The market value of swaps that are not in a hedging relationship was recognised as income of TEUR 694 through profit or loss (previous year: expenses of TEUR 568). The effective portion in the current financial year of TEUR 910 (previous year: TEUR –4,100) was adjusted for deferred tax effects in the amount of TEUR –264 (previous year: TEUR 1,189) and recognised in equity.

Principles of risk management

The main risk for Capital Stage's financial assets and liabilities and its planned transactions is interest rate risk. Risk management aims to limit this risk by means of ongoing activities. Depending on the assessment of the risk, derivative hedging instruments are used to do so. To minimise default risk, only respected banks with good credit ratings are used as counterparties for interest rate hedges. Hedging is generally limited to risks that affect the Group's cash flow.

Interest rate risk

Interest rate risk is the risk of changes in the fair value or future cash flows from a financial instrument due to changes in market interest rates. Exposure to interest rate risk comes from acquisition financing and from financing arrangements for individual assets – to the extent that they are at variable rates. As these financing arrangements are nearly all hedged in full by means of unconditional interest rate swaps for the complete nominal volume, the fluctuations recognised in the income statement are only marginal. However, changes in market expectations of interest rates alter the valuation of gains and losses expected from the interest rate hedge, which are reflected solely in the hedging reserve – to the extent that the derivatives form part of an effective hedging relationship. For derivatives not in a hedging relationship in line with IAS 39, the change in expectations has a direct impact on earnings.

Interest rate risks are illustrated by means of sensitivity analyses in accordance with IFRS 7. If market interest rates as of 31 December 2015 had been 100 basis points higher, earnings before taxes would have been TEUR 1,029 (previous year: TEUR 1,371) higher and the hedge reserve in equity before taxes would have been TEUR 11,334 (previous year: TEUR 6,017) higher. This is because an increase in market interest rates as of the reporting date reduces net cash outflows from the interest rate hedges over the entire duration of the interest rate swaps, thus increasing their present value. In view of the level of interest rates as of the reporting date, no sensitivity analysis was carried out for a reduction of 100 basis points in the interest rate.

Credit risk

Credit risk is the risk that counterparties are unable to meet their obligations as agreed. Receivables held by the solar parks and wind parks are mostly trade receivables from selling the electricity produced. In nearly all the markets in which Capital Stage operates, the sale of electricity is based on contractually defined remuneration rates governed and safeguarded by law. Due to its entry into the UK market, the Group now has trade receivables owed to it by private companies instead of by semi-public grid companies or other comparable organisations, as was previously the case. The Group is not, however, exposed to any major risk of default, as all the companies concerned are well respected and have either a good or excellent credit rating.

The receivables are all current and are generally settled within two months. The maximum risk of default is limited to the carrying amounts of the corresponding trade receivables and other receivables. In the event that objective evidence of an impairment is obtained, value adjustments of individual assets are made on a case-by-case basis. Evidence of this nature will be deemed to be available if the invoices for the number of kilowatt-hours produced are not prepared within the agreed period (generally the responsibility of the buyer) or if these invoices are not paid in due course. In the event of either of these events becoming overdue, the corresponding items will be examined in detail and, if necessary, an impairment will be formed. In the reporting period, the default rate for trade receivables was zero per cent (previous year: zero per cent).

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations as they fall due. The financial liabilities did not pose any liquidity risk since, as of the reporting date, the Group held cash and cash equivalents of TEUR 99,368 (previous year: TEUR 118,722). The Group also receives ongoing cash flows from the solar parks and wind parks; there is a high degree of certainty that these cash flows can be expected to continue and they are ample to service the interest payments, principal repayments and financial liabilities. The Management Board has ultimate responsibility for liquidity risk management. To this end, it has established a suitable system for managing short-, medium- and long-term financing and liquidity requirements. The Group manages liquidity risks by maintaining suitable reserves and through the ongoing monitoring of forecast and actual cash flows, as well as coordinating the maturity profiles of financial assets and liabilities.

IFRS 7 also requires a maturity analysis for derivative and non-derivative financial liabilities. The following maturity analysis shows how non-discounted cash flows in connection with liabilities as of 31 December 2015 (31 December 2014) affect the Group's future liquidity.

Type of liability in TEUR	Carrying amount 31.12.2015 (31.12.2014	With a remaining term of up to one year	With a from one to five years	With a remaining term of more than five years
Non-derivative financial liabilities				
Financial liabilities	887,098	83,258	327,525	864,401
(previous year)	(605,479)	(57,631)	(242,668)	(556,359)
Leasing liabilities	16,953	1,552	6,207	13,917
(previous year)	(17,874)	(1,552)	(6,207)	(15,469)
Trade payables	11,180	11,180	0	0
(previous year)	(13,284)	(13,284)	(0)	(0)
Liabilities to non-controlling interests	11,780	11,780	0	0
(previous year)	(11,996)	(11,996)	(0)	(0)
Liabilities from contingent consideration	65	65	0	0
(previous year)	(2,000)	(2,000)	(0)	(0)
Other financial liabilities	5,445	5,445	0	0
(previous year)	(547)	(547)	(0)	(0)
Derivative financial liabilities				
Interest rate derivatives in a hedging relationship	9,857	1,759	4,504	3,628
(previous year)	(8,409)	(879)	(2,643)	(5,136)
Interest rate derivatives not in a hedging relationship	3,471	840	2,274	371
(previous year)	(4,167)	(849)	(2,522)	(806)

The basic procedure for calculating these amounts is as follows:

If the counterparty can demand a payment at various dates, the liability is shown as of the earliest date. Interest payments made on financial instruments with variable rates are calculated using forward interest rates. The cash flows of the financing and leasing liabilities are made up of undiscounted interest payments and capital repayments. The liabilities to non-controlling shareholders have a put option which can be exercised at any time and are therefore classified as current. Undiscounted net payments are shown for the derivative financial instruments.

8. Notes to the consolidated cash flow statement

The cash flow statement is presented separately.

The cash flow statement shows the changes in the Capital Stage Group's cash and cash equivalents. Cash and cash equivalents is comprised of cash and cash equivalents not subject to any restrictions. The cash flow statement has been prepared in conformity with IAS 7, classifying the changes in cash and cash equivalents into cash flows from operating, investing and financing activities. Presentation of the cash flow from operating activities is carried out using the indirect method.

The cash and cash equivalents consist exclusively of cash and bank balances. They include capital servicing and project reserves of TEUR 47,010 (previous year: TEUR 30,126) which serve as collateral for the solar parks' lending banks and can only be used in agreement with the lending banks for the respective companies.

9. Contingent liabilities and other obligations

The Group had an obligation of TEUR 6,005 under rental agreements as of the reporting date (previous year: TEUR 776).

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 56. These disclosures are made in accordance with IAS 17.35.

Type of obligation	Other obligations, up to one year TEUR	Other obligations, one to five years TEUR	Other obligations, more than five years TEUR
Rental agreements	383	3,211	2,411
(previous year)	(237)	(539)	(0)
Leases	64	56	0
(previous year)	(97)	(95)	(0)
Commercial leases	3.578	19,330	81,092
(previous year)	(2,174)	(9,369)	(46,902)

10. Events after the balance sheet date

16.9 MWp solar park in Italy

On 15 February 2016, Capital Stage signed a contract for the acquisition of a portfolio of Italian solar parks in the Piedmont region. The solar park portfolio consists of four solar parks and has a capacity of 16.9 MWp. The seller of the solar park portfolio is project developer and operational management company OPDE based in Spain. The solar parks commenced operations between April and December 2011 and benefit from an average guaranteed feed-in tariff of EUR 0.2730 per kilowatt-hour for a remaining term of 15 years. Capital Stage expects the portfolio of solar parks to make revenue contributions of EUR 8.6 million from its first year of full operation onwards. The total investment volume for the acquisition, including debt, is approximately EUR 65.4 million. The existing financing for the project is being retained. The acquisition is still subject to standard conditions precedent.

FREP proceedings

In a letter dated 10 March, the Company was informed about the results of the ongoing Financial Reporting Enforcement Panel's (FREP) proceedings (spot test). According to the results, the chamber responsible has identified erroneous accounting for the 2012 financial year. The individual breaches of applicable accounting principles are as follows:

1) Disclosures of the purchase prices as well as (in particular) information on the corresponding recognised profits from business combinations for the acquisitions of shares in solar or wind parks accounted for as business combinations in accordance with IFRS 3 are missing from the notes to the consolidated financial statements. Furthermore, there is no appropriate description of the reasons which led to the profits from purchase price allocations.

2) In the Group cash flow statement for the period from 1 January to 31 December 2012, Capital Stage showed the cash and cash equivalents as being too high. The reason for this is the improper recognition in cash and cash equivalents of capital services and project reserve account balances which are subject to long-term restrictions. This also affects the payments made for acquisition of consolidated companies, less acquired cash, and the cash flow from investing activities.

3) In the 2012 financial year, Capital Stage extended the useful life of electricity feed-in contracts recognised as intangible assets to up to 30 years. The maximum useful life of electricity feed-in contracts is determined, however, by the legally regulated term of the subsidy for the corresponding wind or solar park, which is generally 20 years. Due to the improper exceeding of the useful life, depreciation on the intangible assets (electricity feed-in contracts) was shown as too low and the electricity feed-in contracts too high.

Following an exhaustive examination Capital Stage decided not to contest the results of the audit and

informed the FREP of this in a letter dated 30 March 2016. The ongoing FREP proceedings are now concluded.

The effects on the consolidated financial statements as of 31 December 2015 are as follows:

1) These are solely disclosures in the notes which have no financial influence on the consolidated financial statements of Capital Stage AG. The determinations of the FREP have already been accounted for – partially in the financial statements for 2014 and completely in the financial statements for 2014.

2) This also involves solely an error in presentation which has no financial influence on the consolidated financial statements of Capital Stage AG. The respective information was available in the corresponding notes. In the current consolidated financial statements, cash and cash equivalents are shown reduced by the capital services and project reserve account balances. Furthermore, the investment cash flow was corrected correspondingly by the acquired capital services and project reserves.

3) As per the determinations of the FREP, Capital Stage has retroactively reduced all depreciation periods for the intangible assets from purchase price allocations (electricity feed-in contracts) to the corresponding remaining term of the legally regulated subsidy. The cumulative effect on earnings, including deferred taxes for the years of 2010 to 2014, amounted to TEUR 2,045. Altogether, this effect is insignificant and has already been accounted for on a current account basis in the consolidated financial statements for the 2015 financial year. This additionally results in an effect on earnings, including deferred taxes for the 2015 financial year, in the amount of TEUR 3,000. In this context, the reader is referred to the figures in chapter 2.

Solarpark Manor Farm
On 14 March 2016, Capital Stage acquired 100 per cent of the shares in a solar park near the town of Horton in the United Kingdom. The solar park has a production capacity of almost 5 MWp and was connected to the grid in December 2015. The seller of the solar park is the project developer F&S solar concept, which is headquartered in Euskirchen, Germany. Capital Stage expects the park to make revenue contributions of approximately TGBP 500 (approx. TEUR 650) from its first year of full operation onwards. The park has a long-term power purchase agreement with the internationally active Danish energy-trading company Neas Energy. The total investment volume is around EUR 6 million.

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

11. Related-party disclosures

Pursuant to IAS 24, Capital Stage AG also reports on business transactions with related parties and their family members. Related parties are defined as the Management Board, the Supervisory Board and their family members as per IAS 24.

During the financial year concluded, rental contracts at arm's-length terms existed with Albert Büll, Dr Cornelius Liedtke in GbR Holzhafen for office space and car parking spaces for Capital Stage AG. As of the reporting date, rental contracts at arm's-length terms exist with B&L Holzhafen West GmbH & Co. KG for office space for Capital Stage AG.

During the period from August to October 2015, there was a consulting contract at arm's-length terms with Professor Dr Klaus-Dieter Maubach, who became CEO of the Group in November 2015.

As of the reporting date, there were no outstanding balances from transactions with related parties.

12. 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 basic earnings per share:

	31.12.2015	31.12.2014
Weighted average number of shares used to calculate basic earnings per share	74,545,502	72,017,994
Shares assumed to have been issued for no consideration:		
Employee options	69,467	127,768
Weighted average number of shares used to calculate basic diluted earnings per share	74,614.969	72,145,762
Earnings per share from continuing operations, undiluted (EUR)	0.25	0.42
Earnings per share from discontinued operations, undiluted (EUR)	0.00	-0.07
Earnings per share from continuing operations, diluted (EUR)	0.25	0.42
Earnings per share from discontinued operations, diluted (EUR)	0.00	-0.07

The decline in earnings per share (IFRS) during the reporting year can be chiefly attributed to the following two non-cash effects:

1. A correction of depreciation on electricity feed-in contracts from the financial years from 2010 to 2014 was carried out in the current financial year (see chapter 2).
2. Compared to the previous year, lower negative difference amounts were realised in total from the purchase price allocations.

13. Management Board

Since 1 November 2015, Professor Dr Klaus-Dieter Maubach has been the chief executive officer (CEO) of Capital Stage AG.

Mr Felix Goedhart served as the CEO of Capital Stage AG until 31 October 2015.

In addition to Professor Dr Klaus-Dieter Maubach, Dr Christoph Husmann (CFO) serves as the second member of the Capital Stage AG Management Board in Hamburg.

Details of their membership in other supervisory and advisory boards:

Prof Dr Klaus-Dieter Maubach	ABB Deutschland AG, Mannheim, supervisory board member Klöpfer & Königer GmbH & Co. KG, Garching, supervisory board chairman SUMTEQ GmbH, Cologne, advisory board member DTB GmbH, Cologne, advisory board chairman

To create long-term incentives, Dr Husmann (Management Board member) is granted share options under the share option programme. Additionally, Mr Felix Goedhart (CEO until 31 October 2015) received share options from share option programmes. These were adopted in 2007 and 2012 by the Annual General Meeting. The AOP 2007 share option programme was completely satisfied in the 2012 financial year. Since 2013, options have been granted as part of the share option programme AOP 2012. The subscription rights attached to the share options may only be exercised after a vesting period of four years. The subscription price (exercise price) for both programmes 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. To reach the performance target for AOP 2012, the price of shares in Capital Stage AG in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange must exceed the exercise price by at least 30 per cent during the ten trading days preceding the date on which the subscription rights are exercised. The applicable exercise period is deemed to be the period in which the relevant subscription rights may first be exercised, the performance target having been reached or exceeded.

Management Board members receive a gross annual salary for their services. Dr Husmann also receives an annual performance-related bonus. The annual bonus for the previous financial year is determined by the Supervisory Board, taking the Company's earnings and financial position as well as Dr Husmann's personal performance into account. 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. The annual bonus for Mr Felix Goedhart, who withdrew from the Company in the 2015 financial year, was three per cent of the consolidated profit for the year. Gross annual salary and annual bonus together (excluding other benefits) should not exceed TEUR 800.

In the event of a change of control or a non-cash capital increase that leads to a material change in the group of shareholders, CEO Prof. Dr Klaus-Dieter Maubach has the right to resign from office giving one month's notice with effect from the end of a month and to terminate his employment contract with effect from the same date. The company also has a special termination right. A change of control takes place when a third party or persons acting in concert within the meaning of section 2 paragraph 5 WpÜG hold at least 30% of the voting rights within the meaning of section 29 paragraph 2WpÜG through the acquisition of shares or otherwise. A non-cash capital increase leading to a material change in the group of shareholders takes place when new shares representing at least 25% of the company's share capital at the time of the issue of the new shares are issued to one or several shareholders in return for a non-cash contribution. If Prof Dr Klaus-Dieter Maubach or the company exercise their special termination right, Prof Dr Klaus-Dieter Maubach is entitled to a severance payment that is equivalent to the remuneration of six months.

No substantially different contractually agreed compensation payments will be made in case employment of the Management Board members is terminated.

Remuneration for Management Board members during 2015 came to TEUR 1,861 (previous year: TEUR 1,531). This amount breaks down as follows:

Remuneration granted all amounts in EUR	Professor Dr Klaus-Dieter Maubach – CEO Joined: 01.11.2015			
	2014	2015	2015 (min.)	2015 (max.)
Annual salary	-	140,000.00	140,000.00	140,000.00
Other benefits	-	7,065.41	7,065.41	7,065.41
Total	**-**	**147,065.41**	**147,065.41**	**147,065.41**
Short-term variable remuneration	-	–	–	–
Long-term variable remuneration	-	–	–	–
Total	**-**	**–**	**–**	**–**
Retirement benefit expenses	-	–	–	–
Total remuneration	**-**	**147,065.41**	**147,065.41**	**147,065.41**

Remuneration granted all amounts in EUR	Dr Christoph Husmann – CFO Joined: 01.10.2014			
	2014	2015	2015 (min.)	2015 (max.)
Annual salary	75,000.00	300,000.00	300,000.00	300,000.00
Other benefits	1,968.33	7,873.32	7,873.32	7,873.32
Total	**76,968.33**	**307,873.32**	**307,873.32**	**307,873.32**
Short-term variable remuneration	100,000.00	400,000.00	0.00	400,000.00
Long-term variable remuneration	–	–	–	–
Total	**100,000.00**	**400,000.00**	**0.00**	**400,000.00**
Retirement benefit expenses	–	–	–	–
Total remuneration	**176,968.33**	**707,873.32**	**307,873.32**	**707,873.32**

Remuneration granted all amounts in EUR	Felix Goedhart – CEO Joined: 01.10.2006 | Left: 31.10.2015			
	2014	2015	2015 (min.)	2015 (max.)
Annual salary	320,000.00	266,666.70	266,666.70	266,666.70
Other benefits	23,653.68	19,711.40	19,711.40	19,711.40
Total	**343,653.68**	**286,378.10**	**286,378.10**	**286,378.10**
Short-term variable remuneration	480,000.00	400,000.00	0.00	400,000.00
Long-term variable remuneration	–	–		
Total	**480,000.00**	**400,000.00**	**0.00**	**400,000.00**
Retirement benefit expenses	–	–		
Benefits associated with termination of the employment contract	-	320,000.00	-	-
Total remuneration	**823,653.68**	**1,006,378.10**	**286,378.10**	**686,378.10**

Renumeration in connection with the termination of the management contract

Inflow all amounts in EUR	Prof Dr Klaus-Dieter Maubach CEO Joined: 01.11.2015		Dr Christoph Husmann CFO Joined: 01.10.2014		Felix Goedhart CEO Joined: 01.10.2006 Left: 31.10.2015	
	2015	2014	2015	2014	2015	2014
Annual salary	0.00	–	300,000.00	75,000.00	266,666.70	320,000.00
Other benefits	7,065.41	–	7,873.32	1,968.33	19,711.40	23,653.68
Total	**7,065.41**	**–**	**307,873.32**	**76,968.33**	**286,378.10**	**343,653.68**
Short-term variable remuneration	–	–	100,000.00	0.00	880,000.00	421,309.83
Long-term variable remuneration	–	–	–	–	–	–
Total	**–**	**–**	**100,000.00**	**0.00**	**880,000.00**	**421,309.83**
Retirement benefit expenses	–	–	–	–	–	–
Benefits associated with termination of the employment contract					320,000.00	
Total remuneration	**7,065.41**	**–**	**407,873.32**	**76,968.33**	**1,486,378.10**	**764,963.51**

During the reporting year, payments in the amount of TEUR 320 were made in connection with the ending of Mr Felix Goedhart's employment contract.

The fixed salary is the fixed annual salary paid to the members of the Management Board. Other benefits consist of a company car, employer's contributions to private health insurance and other benefits. The bonus is shown as short-term variable remuneration.

14. Supervisory Board

Chairman	Dr Manfred Krüper, selbständiger Unternehmensberater, Essen
Deputy chairman	Alexander Stuhlmann, selbständiger Unternehmensberater, Hamburg
Other members	Dr Cornelius Liedtke, a partner in the Büll & Liedtke Group, Hamburg Albert Büll, a partner in the Büll & Liedtke Group, Hamburg Dr Jörn Kreke, entrepreneur, Hagen Professor Dr Fritz Vahrenholt, independent management consultant, Hamburg

Disclosures on membership in other supervisory and advisory boards:

Dr Manfred Krüper	Coal & Minerals GmbH, Düsseldorf, supervisory board chairman until December 2015 Power Plus Communication GmbH, Mannheim, supervisory board chairman Odewald & Cie, Berlin, advisory board member EQT Partners Beteiligungsberatung GmbH, Munich, senior advisor EEW Energy from Waste GmbH, Helmstedt, supervisory board member
Alexander Stuhlmann	alstria office REIT-AG, Hamburg, supervisory board chairman Euro-Aviation Versicherungs-AG, Hamburg, supervisory board chairman HCI Capital AG, Hamburg, supervisory board chairman Deutsche Office AG, Cologne, supervisory board member since 4 November 2015 GEV Gesellschaft für Entwicklung und Vermaktung AG, Hamburg, supervisory board chairman FRANK Beteiligungsgesellschaft mbH, Hamburg, advisory board chairman Siedlungsbaugesellschaft Hermann und Paul Frank mbH & Co. KG, Hamburg, advisory board chairman HASPA Finanzholding, Hamburg, member of the board of trustees
Dr Cornelius Liedtke	GL Aktiengesellschaft, Hamburg, supervisory board member BRUSS Sealing Systems GmbH, Hoisdorf, advisory board member (formerly: Dichtungstechnik G. BRUSS GmbH & Co. KG, Hoisdorf)
Albert Büll	Verwaltung URBANA Energietechnik AG, Hamburg, supervisory board member Verwaltung Kalorimeta AG & Co. KG, Hamburg, supervisory board member Kalorimeta AG & Co. KG, Hamburg, advisory board chairman URBANA Energietechnik AG & Co. KG, Hamburg, advisory board chairman BRUSS Sealing Systems GmbH, Hoisdorf, advisory board member (formerly: Dichtungstechnik G. BRUSS GmbH & Co. KG, Hoisdorf)
Dr Dr h.c. Jörn Kreke	Douglas Holding AG, Hagen, Westphalia, supervisory board honorary chairman Kalorimeta AG & Co. KG, Hamburg, advisory board member URBANA Energiedienste GmbH, Hamburg, supervisory board member URBANA Energietechnik GmbH & Co. KG, Hamburg, advisory board member
Professor Dr Fritz Vahrenholt	Aurubis AG, Hamburg, supervisory board member Putz & Partner Unternehmensberatungs AG, Hamburg, supervisory board member Körber-Stiftung, Hamburg, foundation board member until December 2015 Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e.V., Munich, member of the senate until December 2015 Bilfinger Venture Capital GmbH, Mannheim, advisory board member Innogy Venture Capital GmbH, Essen, investment committee chairman

Supervisory Board fees

The Supervisory Board chairperson receives fixed remuneration in the amount of EUR 50,000; the deputy chairperson receives EUR 37,500. The other members of the Supervisory Board are entitled to fixed remuneration in the amount of EUR 25,000. Additionally, the chairpersons of committees receive remuneration of EUR 15,000 and other members of these committees receive EUR 10,000.

in EUR	Supervisory Board remuneration		Remuneration for committee participation		Total	
	2015	2014	2015	2014	2015	2014
Dr Manfred Krüper	50,000	50,000	25,000	15,000	75,000	65,000
Alexander Stuhlmann	37,500	37,500	25,000	10,000	62,500	47,500
Dr Cornelius Liedtke	25,000	25,000	–	–	25,000	25,000
Albert Büll	25,000	25,000	10,000	10,000	35,000	35,000
Dr Jörn Kreke	25,000	25,000	–	–	25,000	25,000
Professor Dr Fritz Vahrenholt	25,000	25,000	10,000	–	35,000	25,000
Total	**187,500**	**187,500**	**70,000**	**35,000**	**257,500**	**222,500**

15. Corporate governance

The declaration of conformity with the Corporate Governance Code pursuant to section 161 of the AktG has been made and is permanently available for inspection by shareholders on the Company website.

16. Auditor's fee

The fee charged by the auditors for their services up to 31 December 2015 was TEUR 152. In addition to the audit of the financial statements mentioned above, further expenses of TEUR 21 are recognised in the financial statements for other certification services provided by the auditors.

17. Full ownership list pursuant to section 313, paragraph 2 of the HGB

As of 31 December 2015, the Group is comprised of Capital Stage AG and the following fully consolidated entities:

Name and location of the company	% share
Alameda S.r.l., Bolzano, Italy	100
ARSAC 4 S.A.S., Paris, France	100
ARSAC 7 S.A.S., Paris, France	100
Asperg Erste Solar GmbH, Halle (Saale), Germany	100
Asperg Fünfte Solar GmbH, Halle (Saale), Germ,any	100
Asperg Sechste Solar GmbH, Halle (Saale), Germany	100
Asperg Zweite Solar GmbH, Halle (Saale), Germany	100
Blestium Ltd., London, United Kingdom[4)]	100
BOREAS Windfeld Greußen GmbH & Co. KG, Greußen, Germany	71,4
Bypass Nurseries LSPV Ltd., London, United Kingdom[4)]	100
Capital Stage Biscaya Beteiligungs GmbH, Hamburg, Germany	100
Capital Stage Caddington Ltd., London, United Kingdom[3)]	100
Capital Stage France Beteiligungsgesellschaft mbH, Reußenköge, Germany	100
Capital Stage Göttingen Photovoltaik GmbH, Hamburg, Germany	100
Capital Stage Hall Farm Ltd., Edinburgh, United Kingdom [8)]	100
Capital Stage Solar IPP GmbH, Hamburg, Germany [1)]	100
Capital Stage Solar Service GmbH, Halle (Saale), Germany	100
Capital Stage Tonedale 1 Ltd., Exeter, United Kingdom [12)]	100
Capital Stage Tonedale 2 Ltd., Exeter, United Kingdom [12)]	100
Capital Stage Tonedale LLP, Exeter, United Kingdom [13)]	100
Capital Stage Venezia Beteiligungs GmbH, Hamburg [2)]	100
Capital Stage Wind Beteiligungs GmbH, Hamburg, Germany [6)]	100
Capital Stage Wind IPP GmbH, Hamburg, Germany	100
Casette S.r.l., Bolzano, Italy	100
Centrale Fotovoltaica Camporota S.r.l., Bolzano, Italy [9)]	100
Centrale Fotovoltaica Santa Maria in Piana S.r.l., Bolzano, Italy [9)]	100
Centrale Fotovoltaica Treia 1 S.a.s. di Progetto Marche S.r.l., Bolzano, Italy [9)]	100
Centrale Photovoltaique SauS 06 SARL, Pérols, France	85
Clawdd Ddu Farm Ltd., London, United Kingdom [4)]	100
Communal le Court S.A.S., Paris, France	100
CPV Bach SARL, Pérols, France [7)]	90,08
CPV Entoublanc SARL, Pérols, France [7)]	90,08
CPV Labecede SARL, Pérols, France [7)]	90,08
CPV Sun 20 SARL, Pérols, France [7)]	90,08
CPV Sun 21 SARL, Pérols, France [7)]	90,08
CPV Sun 24 SARL, Pérols, France [7)]	90,08
CS Solarpark Bad Endbach GmbH, Halle (Saale), Germany	100
CSG IPP GmbH, Hamburg, Germany	100

Name and location of the company	% share
DE Stern 10 S.r.l., Bolzano, Italy	100
Énergie Solaire Biscaya S.A.S., Paris, France	100
Energiekontor Windstrom GmbH & Co. UW Lunestedt KG, Bremerhaven, Germany [15]	100
Energiepark Lunestedt GmbH & Co. WP HEE KG, Bremerhaven, Germany [15]	100
Energiepark Lunestedt GmbH & Co. WP LUN KG, Bremerhaven, Germany [15]	100
Fano Solar 1 S.r.l., Bolzano, Italy	100
Fano Solar 2 S.r.l., Bolzano, Italy	100
Foxburrow Farm Solar Farm Ltd., London, United Kingdom [5]	100
GE.FIN Energy Oria Division S.r.l., Bolzano, Italy [9]	100
GlenSolar IQ Ltd., London, United Kingdom 4)	100
Grid Essence UK Ltd., London, United Kingdom 4)	100
Haut Lande SARL, Paris, France	100
IOW Solar Ltd., London, United Kingdom [4]	100
Krumbach Photovoltaik GmbH, Halle (Saale), Germany	100
Krumbach Zwei Photovoltaik GmbH, Halle (Saale), Germany	100
La Gouardoune Centrale Solaire SARL, Paris, France	100
Labraise Sud SARL, Paris, France	100
Lagravette S.A.S., Paris, France	100
Le Communal Est Ouest SARL, Paris, France	100
MonSolar IQ Ltd., London, United Kingdom [4]	100
MTS4 S.r.l., Bolzano, Italy	100
Notaresco Solar S.r.l., Bolzano, Italy	100
Oetzi S.r.l., Bolzano, Italy	100
Parco Eolico Monte Vitalba S.r.l., Bolzano, Italy	85
Pfeffenhausen-Egglhausen Photovoltaik GmbH, Halle (Saale), Germany	100
Polesine Energy 1 S.r.l., Bolzano, Italy	100
Polesine Energy 2 S.r.l., Bolzano, Italy	100
Progetto Marche S.r.l., Bolzano, Italy [9]	100
Sant' Omero Solar S.r.l., Bolzano, Italy	100
Société Centrale Photovoltaïque d'Avon les Roches S.A.S., Paris, France	100
Solaire Ille SARL, Pérols, France	85
Solar Energy S.r.l., Bolzano, Italy	100
Solar Farm FC1 S.r.l., Bolzano, Italy	100
Solar Farm FC3 S.r.l., Bolzano, Italy	100
Solarpark Bad Harzburg GmbH, Halle (Saale), Germany	100
Solarpark Brandenburg (Havel) GmbH, Halle (Saale), Germany	51
Solarpark Glebitzsch GmbH, Halle (Saale), Germany	100

Name and location of the company	% share
Solarpark Golpa GmbH & Co. KG, Reußenköge, Germany [10]	100
Solarpark Lettewitz GmbH, Halle (Saale), Germany	100
Solarpark Lochau GmbH, Halle (Saale), Germany	100
Solarpark Neuhausen GmbH, Halle (Saale), Germany	100
Solarpark PVA GmbH, Halle (Saale), Germany	100
Solarpark Ramin GmbH, Halle (Saale), Germany	100
Solarpark Rassnitz GmbH, Halle (Saale), Germany	100
Solarpark Roitzsch GmbH, Halle (Saale), Germany	100
Sowerby Lodge Ltd., Exeter, United Kingdom [14]	100
SP 07 S.r.l., Bolzano, Italy [2]	100
SP 09 S.r.l., Bolzano, Italy [2]	100
SP 10 S.r.l., Bolzano, Italy [2]	100
SP 11 S.r.l., Bolzano, Italy [2]	100
SP 13 S.r.l., Bolzano, Italy [2]	100
SP 14 S.r.l., Bolzano, Italy [2]	100
Treia 1 Holding S.r.l., Bolzano, Italy [9]	100
Trequite Farm Ltd., London, United Kingdom [4]	100
Trewidland Farm Ltd., London, United Kingdom [4]	100
Vallone S.r.l., Bolzano, Italy	100
Windkraft Kirchheilingen IV GmbH & Co. KG, Kirchheilingen, Germany	50,99
Windkraft Olbersleben II GmbH & Co. KG, Olbersleben, Germany	74,9
Windkraft Sohland GmbH & Co. KG, Reichenbach, Germany	74,3
Windpark Dahme-Wahlsdorf 3 GmbH & Co. KG, Schönefeld, Germany [11]	100
Windpark Gauaschach GmbH, Hamburg, Germany	100

1. Solarparks Asperg GmbH is no longer shown separately in the group of consolidated companies because it was merged retroactively with Capital Stage Solar IPP GmbH as of 1 January 2015.
2. Acquisition by CSG IPP GmbH – closing on 11 February 2015
3. Acquisition by CSG IPP GmbH – closing on 8 April 2015
4. Acquisition by CSG IPP GmbH – closing on 21 April 2015
5. Acquisition by Capital Stage AG – closing on 21 April 2015
6. Establishment by Capital Stage Wind IPP GmbH on 8 May 2015
7. Acquisition by Capital Stage AG – closing on 20 May 2015
8. Acquisition by CSG IPP GmbH – closing on 16 July 2015
9. Acquisition by CSG IPP GmbH – closing on 23 July 2015
10. Acquisition by CSG IPP GmbH – closing on 13 August 2015
11. Acquisition by Capital Stage Wind IPP GmbH – closing on 21 October 2015
12. Establishment by Capital Stage AG on 28 October 2015
13. Acquisition by Capital Stage Tonedale 1 Ltd. and Capital Stage Tonedale 2 Ltd. – closing on 4 November 2015
14. Acquisition by Capital Stage AG – closing on 4 December 2015
15. Acquisition by Capital Stage Wind IPP GmbH – closing on 14 December 2015

The equity interests are equal to the share of voting rights.

18. Notification requirements

During the period from 1 January 2015 to 31 March 2016, Capital Stage AG received the following disclosures pursuant to section 21, paragraph 1 or paragraph 1a of the WpHG.

Pursuant to section 21, paragraph 1 of the WpHG, Capital Stage AG, Hamburg, Germany, was notified in a letter dated 13 January 2015 that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by ETHENEA Independent Investors S.A., Munsbach, Luxembourg, on 13 January 2015 exceeded the threshold of three per cent, on that date amounting to 3.34 per cent (2,465,000 voting rights).

Furthermore, pursuant to section 21, paragraph 1 of the WpHG, Capital Stage AG, Hamburg, Germany, was notified in a letter dated 29 April 2015 that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by ETHENEA Independent Investors S.A., Munsbach, Luxembourg, on 28 April 2015 fell below the threshold of three per cent, on that date amounting to 2.98 per cent (2,205,000 voting rights).

Additionally, pursuant to section 21, paragraph 1 of the WpHG, Capital Stage AG, Hamburg, Germany, was notified in a letter dated 25 June 2015 that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by Dr. Liedtke Vermögensverwaltung GmbH, Hamburg, Germany, on 23 June 2015 exceeded the threshold of ten per cent, on that date amounting to 10.10 per cent (7,467,351 voting rights).

Additionally, pursuant to section 21, paragraph 1 of the WpHG, Capital Stage AG, Hamburg, Germany, was notified in a letter dated 04 September 2015 that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by Lobelia Beteiligungs GmbH, Grünwald, Germany, on 1 September 2015 exceeded the threshold of three per cent, on that date amounting to 3.759 per cent (2,832,269 voting rights).

Capital Stage AG, Hamburg, Germany, was also notified on 4 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by Jörn Kreke Holding KG, Hagen, Germany, exceeded the three per cent threshold on 1 September 2015 and amounted to 3.759 per cent of the voting rights (2,832,269 voting rights), with 3.759 per cent of the voting rights (2,832,269 voting rights) being attributed to Jörn Kreke Holding KG pursuant to section 22, paragraph 1, sentence 1, no. 1 of the WpHG.

Attributed voting rights were held by the following controlled company, whose share of the voting rights in Capital Stage AG comprises three per cent or more: Lobelia Beteiligungs GmbH, Grünwald, Germany.

Capital Stage AG, Hamburg, Germany, was also notified on 4 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by Dr Jörn Kreke, Germany, exceeded the three per cent threshold on 1 September 2015 and amounted to 3.759 per cent of the voting rights (2,832,269 voting rights), with 3.759 per cent of the voting rights (2,832,269 voting rights) being attributed to Dr Jörn Kreke, Germany, pursuant to section 22, paragraph 1, sentence 1, no. 1 of the WpHG.

Attributed voting rights were held by the following companies controlled by Dr Jörn Kreke, Germany, each of whose shares of the voting rights in Capital Stage AG comprises three per cent or more: Jörn Kreke Holding KG, Hagen, Germany; Lobelia Beteiligungs GmbH, Grünwald, Germany.

Capital Stage AG, Hamburg, Germany, was also notified on 4 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by Dr Henning Kreke, Germany, exceeded the three per cent threshold on 1 September 2015 and amounted to 3.759 per cent of the voting rights (2,832,269 voting rights), with 3.759 per cent of the voting rights (2,832,269 voting rights) being attributed to Dr Henning Kreke, Germany, pursuant to section 22, paragraph 1, sentence 1, no. 1 of the WpHG.

Attributed voting rights were held by the following companies controlled by Dr Henning Kreke, Germany, each of whose shares of the voting rights in Capital Stage AG comprises three per cent or more: Jörn Kreke Holding KG, Hagen, Germany; Lobelia Beteiligungs GmbH, Grünwald, Germany.

Capital Stage AG, Hamburg, Germany, was also notified on 7 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by AMCO Service GmbH, Hamburg, Germany, exceeded the 25 per cent threshold on 3 September 2015 and amounted to 26.94 per cent of the voting rights (20,298,399 voting rights), with 6.52 per cent of the voting rights (4,909,124 voting rights) being attributed to AMCO Service GmbH, Hamburg, Germany, pursuant to section 22, paragraph 1, sentence 1, no. 1 of the WpHG. These included voting rights of Albert Büll Beteiligungsgesellschaft mbH, Hamburg, Germany, whose share of the voting rights in Capital Stage AG amounted to three per cent or more.

Capital Stage AG, Hamburg, Germany, was also notified on 7 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by Albert Büll Beteiligungsgesellschaft mbH, Hamburg, Germany, exceeded the 10, 15, 20 and 25 per cent thresholds on 3 September 2015 and amounted to 26.94 per cent of the voting rights (20,298,399 voting rights), with 20.43 per cent of the voting rights (15,389,275 voting rights) being attributed to Albert Büll Beteiligungsgesellschaft mbH, Hamburg, Germany, pursuant to section 22, paragraph 1, sentence 1, no. 1 of the WpHG. These included voting rights of AMCO Service GmbH, Hamburg, Germany, whose share of the voting rights in Capital Stage AG amounted to three per cent or more.

Capital Stage AG, Hamburg, Germany, was also notified on 9 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by Albert Büll Holding GmbH & Co. KG, Hamburg, Germany, exceeded the 10, 15, 20 and 25 per cent thresholds on 3 September 2015 and amounted to 26.94 per cent of the voting rights (20,298,399 voting rights), with 26.94 per cent of the voting rights (4,909,124 voting rights) being attributed to Albert Büll Holding GmbH & Co. KG pursuant to section 22, paragraph 1, sentence 1, no. 1 of the WpHG. Pursuant to section 22, paragraph 1, sentence 1, no. 1 of the WpHG, a total of 6.52 per cent of the voting rights (4,909,124 voting rights) were attributed to Albert Büll Holding GmbH & Co. KG, Hamburg, Germany, and 20.43 per cent of the voting rights (15,389,275 voting rights) were attributed to Albert Büll Holding GmbH & Co. KG from – pursuant to section 22, paragraph 1, sentence 1, no. 1 of the WpHG – AMCO Service GmbH, Hamburg, Germany.

Capital Stage AG, Hamburg, Germany, was also notified on 9 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by Albert Büll GmbH, Hamburg, Germany, exceeded the 10, 15, 20 and 25 per cent thresholds on 3 September 2015 and amounted to 26.94 per cent of the voting rights (20,298,399 voting rights), with 26.94 per cent of the voting rights (20,298,399 voting rights) being attributed to Albert Büll GmbH pursuant to section 22, paragraph 1, sentence 1, no. 1 of the WpHG. Of those – pursuant to section 22, paragraph 1, sentence 1, no. 1 of the WpHG – a total of 6.52 per cent of the voting rights (4,909,124 voting rights) were attributed to Albert Büll Holding GmbH & Co. KG, Hamburg, Germany, from Albert Büll Beteiligungsgesellschaft mbH, Hamburg, Germany, and 20.43 per cent of the voting rights (15,389,275 voting rights) were attributed to Albert Büll Holding GmbH & Co. KG from – pursuant to section 22, paragraph 2 of the WpHG – AMCO Service GmbH, Hamburg, Germany.

Furthermore, Capital Stage AG, Hamburg, Germany, was notified on 7 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of voting rights in Capital Stage AG, Hamburg, Germany, held by Mr Albert Büll, Germany, fell below the threshold of five and three per cent on 3 September 2015 and amounted to zero per cent (0 voting rights).

Capital Stage AG, Hamburg, Germany, was also notified on 7 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by Albert Büll Beteiligungsgesellschaft mbH, Hamburg, Germany, exceeded the 10, 15, 20 and 25 per cent thresholds on 3 September 2015 and amounted to 26.94 per cent of the voting rights (20,298,399 voting rights), with 20.43 per cent of the voting rights (15,389,275 voting rights) being attributed to Albert Büll Beteiligungsgesellschaft mbH, Hamburg, Germany, pursuant to section 22, paragraph 1, sentence 1, no. 1 of the WpHG. These included voting rights of AMCO Service GmbH, Hamburg, Germany, whose share

of the voting rights in Capital Stage AG amounted to three per cent or more.

Capital Stage AG, Hamburg, Germany, was also notified on 21 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by Dr Jörn Kreke, Germany, exceeded the five per cent threshold on 18 September 2015 and amounted to 5.010 per cent of the voting rights (3,774,769 voting rights), with 5.010 per cent of the voting rights (3,774,769 voting rights) being attributed to Dr Jörn Kreke, Germany, pursuant to section 22, paragraph 1, sentence 1, no. 1 of the WpHG.

Attributed voting rights were held by the following companies controlled by Dr Jörn Kreke, Germany, each of whose shares of the voting rights in Capital Stage AG comprises three per cent or more: Lobelia Beteiligungs GmbH, Grünwald, Germany; Jörn Kreke Holding KG, Hagen, Germany.

Furthermore, Capital Stage AG, Hamburg, Germany, was notified on 21 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of voting rights in Capital Stage AG, Hamburg, Germany, held by Dr Henning Kreke, Germany, exceeded the threshold of five per cent on 18 September 2015 and amounted to 5.010 per cent (3,774,769 voting rights). Of those, 5.010 per cent (3,774,769 voting rights) are attributable to Dr Henning Kreke pursuant to section 22, paragraph 1, sentence 1, no. 1 of the WpHG. Attributed voting rights were held by the following controlled companies, each of whose shares of the voting rights in Capital Stage AG comprised three per cent or more: Lobelia Beteiligungs GmbH, Grünwald, Germany; Jörn Kreke Holding KG, Hagen, Germany; Kreke Immobilien KG, Hagen, Germany.

Apart from the following notifications from the previous years, the company did not receive any further notifications pursuant to section 21, paragraph 1 or paragraph 1a of the WpHG:

Capital Stage AG, Hamburg, Germany, was notified on 22 August 2011 pursuant to section 21 paragraph 1 WpHG, that the share of voting rights in Capital Stage AG (WKN 609 500), Hamburg, Germany, held by Blue Elephant Venture GmbH, Pöcking, Germany, surpassed the threshold of 5 % on 12 Juli 2011 and amounted to 7.40% of the voting rights (2,562,500 voting shares).

Furthermore, Capital Stage AG, Hamburg, Germany, was notified by Dr Peter-Alexander Wacker, Germany, pursuant to section 21 paragraph 1 WpHG, that his share of voting rights in Capital Stage AG (WKN 609 500), Hamburg, Germany, surpassed the threshold of 5 % on 12 Juli 2011 and amounted to 7.40% of the voting rights (2,562,500 voting shares), with 7.40 per cent of the voting rights (2,562,500 voting shares) being attributed to Dr Peter-Alexander Wacker, Germany, pursuant to section 22, paragraph 1, sentence 1, no. 1 of the WpHG from the Blue Elephant Venture GmbH.

Hamburg, 31 March 2016

Prof Dr Klaus-Dieter Maubach

Dr Christoph Husmann
CEO

19. Approval for submission to the Supervisory Board

The consolidated financial statements as of 31 December 2015 were approved by the Management Board for submission to the Supervisory Board on 31 March 2016.

20. Consolidated statement of changes in fixed assets

in TEUR	Other intangible asstes	Electricity feed-in contracts/project rights	Goodwill	Other property, plant and equipment	Assets under construction	Power generating systems	Financial assets	Total
Cost of acquisition								
As of 1 January 1 2014	950	98,860	6,827	855	9	448,689	18,461	574,651
Additions	54	0	0	211	37,656	207	0	38,128
Changes in scope of consolidation	22	66,759	0	0	742	250,656	0	318,179
Disposals	0	0	0	-11	0	0	-17,882	-17,893
Change in fair value measurement	0	0	0	0	0	0	0	0
Reclassification as 'held for sale'	0	0	0	0	0	-614	0	-614
Transfers	0	0	0	0	-11,992	11,992	0	0
Currency translations	0	0	0	8	0	0	0	8
As of 31 December 2014	**1,026**	**165,619**	**6,827**	**1,063**	**26,415**	**710,930**	**579**	**912,459**
Depreciations and amortization								
As of 1 January 2014	210	8,174	0	447	0	40,986	10,676	60,493
Additions	118	12,718	4,204	118	0	21,765	0	38,923
Disposals	0	0	0	0	0	0	-10,103	-10,103
Change in fair value measurement / impairment	0	0	0	0	0	0	0	0
Reclassification as 'held for sale'	0	0	0	0	0	-562	0	-562
Currency translations	0	0	0	6	0	0	0	6
As of 31 December 2014	328	20,892	4,204	571	0	62,189	573	88,757
Book value 31 December 2012	421	68,902	6,888	504	1,794	314,829	3,049	396,387
Book value 31 December 2013	740	90,686	6,827	408	9	407,703	7,785	514,158
Book value 31 December 2014	**698**	**144,727**	**2,623**	**492**	**26,415**	**648,741**	**6**	**823,702**
Cost of acquisition								
As of 1 January 1 2015	1,026	165,619	6,827	1,063	26,415	710,930	579	912,459
Additions	92	465	0	248	5,526	13,518	10	19,859
Changes in scope of consolidation	151	45,710	6,347	-397	17,673	278,170	0	347,654
Disposals	0	-1,083	0	-8	-2	-725	-588	-2,406
Reclassification as 'held for sale'	0	0	0	0	0	0	0	0
Transfers	-562	0	0	5	-37,881	38,438	0	0
Currency translations	0	365	0	0	0	478	0	843
As of 31 December 2015	**707**	**211,076**	**13,174**	**911**	**11,731**	**1,040.809**	**1**	**1,278.409**
Depreciations and amortization								
As of 1 January 1 2015	**328**	**20,892**	**4,204**	**571**	**0**	**62,189**	**573**	**88,757**
Additions	175	14,268	652	126	0	32,667	0	47,888
Changes in scope of consolidation	-1	0	957	-306	0	0	0	650
Disposals	0	0	0	0	0	0	-573	-573
Reclassification as 'held for sale'	0	0	0	0	0	0	0	0
Transfers	-118	0	0	0	0	118	0	0
Currency translations	0	-11	0	0	0	-10	0	-21
As of 31 December 2015	**384**	**35,149**	**5,813**	**391**	**0**	**94,964**	**0**	**136,701**
Book value 31 December 2013	740	90,686	6,827	408	9	407,703	7.785	514,158
Book value 31 December 2014	698	144,727	2,623	492	26,415	648,741	6	823,702
Book value 31 December 2015	**323**	**175,927**	**7,361**	**520**	**11,731**	**945,845**	**1**	**1,141.708**

21. Consolidated segment reporting

for the consolidated statement of comprehensive income from 1 January to 31 December 2015 (from 1 January to 31 December 2014)

in TEUR	Administration	PV Parks	PV Services	Windfarms	Financial investments	Reconciliation	Total
Sales	**176**	**101,186**	**3,507**	**11,860**	**0**	**-3,928**	**112,802**
(previous year adjusted)	661	64,083	2,858	7,571	0	-3,044	72,129
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**-6,464**	**95,352**	**1,483**	**10,547**	**0**	**-470**	**100,448**
(previous year adjusted)	-4,307	80,408	1,147	8,932	0	0	86,180
Depreciation and amortization	**-100**	**-40,324**	**-53**	**-7,421**	**0**	**11**	**-47,888**
(previous year adjusted)	-97	-31,269	-37	-3,281	0	0	-34,683
Earnings before interest and taxes (EBIT)	**-6,564**	**55,027**	**1,430**	**3,126**	**0**	**-460**	**52,560**
(previous year adjusted)	-4,404	49,140	1,110	5,651	0	0	51,498
Financial income	**130**	**7,771**	**1,170**	**1,188**	**0**	**-8,537**	**1,722**
(previous year adjusted)	24,439	400	1	141	0	-23,852	1,129
Financial expenses	**-101**	**-38,154**	**-18**	**-3,871**	**0**	**7,256**	**-34,887**
(previous year adjusted)	-186	-25,082	-9	-2,555	0	4,314	-23,517
Earnings before taxes on income (EBT)	**-6,534**	**24,645**	**2,582**	**443**	**0**	**-1,741**	**19,395**
(previous year adjusted)	19,849	24,458	1,102	3,237	0	-19,537	29.109
Taxes on income	**2,211**	**-3,578**	**0**	**1,314**	**0**	**0**	**-52**
(previous year adjusted)	1,711	-130	10	409	0	0	2,000
Income from continuing operations	**-4,323**	**21,067**	**2,582**	**1,757**	**0**	**-1,741**	**19,343**
(previous year adjusted)	21,559	24,329	1,113	3,646	0	-19,537	31,110
Income from discontinued operations	**-4,477**	**0**	**0**	**0**	**4,341**	**50**	**-86**
(previous year adjusted)	0	0	0	0	-5,126	72	-5,054
Earnings after taxes (EAT)	**-8,800**	**21,067**	**2,582**	**1,757**	**4,341**	**-1,691**	**19,257**
(previous year adjusted)	21,559	24,329	1,113	3,646	-5,126	-19.466	26,055
Currency translation differences	**-75**	**71**	**0**	**0**	**206**	**0**	**201**
(previous year adjusted)	76	0	0	0	-100	0	-24
Cash flow hedges effective portion of changes in fair value	**0**	**910**	**0**	**0**	**0**	**0**	**910**
(previous year adjusted)	0	-4,100	0	0	0	0	-4,100
Income tax attributable to items that may be reclassified to profit or loss	**0**	**-264**	**0**	**0**	**0**	**0**	**-264**
(previous year adjusted)	0	1,189	0	0	0	0	1,189
Consolidated comprehensive income	**-8,875**	**21,784**	**2,582**	**1,757**	**4,546**	**-1,691**	**20,104**
(previous year adjusted)	21,635	21,417	1,113	3,646	-5,226	-19,466	23,120
Earnings per share from continuing operations, basic	**-0.06**	**0.27**	**0.03**	**0.03**	**0.00**	**-0.02**	**0.25**
(previous year adjusted)	0.29	0.33	0.02	0.05	0.00	-0.27	0.42
Earnings per share from discontinued operations, basic	**-0.06**	**0.00**	**0.00**	**0.00**	**0.06**	**0.00**	**0.00**
(previous year adjusted)	0.00	0.00	0.00	0.00	-0.07	0.00	-0.07
Assets including financial investments	**218,730**	**1,103.614**	**3,863**	**203,636**	**0**	**-211,316**	**1,318.527**
(previous year adjusted)	198,744	822,379	1,787	117,015	8,361	-162,487	985,799
Capital expenditures (net)	**-201**	**-62,291**	**-67**	**-23,758**	**-309**	**747**	**-85,879**
(previous year adjusted)	954	-90,643	-18	-3,230	-12	-1,059	-94,008
Debt	**27,343**	**1,032.075**	**1,665**	**189,798**	**0**	**-193,988**	**1,056.893**
(previous year adjusted)	4.,249	770,203	1,001	104,521	8,007	-145,661	742,320

Hamburg, 31 March 2016
Capital Stage AG
Management Board

Prof Dr Klaus-Dieter Maubach
CEO

Dr. Christoph Husmann

Independent Auditors' Report (translation)

We have audited the consolidated financial statements prepared by Capital Stage AG, Hamburg/Germany, – comprising the statement of comprehensive income, the balance sheet, the cash flow statement, the statement of changes in equity and the notes to the consolidated financial statements – and the combined management report on the parent Company and the Group for the year ended 31 December 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant Section 315a (1) Ger¬man Commercial Code HGB are the responsibility of the parent Company's 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 Section 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). 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 appli¬cable 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 sample 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 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 con¬solidated financial statements of Capital Stage AG, Hamburg/Germany, comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to Section 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 suit¬able view of the group's position and suitably presents the opportunities and risks of future development.

Hamburg/Germany, 31 March 2016

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Dinter)	(Wendlandt)
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[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, 31 March 2016

Capital Stage AG

Management Board

Prof Dr Klaus-Dieter Maubach	Dr Christoph Husmann
CEO	

Große Elbstraße 59
22767 Hamburg
Germany

Fon: +49 (0) 40. 37 85 62-0
Fax: +49 (0) 40. 37 85 62-129

info@capitalstage.com
www.capitalstage.com

Konzept & Gestaltung: www.sop-hamburg.de