# SUSTAINABLY SUCCESSFUL

Annual Report 2015

2015

CHORUS
Clean Energy

## PROFILE

CHORUS Clean Energy AG is an independent operator of solar and wind parks and a comprehensive service provider for investments in the field of renewable energies. We operate more than 70 plants in five European countries and currently manage a portfolio with a total output in excess of 300 megawatts.

We offer institutional investors attractive investment opportunities in renewable energy plants. At the same time, we cover the entire investment cycle: from asset sourcing to economic, technical, and legal due diligence, commercial plant management, and the controlling and monitoring of technical operations to the divestiture of the plants.

## KEY FIGURES

| in EUR millions | 2015[1] | 2014[2] | Change in % |
|---|---|---|---|
| Revenues | **58.6** | 55.0 | **+6.5%** |
| EBITDA | **45.7** | 43.4 | **+5.2%** |
| EBIT | **23.7** | 23.1 | **+2.7%** |
| EBT | **15.7** | 7.9 | **+99.3%** |
| Profit for the year | **11.0** | 4.9 | **+123.0%** |
| Equity | **230.3** | 123.8 | **+86.0%** |
| Total assets | **609.2** | 509.3 | **+19.6%** |

[1] Results of operations adjusted for non-recurring expenses resulting from the IPO.
[2] Results of operations calculated on the basis of pro forma financial information.
Assets on the basis of the consolidated financial statements.

# SUSTAINABLY SUCCESSFUL

It is the key question of the 21st century – how can energy demand be met in a way that saves resources and $CO_2$? The answer: with sustainable energy from renewable sources. Our business model involves harnessing the power generated from solar and wind parks while allowing for attractive and stable returns. In this way, we generate commercial success while making a key contribution to the energy transition. In order to attract institutional customers for these investment opportunities, we offer diversified portfolios with attractive returns. The combination of our service portfolio coupled with our expertise is what makes us successful – sustainably successful.

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## DEAR LADIES AND GENTLEMEN,

The 2015 financial year was an eventful, but – first and foremost – successful one for the Company: with the Initial Public Offering (IPO) on October 7, we reached a significant milestone in the history of CHORUS Clean Energy AG. As part of the flotation, we managed to place a capital increase of some EUR 100 million in a challenging market environment and thus pave the way for strong growth in the future.

We also achieved several successes in terms of strategic implementation: in our Energy Production business line, we expanded our portfolio by acquiring the Appeln wind park in the German state of Lower Saxony. The wind park, which we acquired in November, boasts an output of 11.4 megawatts (MW). This was the first acquisition that saw us deploy funds from the IPO. A further addition was made to the portfolio in December, when we acquired two wind parks in Austria, with the total output of about 21 MW divided between one park in Burgenland and one park in Styria.

In our dynamically developing Asset Management segment, we used funds from our Luxembourg-based special fund CHORUS Infrastructure Fund S. A. SICAV-SIF to acquire the largest-ever wind park in the history of the Company – a step we took at the beginning of the year. Midway through the year, our first-ever wind park in Finland was added to the managed portfolio. Shortly after the IPO in October, we succeeded in acquiring two renowned pension funds as customers. Working on their behalf, we acquired a wind park in Lower Saxony with an output of 18.3 MW and a photovoltaic plant in Thuringia with 3.2 MW before the end of the financial year under review. The portfolio is rounded off by two Italian photovoltaic plants, with a total output of 1.6 MW, from the CHORUS portfolio, as well as another German photovoltaic plant with 3.3 MW, which is expected to be acquired shortly. As a result, the funds entrusted to us by the investors were reinvested within just four months of the commitment. Apart from portfolio expansion, our range of services includes the long-term operation of the plants. Furthermore, we managed to considerably increase the number of capital commitments from the initial investors in our special fund CHORUS Infrastructure Fund S. A. SICAV-SIF.

In total, we operated 72 renewable energy plants as at the end of 2015, with a total capacity in excess of 300 MW. Fourteen of these were wind parks and 58 were solar parks. Therefore, the total annual production volume of some 400,000,000 kilowatt hours equates to the power required to supply just under 150,000 average households, thus enabling a reduction of more than 240,000 metric tonnes of harmful $CO_2$.

Alongside the record results in terms of power generated from our solar and wind parks, our financial KPIs went from strength to strength, as well. We expect a significant increase in revenue for the 2016 financial year. This is based on the completed and planned acquisitions of solar and wind parks as well as the continued expansion of the Asset Management business line. We also expect to see a corresponding rise in terms of EBIT and EBITDA.

We want you, our shareholders, to benefit from our success. We will therefore be proposing a dividend of EUR 0.18 per share at the Annual General Meeting for the 2015 financial year. This corresponds to a dividend yield of 2.2 percent, taking the Xetra closing price as at February 29, 2016.

We will press ahead with our successful growth strategy in the current financial year, thus continuing to deploy the funds from our capital increase in a profitable manner. In particular, this means continuing to expand our portfolio in the Energy Production business line, where there is a wide spectrum of attractive potential investments. Moreover, we plan to considerably strengthen our Asset Management business. With this in mind, we will examine the opportunities for further co-investment and offer our institutional investors a greater range of tailor-made solutions and professional portfolio management.

The political and regulatory climate is also giving us momentum. It is our view that the climate change treaty signed in Paris in December 2015 will lend a huge boost to the transformation process in the energy sector and open up the immense potential of the renewable energies market. Experts believe that investments worth some EUR 15 trillion will be required over the next 15 years. The agreement in Paris emphasizes the fact that a momentous tipping point has been reached, with low-$CO_2$ technologies now leading the way in terms of attractive investment opportunities.

We firmly believe that CHORUS boasts an excellent market position. On the one hand, we benefit directly from regulatory developments in terms of our products and services; on the other, we are able to offer institutional investors significant added value with our innovative solutions. Therefore, we are optimistic about the future and expect our course of business to continue its positive trajectory in 2016.

Last but not least, on behalf of the entire Management Board, I would like to thank our employees for their exemplary level of dedication and all their hard work. I also wish to thank our business partners and shareholders for the trust shown in us in the 2015 financial year. We would be delighted if you could continue to accompany us on our journey to a sustainable future.

Neubiberg/Munich, March 2016

On behalf of the Management Board

Holger Götze, Chairman of the Management Board (CEO)

# THE MANAGEMENT BOARD

## HELMUT HORST

Member of the Management Board (CFO)

**Responsible for:**
Finance, taxes, accounting, treasury, controlling and corporate social responsibility (CSR)

## HOLGER GÖTZE

Chairman of the Management Board (CEO)

**Responsible for:**
Corporate strategy, investment, distribution and marketing, investor relations, legal affairs and compliance

## HEINZ JAROTHE

Member of the Management Board (COO)

**Responsible for:**
Asset management, risk management, administration and human resources

**CHORUS CLEAN ENERGY AG GOES PUBLIC**

**ACQUIRED SOLAR AND WIND PARK FOR INSTITUTIONAL INVESTORS WITH A CAPACITY OF ABOUT 21 MEGAWATTS**

**VOLUME IN THE SPECIALIZED INVESTMENT FUND CHORUS RENEWABLES EUROPE I UP 25%**

**ACQUIRED WIND PARK WITH A CAPACITY OF 11.4 MEGAWATTS**

**EXPANDED PORTFOLIO IN AUSTRIA BY APPROX. 21 MEGAWATTS**

**OUR STUDY SHOWS THAT 60% OF INSTITUTIONAL INVESTORS PLAN TO INVEST IN RENEWABLE ENERGY**

## WE SEE NO CONTRADICTION BETWEEN SECURE AND CALCULABLE RETURNS AND A MANAGEABLE LEVEL OF RISK.

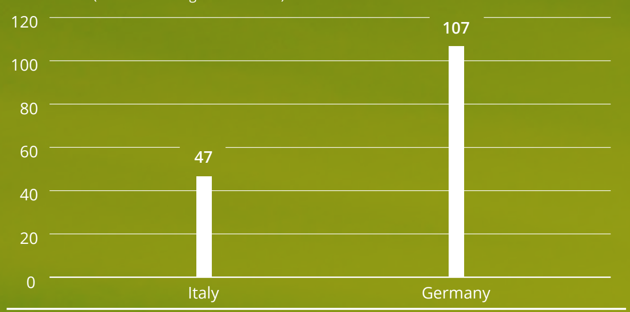
We boast a highly diversified portfolio of solar and wind energy plants, both in Germany and across Europe. When selecting new parks, we look for stable regulatory conditions in the country of investment, as planning reliability is essential for us. We further reduce the risk with an intelligent combination of generation methods and closely observe technological developments within the industry. Our plants have to meet the most stringent of requirements, as fail-safe operation is our top priority. More than 70 solar and wind parks at high-yield sites in five European countries give us greater independence from underlying national conditions. At the same time, we are one of the largest independent owners and operators of renewable energy plants in Germany. Measured by nominal output, half of our managed portfolio consists of solar parks and the other half of windparks.

When financing wind and solar parks, we strike a balance between equity and debt capital, in order to ensure attractive returns. In addition, all parks benefit from statutory feed-in tariffs in the countries concerned. Across all parks, incentive schemes are in place for an average term of about 16 years.

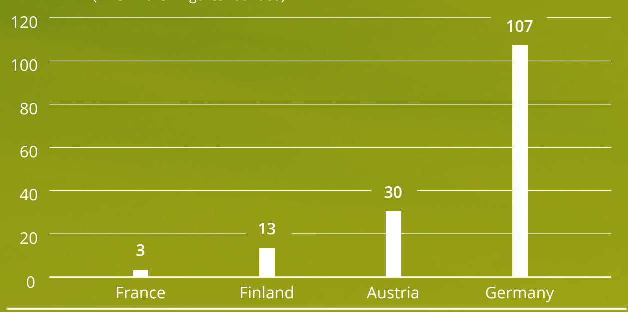
**“With our highly diversified portfolio of solar and wind energy plants, we generate stable, predictable, and sustainable returns, and thus offer maximum reliability for investors.”**

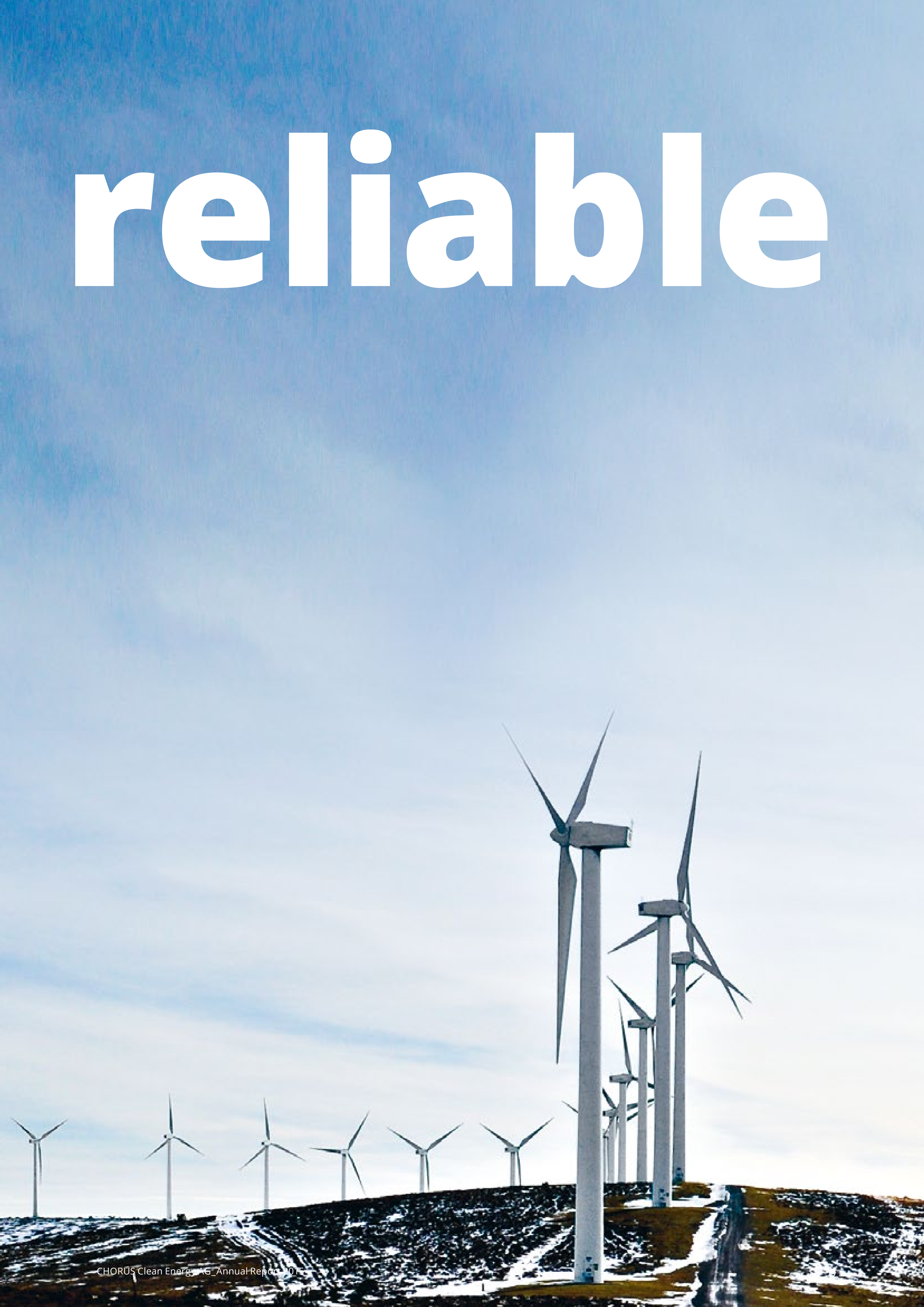
Holger Götze, Chairman of the Management Board (CEO), CHORUS Clean Energy AG

**CHORUS portfolio: Energy Generation Solar power**
in MW (12/31/2015 – figures rounded)




**CHORUS portfolio: Energy Generation Wind power**
in MW (12/31/2015 – figures rounded)





reliable


## WE SETTLE FOR NOTHING LESS THAN SOLUTIONS TAILORED TO INDIVIDUAL NEEDS.

We offer institutional investors a broad spectrum of services across the value chain for renewable energy plants. This spectrum encompasses consultancy as well as the sourcing and composition of a portfolio of suitable wind and solar parks in line with individual specifications in terms of location, term, and expected returns.

Institutional investors have a range of different needs, which is why we develop customized concepts in line with specifications, regardless of whether these specifications are set out by insurance companies, pension schemes, pension funds, banks, companies, foundations, or family offices. And regardless of whether the portfolio is equity- or debt-capital-based, a fund solution, or a direct investment.

By virtue of our investment platform CHORUS Infrastructure Fund S. A. SICAV-SIF, a special fund regulated by Luxembourg law, our customers can join forces with other institutional investors to invest in a diversified portfolio of renewable energy plants. Due to its attractive profile, the special fund boasted high demand from existing investors in 2015 and therefore posted an increase of more than 25 percent in fund volume.

> **“Our institutional customers must consider a range of investment requirements. It’s our job to develop an investment opportunity that meets these requirements.”**

Holger Götze, Chairman of the Management Board (CEO), CHORUS Clean Energy AG

### INVESTMENT OPPORTUNITIES FOR INSTITUTIONAL INVESTORS

- Direct investments
- Equity investments
- Co-investments
- Fund concepts based on a SICAV fund
- Debt capital investments
- Hybrid investments (equity and debt capital)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sustain

## WE KNOW WHICH WAY THE WIND BLOWS.

Therefore, we decided to focus systematically on the operation and maintenance of renewable energy plants at an early stage. For us, sustainability is not a trend, but the driver of our activities. We play an active role in ensuring the success of the energy transition and increasing the amount of clean energy generated. For our private and institutional investors, this means that they can acquire a long-term interest in a development that pays off for everyone by investing in CHORUS Clean Energy AG.

The climate protection treaty signed in December 2015 in Paris gives us momentum. We firmly believe that this will further accelerate the transformation process that has already begun in the European energy sector. The heads of state and government believe that investments worth some EUR 15 trillion will be required over the next 15 years.

According to experts, European investments in renewable energy plants amounted to some EUR 60 billion in 2015. No less than 77 percent of the newly installed power plant capacity in the European Union (EU) in 2015 was attributable to renewable energies – despite the falling prices of fossil fuels.

This also benefited wind energy expansion, with 12.8 gigawatts (GW) of additional wind energy output installed in 2015. Therefore, wind energy now makes up 11.4 percent of total energy generation within the EU. According to industry estimates, wind energy plants with a nominal output of some 320 GW will be installed in Europe by 2030, which is twice as much as the 2014 level.

Solar energy also witnessed stable capacity expansion rates in Europe in the year under review. In 2015, new photovoltaic plants with a nominal output of some eight GW were installed – 15 percent more than in the previous year. At the end of 2015, solar energy accounted for more than 4 percent of total energy generation. Estimates show that the share of solar energy could rise to around 12 percent of total European energy generation in 2030. This would represent a fourfold increase compared to 2013.

Overall, the European Union has set out clear objectives in terms of energy policy. By 2030, the aim is for at least 27 percent of total power generated to come from renewable energies.

Therefore, the prospects look good for both our corporate growth and the health of the planet. The portfolio managed by CHORUS already eases the burden on the environment by some 240,000 tonnes of $CO_2$ a year. And we will continue to work hard to increase this figure – in order to put into place a future-oriented energy policy.

**“The Paris Agreement and the long-term forecasts for capacity expansion in solar and wind energy plants give us momentum.”**

Heinz Jarothe, member of the Management Board (COO), CHORUS Clean Energy AG

**+ ~60 MW**

Growth of the CHORUS portfolio in 2015

# network

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## WE BRING TOGETHER WHAT BELONGS TOGETHER.

Our network, which has grown over the years, comprises all key market players who either contribute to successful plant acquisition or who are important for the ongoing operation of renewable energy plants. On the supply side, this includes project developers and general contractors, as well as intermediaries such as banks, law firms, and engineering companies.

We are offered up to 1,000 projects a year via our close-knit network. All plants undergo a stringent selection process, which aims to minimize the risks and maximize the returns of any investment. At the same time, our multistage analysis process ensures compliance with our clearly defined investment criteria. As at the end of 2015, we therefore had a comprehensive investment pipeline comprising high-quality plants with a combined nominal output in excess of 800 MW. We harness these renewable energy plants to meet the needs of our customers from the world of professional investment while expanding our own portfolio. This enables us to generate synergies that pay off.

Our access to institutional investors is important to us, which is why we continuously invest in the expansion of resilient partnerships on the financing side. By now we have developed close contacts with institutional investors and established ourselves as a reliable partner. Thanks to our industry-specific and financial expertise, we are fully conversant with the needs of professional investors. As they value our knowledge, we are able to keep acquiring new customers from this segment. Our stock exchange flotation last year gave us momentum, enabling us to increase our profile and strengthen our image as one of the largest independent owners, operators, and asset managers of solar and wind energy plants.

We translate our knowledge into measurable results, with the acquired investment volume serving as one indicator of this.

We managed to increase our investment volume by EUR 285 million to EUR 730 million between 2012 and 2015 alone.

**“The steady cash inflow illustrates our excellent access to institutional investors as equity providers in our Asset Management business area.”**

Helmut Horst, member of the Management Board (CFO), CHORUS Clean Energy AG


THE NAME CHORUS HAS BEEN SYNONYMOUS WITH SUCCESSFUL INVESTMENTS IN RENEWABLE ENERGY PLANTS SINCE 2006.

Our customers benefit from the experience we have gained from financing and operating more than 70 solar and wind parks in five European countries. We are a competent service provider that works with institutional investors. We give them the benefit of our expertise across the entire life cycle of a park and beyond.

Our employees are experts in the field of renewable energies, whether the issue at hand is the acquisition, operation, or sale of wind and solar parks, or the structuring of associated financing models. When seeking new and suitable plants, it is especially important to be well versed in local conditions as well as the underlying regulatory and legal framework.

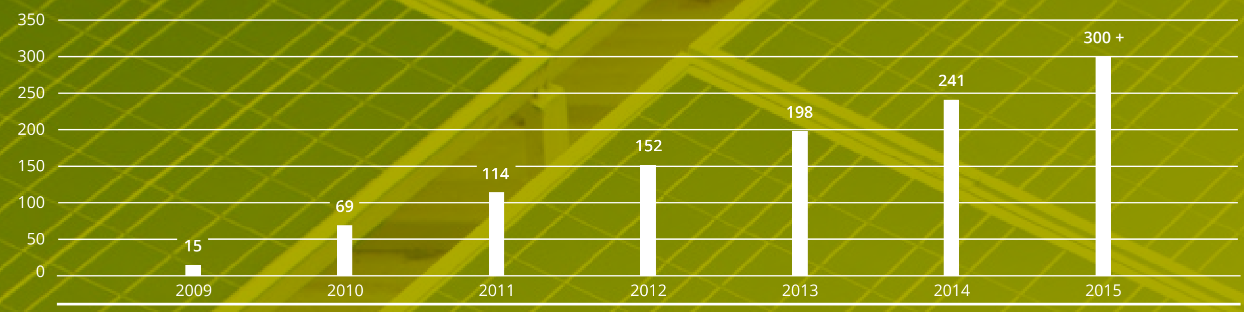
Once the sale has been completed, we continue to offer our institutional investors a comprehensive range of operational services. Our Operations Managers monitor each and every plant on an ongoing basis, both in terms of technical and commercial aspects. We draw up detailed comparisons between target and actual performance to enable comprehensive reporting on the earnings situation. Furthermore, we handle guarantee and insurance management, deal with partner companies, grid operators, property owners, and authorities, and manage and monitor the technical service providers on-site.

Thanks to our continuous and detailed monitoring, we also enable maximum transparency. It is possible, for example, to monitor and optimize the technical and commercial performance of the plants in real time. With all these services, we ensure that the renewable energy plants generate high returns over the long term.

We then use this expertise to drive further Company growth. In terms of numbers, this means that our managed portfolio has grown by an average of 65 percent per annum in the past six years, taking it to about 300 MW as at the end of 2015.

**“Our proven business model is based on two key pillars – energy generation and asset management. This enables us to do justice to the needs of both our institutional customers and our shareholders.”**

Helmut Horst, member of the Management Board (CFO), CHORUS Clean Energy AG




Development of the portfolio managed by CHORUS in nominal output (MW)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# REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

The fiscal year 2015 was a successful and eventful year for CHORUS. Since its IPO on October 7, 2015, shares in CHORUS Clean Energy AG are being traded on the regulated market (Prime Standard) of the Frankfurt Stock Exchange. At the same time, this milestone marks the start of a new chapter in the CHORUS Clean Energy AG success story – a phase of increased growth.

In the fiscal year 2015, the Supervisory Board fulfilled the obligations assigned to it by law as well as those contained in the Articles of Association, rules of procedure, and the German Corporate Governance Codex. In the course of its duties, the Supervisory Board was always satisfied that management's actions were in compliance with all legal and regulatory requirements and assisted the Company's strategic development and key measures in an advisory role. The Supervisory Board was directly involved in decisions of particular importance. The cooperation between the Management Board and Supervisory Board was distinguished by regular reports containing up-to-date and comprehensive information.

The Supervisory Board was informed via written and oral reports from the Management Board on the Company's current business development as well as on the status of potential investment projects and sales activities with institutional investors. Furthermore, the Management Board informed the Supervisory Board on the development of relevant markets, their respective risks and opportunities, and the Company's compliance. The strategic orientation and development of the Company are jointly coordinated by the Management Board and Supervisory Board. All business activities requiring a vote were passed in the affirmative.

## ADVICE BY THE SUPERVISORY BOARD

A total of nine meetings were held in the fiscal year 2015. Of these, four were ordinary and five were extraordinary and held as conference calls. The high number of extraordinary meetings was mainly due to resolutions relating to the IPO. In each case, the Management Board provided detailed reports to the members of the Supervisory Board in advance of these meetings. The documents provided sufficient information for any decisions requiring approval. Every Supervisory Board member was present at all meetings held in the fiscal year 2015. Additionally, the Supervisory Board adopted ten resolutions during conference calls not included in the nine meetings.

## FOCUS OF THE CONSULTATIONS

In the year under review, the Supervisory Board consulted with the Management Board on the Company's growth strategy. The focus of the discussions included acquisitions made possible by the funds generated from the IPO and the further expansion of the Asset Management division. In every meeting, the Management Board reported on current prospects and the status of the respective investment process. For projects that were about to be finalized, the Management Board provided a detailed presentation of results from the due diligence process and comprehensive information on financing the investment plans.

## NO COMMITTEES FORMED

The Supervisory Board did not form any committees. Due to the Company's size and the number of Supervisory Board members, it was more practical and effective to perform the various tasks as a full Supervisory Board.

## CORPORATE GOVERNANCE

There were no changes to the Supervisory Board in the fiscal year 2015. During the reporting period, the Supervisory Board also addressed the recommendations of the German Corporate Governance Codex. Most recently during its meeting on May 25, 2015, the Supervisory Board discussed the German Corporate Governance Codex in its version from May 5, 2015. Following these discussions, the Management Board and the Supervisory Board updated the Declaration of Compliance for the German Corporate Governance Codex pursuant to Section 161 of the German Stock Corporation Act (AktG), which was then published on the Company's website and made available to shareholders. Allowing for the exceptions listed and explained, CHORUS meets the recommendations of the German Corporate Governance Codex. The Supervisory Board was not aware of any conflicts of interest for the members of the Executive or Supervisory Board.

## ANNUAL FINANCIAL STATEMENTS AND AUDIT

The combined management report and Group management report for the fiscal year 2015 was audited by KPMG AG Wirtschaftsprüfungsgesellschaft Munich, Germany, and given an unqualified audit certificate. This also applies to the 2015 consolidated financial statements prepared according to IFRS.

The Supervisory Board determined certain focal points for the audit. For instance, the auditor also audited CHORUS Clean Energy AG's internal control system and its early recognition system for risks. These audits showed that the Management Board had implemented suitable risk-monitoring measures and that the early recognition system for risk functions properly. The annual financial statements prepared pursuant to the German Commercial Code, the consolidated financial statements, and the combined management report of CHORUS Clean Energy AG were discussed by the Supervisory Board in its meeting on March 17, 2016. The auditor was also in attendance. The members of the Supervisory Board had access to all of the necessary documentation to prepare for this meeting.

The auditor reported on the key audit results and was available to answer any questions and provide additional information. Based on the final outcome of the Supervisory Board's own examination, no objections were raised. The Supervisory Board acknowledged and approved the auditor's report.

Furthermore, the report prepared by the Management Board on the relationships with associates for the period from January 1 to June 18, 2015, was also examined by the auditor.

The documentation and the proposal regarding the appropriation of profits by the Management Board as well as the auditor's report, including the report on relationships with associates pursuant to Section 312 AktG, were available to the Supervisory Board. They were reviewed and discussed at length in the presence of the auditor, who reported on the results of its audit. After completing its own review, the Supervisory Board had no objections to the report on relationships with associates.

The Supervisory Board reviewed these annual financial statements, the consolidated financial statements, and the combined management report for the Group and CHORUS Clean Energy AG in accordance with statutory regulations and subsequently approved them. The annual financial statements are therefore adopted pursuant to Section 172 AktG. The consolidated financial statements were approved for publication on March 31, 2016.

## ACKNOWLEDGEMENT

The Supervisory Board would like to thank the Management Board and all employees for their dedication and excellent work in the challenging, yet very successful, fiscal year 2015.

Neubiberg/Munich, March 31, 2016

On behalf of the Supervisory Board

Peter Heidecker,
Chairman of the Supervisory Board

# THE CHORUS SHARE

## SUCCESSFUL IPO

Our share (ISIN DE000A12UL56) made its debut on the regulated market (prime standard) of the Frankfurt Stock Exchange at an issue price of EUR 9.75. A total of 12,157,020 shares were placed, 10,256,411 as part of the capital increase, 314,911 by individual shareholders, and 1,585,698 from shareholders as over-allotment options. As part of the stock market flotation, we generated some EUR 100 million by means of the capital increase. Joh. Berenberg Gossler & Co. KG accompanied the flotation as sole global coordinator and shared the role of joint bookrunner with BHF-BANK Aktiengesellschaft.

### CHORUS SHARE EXHIBITS STEADY DEVELOPMENT IN A VOLATILE ENVIRONMENT

2015 was an eventful year on the financial markets. It was shaped by ongoing geopolitical crises and increasing economic risk, which was reflected in the development of indexes such as the SDAX and the TecDAX.

Following an overwhelmingly positive first half of the year, the SDAX, for instance, increased considerably before weakening again toward the end of the third quarter. The index once again rose considerably in the fourth quarter and closed the financial year at 9,099 points, up by about 27 percent. The TecDAX, on the other hand, performed more strongly in comparison, standing at 1,831 points on the last day of trading – an increase of around 34 percent over the course of the year.

Our share experienced a short consolidation phase following the flotation. After the publication of positive interim third-quarter results in late October, however, the share price rose considerably. During the final two months of 2015, the share price developed very much in keeping with market movements. Our share closed the year on a par with the issue price of EUR 9.75 and thus performed slightly below the aforementioned indexes in the period from October 7 to the end of December.

### FIRST DIVIDEND OF EUR 0.18

The Management strives for a stable and sustainable dividend policy that seeks to distribute a significant share of profit. At the Annual General Meeting of June 22, 2016, the Management and Supervisory Boards of CHORUS Clean Energy AG will propose that a dividend in the amount of EUR 0.18 per share be distributed for the 2015 financial year. We have exercised commercial prudence in determining the dividend proposal for 2015. As the stock market flotation took place in the fourth quarter of 2015, it was possible to invest the first funds arising from it. However, the lion's share of the funds raised by the capital increase has been earmarked for further strategic acquisitions in the course of 2016. These acquisitions will only be able to have a positive effect on future dividend distributions.

Taking the Xetra closing price of the CHORUS share as at February 29, 2016, the dividend yield stands at around 2.2 percent. The overall dividend payout stands at just under EUR 5.0 million, which corresponds to a payout ratio of roughly 45 percent of the adjusted consolidated net annual profit of CHORUS Clean Energy AG.

If the Annual General Meeting for the 2015 financial year agrees to the dividend proposal, the dividend will be paid out on June 23, 2016.

### STABLE SHAREHOLDER STRUCTURE WITH HIGH FREE FLOAT

CHORUS Clean Energy AG boasts a stable shareholder structure. As at the balance sheet cutoff date of December 31, 2015, the founding shareholder and strategic investor PELABA Investment Group held 13.1 percent of shares in the Company. With 1.5 percent of shares held by the management, the free float therefore amounted to 85.4 percent.

The market capitalization of CHORUS Clean Energy AG stood at around EUR 277 million as at December 31, 2015. Partly due to the effects of the flotation, the average trading volume of the CHORUS share on the Xetra platform came in at a relatively high figure of 95,201 shares per day.

## ALL ANALYST OPINIONS POSITIVE

At the time of going to press, a total of four analysis companies – Berenberg, BHF-BANK, Warburg Research, and Bankhaus Lampe – had started covering our share. Thus far, we have received nothing but positive ratings, with purchase recommendations and target prices of between EUR 12.00 and EUR 13.90.

## DIALOG WITH THE CAPITAL MARKET

We are committed to communicating openly with the capital market and a range of stakeholder groups. It is our aim to provide all interested parties with all relevant information on our Company in a comprehensive, timely, and transparent manner. With this in mind, the Management Board intensified its contact with various capital market players in the previous financial year.

In September and October, we visited a range of investors across Europe as part of a road show on the flotation. In November, CHORUS also appeared for the first time at the "Deutsches Eigenkapitalforum" (German Equity Forum) in Frankfurt, as well as at the "Münchner Kapitalmarkt Konferenz" (Munich Capital Market Conference) in December. Here, institutional investors were given the chance to speak directly to the Management Board of the Company in a series of one-to-one meetings. We also gave institutional investors and analysts the chance to speak to the Management Board in a telephone conference held in connection with the publication of the interim report for the third quarter of 2015.

We are also in regular contact with investors and analysts apart from events like these. In addition, many of our shareholders take the opportunity to find out about current business developments by telephone or e-mail. We also publish all key facts concerning our share on our website, along with our strategy, the KPIs of the CHORUS Group, our financial calendar, and all relevant news items.

# CORPORATE GOVERNANCE

As an internationally operating and sustainability-conscious Company, CHORUS considers a responsible and transparent corporate governance and control structure a matter of course. Good corporate governance facilitates trust between market participants and the Company. We also view it as a basic requirement for enhancing the value of our Company over the long-term and for protecting the interests of our investors, business partners, employees and other stakeholder groups. Alongside of the statutory requirements of capital market and corporate law, CHORUS considers the recommendations of the German Corporate Governance Code (DCGK) for its corporate governance policies. Pursuant to DCGK requirements, the Declaration of Compliance was issued in September 2015. This can be found on our Company's website at www.chorus.de/en/investor-relations/corporate-governance/declaration-of-compliance/. Allowing for the exceptions listed and explained, we meet all the recommendations of the German Corporate Governance Codex.

We are continually working to improve our corporate governance internally, while involving our stakeholders in an appropriate manner. Furthermore, we see strict compliance with statutory regulations and internal corporate guidelines, proper accounting and auditing, a responsible handling of risk and transparent corporate communications as the foundation for responsible corporate governance, in addition to a close and efficient cooperation between the Management Board and the Supervisory Board and high regard for shareholder interests.

## CORPORATE GOVERNANCE STATEMENT PURSUANT TO SECTION 289a OF THE GERMAN COMMERCIAL CODE (HGB)

### RELEVANT INFORMATION ON COMPANY PRACTICES

At CHORUS, we see compliance as more than simply an integral component of our corporate culture; in our view, it is essential to sustained business success. That is why CHORUS approaches this key corporate aspect with a holistic and transparent strategy while expanding the compliance management system via specific measures. These measures include the appointment of a compliance officer, who can be approached directly regarding questions and suggestions in this area. We plan to continuously supplement this internal compliance management system with further guidelines, recommendations and employee training.

The Investor Relations department at CHORUS uses various tools for its communications to ensure the transparency of our activities and meet the capital markets' demand for comprehensive, transparent and prompt information. This allows the Group to inform a broad audience on the Company's strategy, positioning and growth potential, its performance and economic situation, as well as its current and future opportunities and risks. The Investor Relations department at CHORUS is organizationally situated in close proximity to the Executive Board. Information on the Group's position and results is provided primarily via the annual report and interim reports.

The dates for our regular financial reporting are provided in our financial calendar at www.chorus.de/en/investor-relations/financial-calendar/. The Company also issues ad-hoc press releases when events or changes occur that could have a notable impact on our share price. Financial reports and ad-hoc publications can be viewed on the Company's website at www.chorus.de/en/investor-relations/. The reports are published in English and German.

In view of the Company's solid reputation, positive financial effects could result from a number of factors, such as an increase in brand recognition, its reputation as an attractive employer and increased support from our stakeholders. To be optimally positioned for such opportunities, we maintain intensive communications with our stakeholders.

This is why we regularly consider expanding our ESG commitments (environment, social and governance). Investment activities oriented on ESG criteria provide important contributions to sustainable business and to realizing social aims while meeting the growing expectations of important external stakeholder groups. In the context of social commitments, we are committed to the aid project "Energie für die Welt" (Energy for the World – www.chorus.de/en/company/social-responsibility/) and will continue to expand our social commitments in the future. Further, we are involved in the industry association BAI (www.bvai.de), which represents the interests of the alternative investments industry in Germany.

## COMPOSITION AND WORKING METHODS OF THE MANAGEMENT BOARD AT CHORUS

The Management Board consists of three members and has a Chairman. The members of the Management Board are responsible for managing the Company and therefore for determining the Group's goals and basic strategic orientation as well as for implementing and monitoring the Company's guidelines. Here, the Management Board acts in compliance with all applicable statutory provisions, official regulations and internal corporate guidelines, and actively influences compliance with these rules and guidelines within CHORUS. Further, it continuously enacts measures to maintain appropriate risk management and risk controlling systems. To do this, the Management Board puts the interests of the Company and its shareholders at the forefront and is committed to the sustained enhancement of the Company's value.

In view of this, the Supervisory Board adopted rules of procedure for the Management Board and determined the allocation of its responsibilities.

We have no plans to implement an age limit for Management Board members. The Supervisory Board of CHORUS strives to maintain this flexibility in order to benefit from the experience of the Management Board members – independent of their age. When filling vacant management positions, the members of the Management Board will place an emphasis on diversity – with a particular focus on having an appropriate share of women.

Regarding conflicts of interest, the Management Board members are to inform the Supervisory Board and all other members of the Management Board without delay regarding any relevant situations. In 2015, there were no conflicts of interest.

## COMPOSITION AND WORKING METHODS OF THE SUPERVISORY BOARD AT CHORUS

The Supervisory Board monitors the Company's management and advises the Management Board on a continual basis. Furthermore, the Management Board needs the Supervisory Board's approval when making fundamental strategic decisions. Specific information on its work is provided in the letter from the Supervisory Board in the annual report.

The three members of the Supervisory Board, including the Chairman, were elected by the shareholders at the Annual General Meeting. The Chairman coordinates the Supervisory Board's tasks, chairs its meetings and represents the Supervisory Board externally.

The members of the Supervisory Board have the necessary skills, abilities and entrepreneurial experience to competently exercise their respective functions and preserve the reputation of CHORUS. The qualities considered regarding the selection of Supervisory Board members include international experience, Company-specific qualification requirements, diversity, age and the presence of a sufficient number of independent Supervisory Board members. The Supervisory Board fulfills these requirements in its current composition.

According to the guidelines and procedures that the Supervisory Board adopted for itself, at least four regular meetings are mandatory per fiscal year.

The members of the Supervisory Board are obligated to disclose any conflicts of interest to the Supervisory Board. The Supervisory Board reports whether any conflicts of interest occurred and how these were handled in its report to the Annual General Meeting. All notable conflicts of interest that are not of a temporary nature should result in the revocation of the appointment of the Supervisory Board member in question. No conflicts of interest occurred with the members of the Supervisory Board in 2015. Consulting and other service agreements between the Company and a Supervisory Board member require the approval of the Supervisory Board.

According to the DCGK, a deductible is to be determined for the members of the Supervisory Board when taking out a D&O insurance policy. We, however, are of the opinion that such a deductible does not enhance the performance or sense of responsibility for the members of the Supervisory Board. Furthermore, it reduces the attractiveness of positions on the Supervisory Board and limits CHORUS in its competition for qualified candidates. For this reason, we have chosen to forgo this option, which corresponds to international standards.

The Supervisory Board did not form any committees. Due to the Company's size and the number of Supervisory Board members, it was more practical and effective to perform the various tasks as a full Supervisory Board.

The other mandates of the Supervisory Board members are presented in the notes of the individual financial statements and the consolidated financial statements.

## COOPERATION BETWEEN THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

CHORUS observes and complies with the legal requirements in the relevant markets and acts according to its Articles of Association. With an Management Board and Supervisory Board, the Company uses the dual management system that is common under German law. The Annual General Meeting is the body through which the will of the shareholders is formulated regarding fundamental decisions at CHORUS. Together, these three bodies are equally obligated to the welfare of the Company and the interests of the shareholders.

The Management Board and the Supervisory Board work closely together for the good of the Company. All relevant questions on areas such as strategy, planning, business development, risk, risk management and compliance are comprehensively and promptly reported to the Supervisory Board. Important strategic decisions by the Management Board, particularly relating to larger acquisitions, divestments, capital investments and financial measures, require approval from the Supervisory Board. Furthermore, the Chairman of the Management Board promptly informs the Chairman of the Supervisory Board on occurrences that are of essential importance for assessing the position and performance of the Company and its management, as well as on possible deficiencies within the Company's monitoring systems.

## SHAREHOLDERS AND ANNUAL GENERAL MEETING

The shareholders of CHORUS exercise their voting rights at the Annual General Meeting. They also have the opportunity to exercise their rights to information and to speak. For voting, one share corresponds to one vote. Shareholders can exercise their right to vote personally (either through their physical attendance and voting at the Annual General Meeting or via written instructions), via a proxy appointed by the Company with authorization to cast votes in accordance with their instructions or via an authorized representative of their choice.

## ACCOUNTING AND AUDITING

The Management Board is responsible for preparing the annual financial statements and the consolidated financial statements for CHORUS AG. The Supervisory Board reviews and approves these statements in consideration of the report from the independent auditor.

A detailed description of the accounting principles applied within the CHORUS Group and other relevant information on published financial data can be found in the annual financial statements for CHORUS AG as well as in the consolidated financial statements – particularly in the notes to these statements.

Pursuant to the applicable statutory provisions, the Annual General Meeting elects the independent auditor for the Company.

## DECLARATION BY THE EXECUTIVE AND SUPERVISORY BOARDS OF CHORUS CLEAN ENERGY AG ON THE RECOMMENDATIONS OF THE GERMAN CORPORATE GOVERNANCE CODE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The Management Board and the Supervisory Board of CHORUS Clean Energy AG ("CHORUS") declare that the recommendations of the German Corporate Governance Code (DCGK) published by the German Federal Ministry of Justice on May 5, 2015, in the official part of the Federal Gazette (Bundesanzeiger) were fully complied with in the fiscal year and will continue to be complied with in the future with the following exceptions:

- The D&O insurance for the members of the Supervisory Board does not contain a deductible, which corresponds with international standards (no. 3.8 (3) DCGK). Since the members of the Supervisory Board carry out their duties responsibly and act in the interest of the Company, CHORUS believes that a deductible would not increase the level of commitment or burden of responsibility for the members of the Supervisory Board. It also reduces the attractiveness of the positions on the Supervisory Board and thereby limits CHORUS in its competition for qualified candidates.
- There are no provisions regarding the recommended severance payment caps nor is there a change of control clause in the current service contracts for the members of the Management Board (no. 4.2.3 (4&5) DCGK). The amount of any severance payment will be determined by an agreement that is signed at the termination of the respective Management Board member's service contract. CHORUS is convinced that the Supervisory Board will sufficiently consider the interests of CHORUS in its negotiations with the departing Management Board member and will not approve excessive severance payments. The same holds true for a change of control.

- There are no disclosures provided on the remuneration of individual Management Board members, nor on their fixed and variable components or supplementary payments (no. 4.2.4 DCGK). These recommendations were not adopted because the Annual General Meeting from March 10, 2015, resolved that the remuneration of the individual Management Board members is not to be disclosed in the consolidated financial statements for the years 2015 through 2019. This corresponds to the provisions from Sections 286 (5), 314 (2) and 315 a (1) of the German Commercial Code (HGB). For the duration of this opt-out provision, the Company will refrain from observing the disclosure recommendations (pursuant to no. 4.2.5 (3)) within the Company's remuneration report.
- No age limit has been established for Executive Board members (no. 5.1.2 (2) DCGK). With this decision, the Supervisory Board aims to maintain the necessary flexibility for CHORUS to benefit from the experience of the Management Board members – independent of their age.
- Interim reports are published within 60 days of the end of the calendar quarter in compliance with statutory provisions (no. 7.1.2 DCGK). The Management Board and the Supervisory Board are of the opinion that a further tightening of this deadline, with its timing differences and the corresponding efforts, is not expedient.

Neubiberg/Munich, September 2015

| | |
|---|---|
| On behalf of the Management Board | On behalf of the Supervisory Board |
| Holger Götze, Chairman | Peter Heidecker, Chairman |

This Corporate Governance Statement pursuant to Section 289a HGB is available on the Company's website at www.chorus.de/en/investor-relations/corporate-governance/ as part of the Corporate Governance Report.

## DIRECTORS' DEALINGS

Pursuant to Section 15a of the German Securities Trading Act (WpHG), the members of the Executive and Supervisory Boards are legally required to disclose their transactions with CHORUS shares or related financial instruments. All reported transactions of this nature were published and can be viewed on the Company's website at www.chorus.de/en/investor-relations/news/directors-dealings/.

Pursuant to no. 6.2 of the DCGK, the Management Board and the Supervisory Board must disclose their holdings, if these exceed 1 percent of the shares issued. As of December 31, 2015, the Management Board members held a total of 426,392 shares and therefore 1.5 percent of the share capital in CHORUS, which consists of 27,704,950 shares.

As of the reporting date, the Supervisory Board members held a total of 4,865,560 CHORUS shares and therefore 17.6 percent of the share capital in CHORUS AG. Of these, PELABA Investment Gruppe, which is managed by Supervisory Board Chairman Peter Heidecker, holds 3,626,985 shares. Due to the provisions of Section 22 WpHG, 1,238,575 shares in diverse investment companies are attributable to the Supervisory Board Chairman, though these are not at his disposal.

## REMUNERATION REPORT

The remuneration report summarizes the principles that are used to determine the overall remuneration of the Management Board members. It also describes the structure and amount of the Management Board members' remuneration as well as the underlying principles and remuneration for Supervisory Board members. The remuneration report can be found in the management report.

# OUR BUSINESS MODEL

**OUR SUCCESS IS BASED ON TWO KEY PILLARS: AS AN EXPERIENCED OPERATOR AND ASSET MANAGER OF SOLAR AND WIND PARKS, WE GENERATE PREDICTABLE, STABLE, AND LONG-TERM RETURNS FOR OUR CUSTOMERS AND INVESTORS.**

With over 70 wind and solar parks with a nominal capacity of more than 300 megawatts, CHORUS Clean Energy AG is one of Germany's largest independent operators of renewable energy plants. Furthermore, we have established ourselves as a sought-after service provider for institutional investors thanks to a comprehensive range of services. We cover the entire value chain on behalf of our customers. We build a customized portfolio of solar and wind parks in line with individual specifications, which are covering more than just the method of energy generation, site location, term, and expected returns. We also offer structuring advice. Whether equity- or debt-capital-based, a fund solution, or a direct investment, we develop the right concept. On request, we handle operations management and technical operators on-site.

We gain access to high-quality and lucrative projects via our long-established network of project developers, banks, lawyers, and engineering companies. Of the roughly 1,000 projects we are offered every year, only the very best survive our multistage assessment process.

We then offer these solar and wind parks to our institutional customers as an investment opportunity or acquire them ourselves. Investors can also use our SICAV platform governed by Luxembourg law and invest in our special fund CHORUS Infrastructure Fund S.A. SICAV-SIF. This fund already has a diversified plant portfolio in selected European countries.

## CHORUS CLEAN ENERGY AG

## BUSINESS LINES

**ENERGY GENERATION** | **ASSET MANAGEMENT**

## BASIS OF OUR SUCCESS

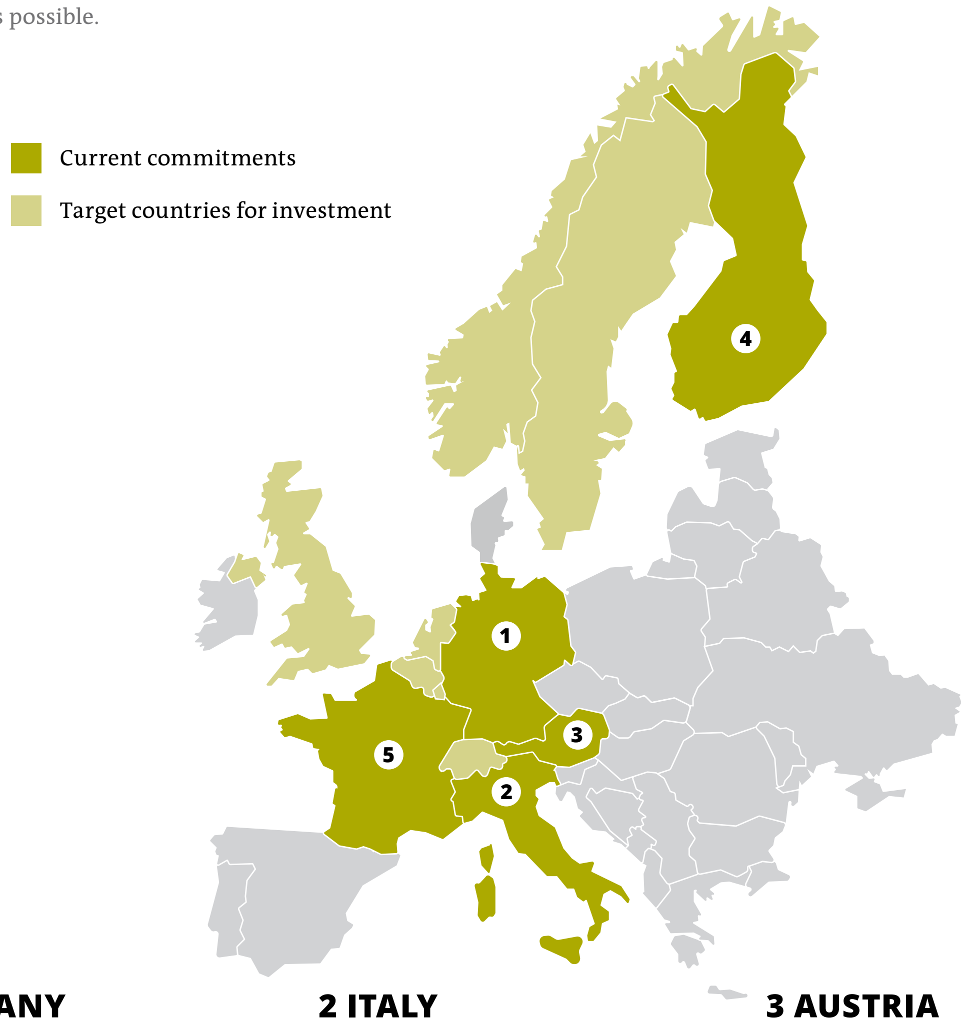
**EXTENSIVE EXPERIENCE IN THE ACQUISITION, REALIZATION, AND MANAGEMENT OF RENEWABLE ENERGY PLANTS**

# OUR PORTFOLIO

**HIGHLY DIVERSIFIED ACROSS FIVE EUROPEAN COUNTRIES, MORE THAN 70 SOLAR AND WIND PARKS GENERATE CLEAN ENERGY AND STABLE RETURNS FOR OUR CUSTOMERS AND SHAREHOLDERS.**

We only invest in high-quality plants made by renowned manufacturers. We only consider wind and solar parks that are close to completion or that have only recently been connected to the electricity grid, so as to benefit from subsidies for as long as possible.

Furthermore, we choose high-yield and legally secure sites and take advantage of the balance offered by energy generation methods that complement each other well. Measured by nominal output, 70 percent of our solar and wind energy plants are located in Germany, with the remaining 30 percent divided between sites in France, Austria, Finland, and Italy. We also continuously monitor market developments and investment opportunities in other European countries with a view to broadening our investment horizon.




## 1 GERMANY
Installed nominal output in MW:
**214**
Households served:
**104,400**

## 2 ITALY
Installed nominal output in MW:
**47**
Households served:
**24,400**

## 3 AUSTRIA
Installed nominal output in MW:
**30**
Households served:
**5,700**

## 4 FINLAND
Installed nominal output in MW:
**13**
Households served:
**7,700**

## 5 FRANCE
Installed nominal output in MW:
**3**
Households served:
**3,000**

(All figures rounded)

# COMBINED MANAGEMENT REPORT
FOR THE FISCAL YEAR 2015

## 1 GENERAL INFORMATION

This combined management report was prepared pursuant to the German Commercial Code (HGB) and the German Accounting Standard (DRS) no. 20 and refers to the CHORUS Group ("the Group" or "CHORUS") as well as the parent Company, CHORUS Clean Energy AG ("CHORUS AG"), headquartered in Neubiberg.

The Group management report and the management report of CHORUS Clean Energy AG are combined. Disclosures that only relate to CHORUS Clean Energy AG are presented separately in section 8, particularly its net assets, financial position and results of operations.

Unless otherwise stated, all disclosures in this report refer to their status as of December 31, 2015, or the fiscal year from January 1, 2015, to December 31, 2015.

### 1.1 BUSINESS MODEL

CHORUS is an independent operator of solar and wind parks and a full service provider for investments in the field of renewable energy. We currently manage a portfolio with a total capacity of more than 300 megawatts (MW) distributed across 72 plants in five European countries. We offer institutional investors attractive opportunities to invest in renewable energy. We cover the entire investment cycle: from asset sourcing, via economic, technical and legal due diligence to commercial plant management as well as the controlling and monitoring of technical operations to the divestiture of individual plants.

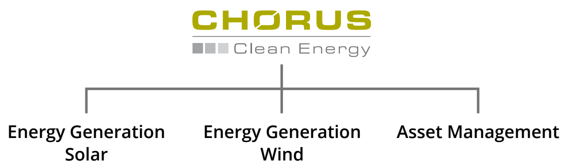
Our full portfolio (CHORUS' own plants and those it manages for third parties) generated a total of 392,463 MWh of green energy in the fiscal year 2015 (2014: 257,726 MWh). This corresponds to the electricity consumption of about 150,000 average households. As a result, about 240,000 tons of climate-damaging $CO_2$ emissions were avoided.

### 1.2 GROUP STRUCTURE

As the parent Company of the CHORUS Group, CHORUS Clean Energy AG exercises certain management functions. These include Group strategy, mergers, takeovers and integration processes, risk management, consolidated accounting and controlling, finances, legal functions, taxation, investor relations, marketing, IT, personnel management and public relations. Along with CHORUS Clean Energy AG, a total of 85 subsidiaries (2014: 84) are directly or indirectly included in the consolidated financial statements as of December 31, 2015.

The operating activities of the CHORUS Group are exclusively performed by the Company's respective direct or indirect operative subsidiaries.

CHORUS consists of the following three operating segments:




- **Electricity Generation Solar** comprises all 57 solar parks in Germany and Italy.
- **Electricity Generation Wind** comprises all eight existing wind parks in Germany, France and Austria.
- **Asset Management** comprises all services in this segment, which includes the initiation of funds or the tailored design and structuring of other investments for professional investors in the renewable energy sector as well as the operation of the plants held by these investors. Furthermore, the operative and asset management services are also provided for Group companies that operate their own parks.

CHORUS Clean Energy AG was founded in July 2014. On December 4, 2014, CHORUS Clean Energy AG, 20 limited partnerships, the shareholders of CHORUS GmbH, REGIS Treuhand & Verwaltung GmbH für Beteiligungen (as trustee for one investor not affiliated with the CHORUS Group) ("REGIS"), Heinz Jarothe, Holger Götze and Helmut Horst entered into contribution agreements. Since the operative and holding companies and their solar and wind parks were initially included as of December 2014, these were not included in total comprehensive income and the Group's cash flows for the fiscal year 2014. As a result, the net assets, financial position and result of operations for the fiscal year 2015 is comparable with the previous year only to a limited extent. Details can be found in the notes to the consolidated financial statements from December 31, 2015 (note 1: General Information).

## 1.3 STRATEGIC CORPORATE MANAGEMENT

The basic goal of the entrepreneurial actions of the CHORUS Group is to sustainably enhance the value of the Company in the sense of qualitative growth while also expanding its revenue base. This results in the following key performance indicators for managing the Group:

- Revenue
- EBITDA
- EBIT

As a growth-oriented Company, the profitable increase to revenue is of particular importance to CHORUS. All activities for increasing revenue are considered for their potential to enhance EBITDA and EBIT over the long term.

Further key performance indicators for the CHORUS Group include:

- Funds from operations (FFO)
- Megawatt hours produced (MWh)

Funds from operations refers to an earnings indicator used to evaluate operative performance at the Group level. The indicator shows how much cash flow is generated from operating activities and is calculated as follows:

Profit before tax
+ Depreciation and amortization
+/– Other non-cash expenses/income
+/– Non-operative expenses/income[1)]
= Funds from operations (FFO)

[1)] Refers for example to extraordinary effects for the fiscal year.

The Management Board guides the Group based on these indicators. Over the course of the fiscal year, the development of these performance indicators is regularly compared with the expected values and the current forecasts for the whole year. Management strategically aligns and guides the course of business based on this analysis. The Company's corporate culture of open and continual dialog allows the Management Board to react quickly to circumstances and effectively enact the needed measures.

Alongside the financial figures, monitoring the megawatt hours (MWh) produced by the parks at the segment level is another performance indicator that the Management Board uses to guide the Group.

In addition to the performance indicators listed, the Management Board also continuously monitors the development of the portfolio – both in Germany and abroad. This includes technical and commercial aspects of the existing parks, such as the technical availability of the plants and the integration of newly acquired parks in the existing portfolio. Only projects that are expected to make a positive contribution to enhancing the Group's business performance are initiated.

Group planning at CHORUS is performed annually on a period-oriented timeline that considers actual business development and is constantly adjusted to account for emerging opportunities and risks. In this way, financial risks are recognized at an early stage and effective countermeasures can be implemented.

The key financial performance indicators for the Group described here are the same as those used to manage CHORUS Clean Energy AG.

# 2 ECONOMIC SITUATION

## 2.1 MACROECONOMIC ENVIRONMENT

The development of the global economy in 2015 did not live up to expectations. This is primarily due to slow economic growth in the emerging markets and a weaker than expected recovery in the developed economies. Most emerging markets faced unfavorable external conditions such as higher volatility on the financial markets, falling raw material prices and downward pressure on their respective currencies. These developments were further intensified by the economic crisis in China. The economic slowdown was more or less expected, but its unfavorable international impacts, such as weaker raw material prices and declining exports to China, seem to be worse than anticipated. In contrast to this, the economies of the industrialized nations developed positively, though only moderately. Overall, global economic growth continued to slow and amounted to 3.1 percent in 2015 (2014: 3.4 percent). Driven by geopolitical uncertainties, forecasts for 2016 continue to project moderate growth, with current global growth (December 2015) estimated to be at 3.3 percent.

In the European Monetary Union, factors such as sustained low energy prices, low inflation, a weak euro and the expansive monetary policy of the European Central Bank despite the intensification of the Greece crisis likely contributed to a moderate economic upturn. The German economy grew solidly by 1.7 percent in 2015.

## 2.2 INDUSTRY DEVELOPMENTS IN THE KEY TARGET MARKETS

### RECORD YEAR FOR INVESTMENTS IN RENEWABLE ENERGY

According to reports from Bloomberg New Energy Finance (BNEF), total investments in renewable energy in 2015 amounted to approximately EUR 300 billion. Despite sinking prices for fossil fuels, more photovoltaic and wind power plants were built in the year than ever before. The global increase of 64 gigawatts (GW) of wind and 57 GW of solar capacity also represents an increase of nearly 30 percent compared to the previous year.

The World Climate Conference in Paris (COP21) provided further momentum. In December 2015, the community of nations came to terms on a binding climate protection agreement for the first time. With the agreement, 195 nations affirm the goal of limiting global warming to less than two degrees Celsius. It also specifies that the world needs to become greenhouse gas-neutral by the second half of the century. We are convinced that the trend towards renewable energy will continue due to this positive development.

Over the past few years, electricity generation from renewable energies has become competitive with conventionally generated electricity in some regions of the world. With a view to Europe, we see this trend as a medium to long-term opportunity for our business. We are currently benefiting from feed-in tariffs granted by the respective governments and reliable statutory framework conditions in every country where CHORUS operates. Long-term state subsidy programs are of central importance for generating electricity from renewable energies and therefore for the financial position of CHORUS.

Subsidies for renewable energy in Germany, where about 70 percent of CHORUS' current portfolio is located, are determined by the Renewable Energy Act (EEG). Its main goal is to promote the development of technologies for generating electricity from renewable energy sources. To meet the national expansion goals, network operators are required to give priority to plants manufacturing energy from renewable energy sources as it relates to grid connections. Furthermore, the electricity produced must be given priority when being purchased, transmitted and distributed to consumers (feed-in tariff). This means that cleanly generated power is fed in to the grid before electricity from conventional energy sources. Plant operators also receive a 20-year price guarantee from network operators. From 2017 at the latest, subsidies will be primarily determined using a tendering process.

### USING THE POWER OF THE SUN

Development within the solar industry is a true success story in view of its growth rates. In the years 2000 to 2015, global installed capacity rose from nearly 1.3 to 229 GW, which corresponds to an average growth rate of 40 percent per year. In 2015, a total of 57 GW of new solar capacity was installed. Despite the boom, the share of solar energy on the global electricity market is still only 1 percent. In the EU, it is 3.5 percent and 7 percent in Germany. By the year 2030, the global share is expected to grow to 10 percent and even reach 30 percent by 2050, which shows its enormous future market potential. We therefore expect that demand will continue to develop positively over the coming years. Outstanding opportunities for German companies are arising here in the integration of multiple links along the value chain and the corresponding focus on consulting services. With our growth segment Asset Management, we are excellently positioned in this area.

## GREEN ENERGY FROM WIND

Land-based wind power plants already produce cheaper electricity than newly constructed fossil fuel power plants. They have an excellent environmental footprint and have become a key export of the German industry. With an 8 percent share of the energy mix, nearly half of the electricity generated from renewable energy sources in Germany comes from wind. In 2014, the country was home to more than 24,800 wind power plants and an installed capacity of over 38,000 MW – producing clean energy for companies and households. The globally installed capacity for wind power (land and sea) rose to 415 GW in 2015. With a share of about 10 percent of gross electricity consumption, wind power is the most important renewable energy source. Finally, due to the established technology, it is a growth market – as can be seen from the newly installed capacity of 64 GW worldwide in 2015. In Germany, new installations totaled roughly 5 GW.

## OPTIMISTIC OUTLOOK FOR RENEWABLE ENERGY IN AUSTRIA

The Austrian energy strategy intends to increase the share of renewable energy sources to 60 percent by 2030 and reduce $CO_2$ emissions by 60 percent compared to 1990 levels. Even the complete withdrawal from coal and oil-based electricity generation by 2030 is planned. It is estimated that Austria slightly exceeded the mark of 1 GW cumulative installed solar capacity in 2015. This corresponds to new construction of 150 to 200 MW for the year. If accurate, this likely represents a slight increase compared to the previous year's expansion of 159 MW as reported by Bloomberg New Energy Finance (BNEF). At the end of 2015, over 1,000 wind power plants generated a total capacity over 2,400 MW of clean, non-polluting electricity for over 1.5 million households – that is 40 percent of all Austrian households.

## FRANCE FOCUSES ON RENEWABLE ENERGY AND LESS ON NUCLEAR POWER

After the French National Assembly passed the law on energy transition and for green growth on July 22, 2015, it formally came into effect with its publication in the official gazette on August 18, 2015. Nearly four months before the start of the World Climate Conference COP21 in Paris, the law established a binding roadmap for France's future energy policy. The law aims to motivate and mobilize the entire society, from the state sector to companies to citizens, for this vision. A primary goal is the reduction of energy policy dependencies via an improved energy mix – spearheaded by an increase in the use of renewable energy.

The law calls for the implementation of five key goals, including the reduction of greenhouse gas emissions by 75 percent by 2050, a simultaneous reduction in the share of nuclear energy in the French energy mix from its current 75 percent to 50 percent by 2025 and an increase in the share of renewable energy used by end consumers to 32 percent by 2030.

## RENEWABLE ENERGY IN FINLAND

According to the national goals in the area of electricity generation from renewable energy sources, Finland aims to increase its share of renewable energy in terms of total energy consumption to 38 percent by 2020. Electricity generation from wind power is to be increased to a total output of six terawatt hours by 2020. Finland remains an interesting market for investments in the onshore wind sector due to its excellent wind levels, stable ratings and very transparent structures.

Thanks to these long-term, positive trends in countries with stable regulatory conditions and reliable investor protections, these regions will remain a focus of our business activities.

## RENEWABLE ENERGY OFFERS IDEAL INVESTMENT OPPORTUNITIES FOR INSTITUTIONAL INVESTORS

Many institutional investors are well aware of the political demands for a quick exit from fossil fuels. Investments in renewable energy therefore set a new record in 2015, with approximately EUR 300 billion flowing into this sector. In this season of low interest rates, investments in renewable energy represent an interesting alternative that offers attractive yields and stable cash flows at only moderate risk. As part of a representative study in cooperation with CHORUS, the University of the German Federal Armed Forces in Neubiberg determined that 43 percent of institutional investors currently hold investments in the renewable energy sector. More than 60 percent of them plan further investments in this area.

Investors want security, stability and reliability in their investments. Renewable energy is viewed as a stable and sustainable investment. Particularly professional investors such as insurance companies, pension funds, foundations, banks and family offices rely on reliable and stable income. CHORUS offers these investors tailored solutions and professional portfolio management as part of its growth segment Asset Management.

## 2.3 BUSINESS PERFORMANCE

From management's perspective, the fiscal year 2015 was a very positive year, as expected. The following events contributed to this result:

### 2.3.1 IPO

Shares in CHORUS Clean Energy AG became available for trading on the regulated market (Prime Standard) of the Frankfurt Stock Exchange on October 7, 2015.

As part of the IPO, 10,571,322 ordinary shares were issued in the form of no-par value shares with full entitlement to dividends from January 1, 2015. Of these, 10,256,411 ordinary shares arose from the capital increase in connection with the IPO and 314,911 ordinary shares came from individual existing shareholders. The offer period for purchasing shares at the offer price between EUR 9.75 and EUR 12.50 lasted from September 25 to October 2. Investor demand exceeded the number of shares offered. In consultation with the underwriting banks and in view of the turbulent capital market environment, the Company set the issue price on October 7, 2015, at EUR 9.75.

CHORUS Clean Energy AG generated gross issuing proceeds of EUR 100 million from the IPO.

The greenshoe option provided by the issuer, which was available until November 7, 2015, was not exercised.

### 2.3.2 EXPANSION OF THE PORTFOLIO

In the past years, CHORUS has developed a comprehensive portfolio of more than 70 solar and wind parks in five European countries. The renewable energy plants operated by CHORUS have a combined nominal capacity of 300 MW. Of these, over 60 parks with a nominal capacity of more than 210 MW are owned by CHORUS directly. Further, we operate solar and wind parks for third parties with a nominal capacity of more than 90 MW in Germany, Italy and Finland.

Our broadly diversified portfolio has about 30 percent of its nominal capacity located in other European countries (Italy, France, Austria and Finland) and about 70 percent in Germany.

#### Cooperation with Two German Pension Funds

On October 19, 2015, CHORUS AG agreed to a comprehensive cooperation with two renowned pension funds in Germany. The goal of this cooperation is to develop a portfolio of solar and wind power plants in various European countries. For this purpose, the two pension funds provided funding of about EUR 25 million. Along with the development of the portfolio, CHORUS was also commissioned to provide all additional asset management services including the operation of the plants.

Just a few weeks after the agreement, the funds were invested. In December, CHORUS purchased a solar park and a wind park in Germany for the pension funds. The sale of two Italian solar parks in January 2016 successfully rounds out the portfolio for the institutional customers. As part of its activities in the Asset Management segment, CHORUS assumed the long-term operation of the parks.

#### Acquisition of a Wind Park in Lower Saxony

On December 1, 2015, CHORUS AG purchased the wind park "Appeln" in Beverstedt near Cuxhaven (Lower Saxony). The four plants, GE 2,85-103 turbines from the German supplier GE Wind Energy, started operations in mid-December 2015. The total capacity of the park is 11.4 MW. The newly connected wind park aligns well with the investment strategy in terms of its location and size and is therefore an ideal addition to the portfolio. Further, the acquisition is the first to be performed with funds from the IPO.

### Expansion of the Portfolio in Austria

CHORUS purchased a wind park with a total capacity of more than 7 MW in Burgenland and another wind park with a total capacity of more than 14 MW in Styria in December 2015.

The grid connection for the wind park in Zagersdorf, Austria (Burgenland) is planned for April 2016. The wind park consists of three proven Enercon E-92 turbines. Additionally, CHORUS secured a further project in Herrenstein in Styria. With the acquisition of these two wind parks, CHORUS was able to use a further portion of the funds gained from the IPO.

### 2.3.3 PERFORMANCE OF THE OPERATING SEGMENTS

In the Energy Generation Solar segment, no new investments were performed, but cash flow development remained stable. As of December 31, 2015, the segment comprised 57 solar parks in Europe with a capacity of 154 MW.

The Energy Generation Wind segment consists of eight wind parks in Europe as of December 31, 2015 (2014: five). With the acquisition of the wind park Appeln, capacity in this segment grew by 11.4 MW. With the acquisition of the Austrian wind parks in Zagersdorf and Herrenstein, the Company's presence in the region was additionally strengthened. The project in Zagersdorf is nearly completed and is expected to connect to the grid in April 2016. As expected, this leads to further increases in revenue.

In the Asset Management segment, we continued to expand revenue and income. Here, the increase in capital commitments for our Luxembourg SICAV specialized fund as well as the strategic cooperation with renowned German pension funds strengthened our positioning as a leading provider of services in asset management for institutional investors.

## 2.4 THE GROUP'S NET ASSETS, FINANCIAL POSITION AND RESULT OF OPERATIONS

### COMPARABILITY OF THE FINANCIAL INFORMATION

The net assets, financial position and results of operations in the fiscal year 2015 is comparable to the previous year only to a limited extent, since the 74 operative and holding companies, including the solar and wind parks, were contributed in December 2014. As a result, they were not included in the Group's total comprehensive income and the cash flows in the fiscal year 2014.

For this period in 2014, the financial information only contains the financial information for CHORUS GmbH and its subsidiaries. We refer to the consolidated financial statements from December 31, 2014, note 1 "Description of Operations" in the notes.

### RESULT OF OPERATIONS

| in EUR thousands | 2015 | 2014 |
|---|---|---|
| **Revenue** | 58,582 | 3,349 |
| Other income | 2,621 | 930 |
| Personnel expenses | –2,686 | –2,149 |
| Other expenses | –15,661 | –3,419 |
| **Earnings before interest, taxes, depreciation and amortization (EBITDA)** | 42,856 | –1,289 |
| Depreciation and amortization | –21,976 | –74 |
| **Earnings before interest and taxes (EBIT)** | 20,880 | –1,363 |
| Financial income | 192 | 269 |
| Financial expenses | –10,076 | –141 |
| **Financial investments recognized using the equity method** | –26 | 4 |
| Income from the measurement of interest rate swaps | 1,872 | 0 |
| **Financial result** | –8,038 | 132 |
| **Earnings before taxes (EBT)** | 12,842 | –1,231 |
| Income taxes | –3,939 | –359 |
| **Profit (loss) for the year** | 8,903 | –1,590 |
| **Earnings per share (in EUR)** | 0.45 | –0.40 |
| **Other comprehensive income after taxes** | 743 | 0 |
| **Total comprehensive income** | 9,646 | –1,590 |

In the fiscal year 2015, the Group generated total revenue of EUR 58,582 thousand (2014: EUR 3,349 thousand). The increase is primarily due to the contribution of the 74 operative and holding companies in December 2014.

Revenue breaks down by country as follows:

| in EUR thousands | 2015 | 2014 |
|---|---|---|
| Germany | **35,476** | 3,349 |
| Italy | **20,972** | 0 |
| France | **677** | 0 |
| Austria | **1,457** | 0 |
| **Revenue** | **58,582** | 3,349 |

Revenue development is dependent on the amount of electricity generated. The output of the solar and wind parks in the fiscal year 2015 totaled 241,871 MWh. 47 percent of the electricity generated is attributable to the solar parks in Germany and 27 percent is attributable to solar parks in Italy. A total of 26 percent of the electricity generated was produced by the wind parks, of which 17 percent from those in Germany, 6 percent in Austria and 3 percent in France.

Other income mainly contains recharges and income from business combinations and increased by EUR 1,691 thousand – from EUR 930 thousand in 2014 to EUR 2,621 thousand in 2015. This is especially due to the contribution of the 74 operative and holding companies in December 2014 and the recognition of the negative difference resulting from the first-time consolidation of the Appeln wind park.

Personnel expenses rose in 2015 due to new additions and some small salary increases from EUR 2,149 thousand in the previous year to EUR 2,686 thousand, which is an increase of nearly 25 percent.

Other expenses mainly consist of the operational costs for the solar and wind parks as well as administration expenses and amounted to EUR 15,661 thousand in the fiscal year 2015 (2014: EUR 3,419 thousand). The increase is primarily due to the contribution of the 74 operative and holding companies in December 2014. Furthermore, EUR 2,837 thousand (2014: EUR 673 thousand) were recognized in other expenses in connection with the IPO in October 2015.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 42,856 thousand in the fiscal year 2015 (2014: EUR –1,289 thousand). The EBITDA margin was 73 percent (2014: –38 percent). The increase is attributable to the previously given explanations.

Amortization expenses mainly relate to scheduled amortizations on solar and wind parks and amounted to EUR 21,976 thousand in the fiscal year 2015 (2014: EUR 74 thousand). The increase of EUR 21,902 thousand is primarily due to the contribution of the 74 operative and holding companies in December 2014.

This resulted in earnings before interest and taxes (EBIT) of EUR 20,880 thousand for the CHORUS Group in the fiscal year 2015 (2014: EUR –1,363 thousand), which represents an EBIT margin of 36 percent (2014: –41 percent).

The financial result dropped from EUR 132 thousand in fiscal year 2014 to EUR –8,038 thousand in the fiscal year 2015. This decline is mainly due to recognized finance expenses of EUR 10,076 thousand (2014: EUR 141 thousand), which mainly relate to the debt financing of the solar and wind parks. This is countered by the income from the measurement of interest rate swaps of EUR 1,872 thousand (2014: EUR 0 thousand). This development is primarily due to the contribution of the 74 operative and holding companies in December 2014.

The EBT margin for 2015 was 22 percent (2014: –37 percent) with earnings before tax (EBT) of EUR 12,842 thousand (2014: EUR –1,231 thousand).

Expenses from income taxes for the fiscal year 2015 amounted to EUR 3,939 thousand compared to EUR 359 thousand in the previous year. The increase is primarily due to the contribution of the 74 operative and holding companies in December 2014.

Profit for the year in the fiscal year 2015 was EUR 8,903 thousand (2014: EUR –1,590 thousand), which corresponds to a margin of 15 percent (2014: –47 percent).

Total comprehensive income of EUR 9,646 thousand (2014: EUR –1,590 thousand) comprises other comprehensive income of EUR 743 thousand (2014: EUR 0 thousand) alongside of profit for the year. This resulted from the change in market value for financial assets available for sale after taxes.

Earnings per share totaled EUR 0.45 for the fiscal year 2015 (2014: EUR –0.40).

### Extraordinary Effects

The business activities of the CHORUS Group can be affected by one-off occurrences, whose effects are recognized in the consolidated financial statements as “extraordinary effects.”

To ensure greater comparability of the financial information across multiple reporting periods, the Group’s earnings figures are adjusted for these effects. In the fiscal year 2015, the following items were adjusted to account for the extraordinary expenses that occurred in connection with the IPO, which could not be directly deducted from the capital reserve during the preparations for the IPO. They had the following impacts on the consolidated statement of comprehensive income:

| in EUR thousands | 2015 |
|---|---|
| EBITDA (IFRS) | 42,856 |
| IPO-related expenses | 2,837 |
| Adjusted EBITDA | 45,693 |
| EBIT (IFRS) | 20,880 |
| IPO-related expenses | 2,837 |
| Adjusted EBIT | 23,717 |
| Profit for the year | 8,903 |
| IPO-related expenses | 2,110 |
| Adjusted profit for the year | 11,013 |
| Earnings per share (IFRS/in EUR) | 0.45 |
| IPO-related expenses per share (in EUR) | 0.11 |
| Adjusted earnings per share (in EUR) | 0.55 |

EBITDA adjusted for the expenses related to the IPO (EUR 2,837 thousand) amounted to EUR 45,693 thousand in the fiscal year 2015, which represents an adjusted EBITDA margin of 78 percent.

Adjusted EBIT was EUR 23,717 thousand in 2015. The adjusted EBIT margin was therefore 41 percent.

The adjusted profit for the year for 2015 was EUR 11,013 thousand, which corresponds to an adjusted earnings margin of 19 percent.

Since the extraordinary effects only relate to the successful IPO and only occurred in 2015, a comparison with the previous year would not be meaningful.

### Results of Operations for the Segments

| in EUR thousands | 2015 | 2014 |
|---|---|---|
| Revenue | | |
| Energy Generation Solar | 49,263 | 0 |
| Energy Generation Wind | 5,931 | 0 |
| Asset Management | 4,833 | 3,349 |
| Earnings before interest, taxes, depreciation and amortization (EBITDA) | | |
| Energy Generation Solar | 41,290 | 0 |
| Energy Generation Wind | 4,846 | 0 |
| Asset Management | 4,552 | 2,418 |
| Earnings before interest and taxes (EBIT) | | |
| Energy Generation Solar | 21,739 | 0 |
| Energy Generation Wind | 2,510 | 0 |
| Asset Management | 4,552 | 2,418 |
| Financial result | | |
| Energy Generation Solar | –6,809 | 0 |
| Energy Generation Wind | –505 | 0 |
| Asset Management | 25 | 4 |
| Earnings before taxes (EBT) | | |
| Energy Generation Solar | 14,930 | 0 |
| Energy Generation Wind | 2,005 | 0 |
| Asset Management | 4,577 | 2,422 |
| Profit (loss) for the year | | |
| Energy Generation Solar | 12,288 | 0 |
| Energy Generation Wind | 980 | 0 |
| Asset Management | 4,228 | 2,350 |
| Earnings per share (in EUR) | | |
| Energy Generation Solar | 0.62 | 0.00 |
| Energy Generation Wind | 0.05 | 0.00 |
| Asset Management | 0.21 | 0.59 |

The comparison of the electricity generated by solar and wind energy with the previous year is not informative since the 74 operative and holding companies, including the solar and wind parks, were contributed in December 2014. Due to the expansion of the business activities in Asset Management, a strong increase in the key performance indicators for the Asset Management segment occurred in the fiscal year 2015 compared to the previous year.

How much electricity the solar parks generate is dependent on the amount of solar radiation the solar park site receives. Since the shorter days of the winter months result in lower solar radiation, the electricity generation of the CHORUS solar parks fluctuate significantly with the seasons. Furthermore, electricity generation from the solar park portfolio is influenced by the seasons as all of CHORUS' solar parks are located in the northern hemisphere. For this reason, the electricity generated by the solar park portfolio is greatest during the second and third quarter of the year – during the summer months of the northern hemisphere, with their longer periods of daylight. In contrast to this, the CHORUS wind parks generally perform best during the first and fourth quarters of the year.

## NET ASSETS

The following condensed table shows the assets of the CHORUS Group as of December 31, 2015:

| in EUR thousands | December 31, 2015 | December 31, 2014 | Change absolute | Change in % |
|---|---|---|---|---|
| Non-current assets | 467,214 | 457,343 | 9,871 | 2 |
| Current assets | 141,956 | 51,961 | 89,995 | 173 |
| **Total assets** | **609,170** | **509,304** | **99,866** | **20** |
| Equity attributable to the owners of CHORUS Clean Energy AG | 230,324 | 123,819 | 106,505 | 86 |
| Non-controlling interests | 11 | 25 | –14 | –56 |
| Non-current liabilities | 324,135 | 350,108 | –25,973 | –7 |
| Current liabilities | 54,700 | 35,352 | 19,348 | 55 |
| **Total assets** | **609,170** | **509,304** | **99,866** | **20** |

The equity attributable to the owners of CHORUS Clean Energy AG increased by EUR 106,505 thousand – from EUR 123,819 thousand as of December 31, 2014, to EUR 230,324 thousand as of December 31, 2015. This increase is mainly related to the positive income for the year (EUR 8,907 thousand) and the proceeds from the IPO in October 2015 (EUR 100,000 thousand). Counter to this were the expenses in connection with the IPO of EUR 5,043 thousand, which were offset directly in equity. The equity ratio amounted to 38 percent (24 percent as of December 31, 2014).

Non-current assets totaled EUR 467,214 thousand in the fiscal year 2015 and therefore were 2 percent higher than in the previous year (2014: EUR 457,343 thousand).

Intangible assets and goodwill decreased EUR 10,507 thousand from EUR 181,149 thousand to EUR 170,642 thousand. This decline of 6 percent is mainly attributable to the scheduled amortizations on advantageous project rights (EUR 9,548 thousand) and reclassifications to assets held for sale (EUR 1,150 thousand). By contrast, assets from business combinations of EUR 1,736 thousand were added in the fiscal year.

Property, plant and equipment increased EUR 20,626 thousand from EUR 252,521 thousand to EUR 273,147 thousand. This rise of 8 percent is primarily due to the purchase of the Appeln wind park (EUR 20,943 thousand) and the added property, plant and equipment from the Zagersdorf and Herrenstein wind parks (EUR 12,501 thousand). In contrast to this, property, plant and equipment decreased EUR 2,505 thousand due to reclassifications to assets held for sale and scheduled amortizations.

Current assets amounted to EUR 141,956 thousand as of December 31, 2015, and therefore were EUR 89,995 thousand higher than on December 31, 2014 (EUR 51,961 thousand).

Trade receivables increased EUR 2,203 thousand, current financial and non-financial assets were up EUR 5,933 thousand. This increase mainly relates to the purchase of new companies during the fiscal year. Furthermore, EUR 818 thousand was invested in deposits and shares in a limited partner as well as EUR 2,880 thousand in shareholder loans.

Liquid funds increased EUR 77,438 thousand – from EUR 37,290 thousand as of December 31, 2014, to EUR 114,728 thousand as of December 31, 2015. This rise is primarily due to proceeds from the IPO in October 2015 minus any funds already invested.

In the fiscal year 2015, assets held for sale of EUR 4,839 thousand were recognized that stand in connection with the sale of two Italian solar parks to two German pension funds in January 2016.

The reduction in non-current liabilities from EUR 350,108 thousand on December 31, 2014, to EUR 324,135 thousand as of December 31, 2015, is mainly attributable to the decrease in non-current financial liabilities. The decrease of EUR 25,973 thousand corresponds to 7 percent.

As of December 31, 2015, the Group had non-current bank loans and lease liabilities as well as obligations from derivatives transactions of EUR 312,894 thousand (2014: EUR 341,057 thousand) in connection with loans and leases for financing the solar and wind parks. All loan agreements are non-recourse loans, meaning that the liability is limited to the parks. The decrease is mainly due to redemption payments. Furthermore, the obligations from derivatives transactions decreased EUR 1,833 thousand – from EUR 9,608 thousand to EUR 7,775 thousand – as a result of the remeasurement at the reporting date.

Current liabilities increased EUR 19,348 thousand or 55 percent from EUR 35,352 thousand to EUR 54,700 thousand. This increase mainly resulted from the growth in trade payables and in current financial liabilities, which are mainly attributable to the purchases in 2015.

In the fiscal year 2015, liabilities held for sale of EUR 2,998 thousand were recognized that stand in connection with the sale of two Italian solar parks to two German pension funds in January 2016.

Total assets amounted to EUR 609,170 thousand as of December 31, 2015, and therefore were 20 percent higher than on December 31, 2014 (EUR 509,304 thousand).

## FINANCIAL POSITION

| in EUR thousands | 2015 | 2014 |
|---|---|---|
| Net cash flow from operating activities | 32,547 | 4,528 |
| Cash used in investing activities | –14,460 | 14,638 |
| Cash used in financing activities | 62,156 | 1,168 |
| Cash and cash equivalents at beginning of period | 21,199 | 866 |
| Minus cash and cash equivalents from assets held for sale | –413 | 0 |
| Cash and cash equivalents at end of period | 101,028 | 21,199 |
| Net increase in cash and cash equivalents | 80,242 | 20,333 |

As previously mentioned, financial position is comparable to that of the previous year only to a limited extent, since the disclosures for 2014 only contain the financial information for CHORUS GmbH and its subsidiaries.

The change in cash and cash equivalents amounted to EUR 80,242 thousand in the reporting period (2014: EUR 20,333 thousand) and comprised the following elements:

CHORUS generated a positive cash flow from its operating activities of EUR 32,547 thousand (2014: EUR 4,528 thousand) that is mainly attributable to the operation of solar and wind parks.

The cash flow from investing activities of EUR –14,460 thousand (2014: EUR 14,638 thousand) primarily relates to investments in property, plant and equipment and intangible assets of EUR 12,931 thousand (2014: EUR 131 thousand). Furthermore, 35 percent of the shares in a limited partner and the corresponding share of the shareholder loan of a wind park were purchased; both are held temporarily until being sold to the end investor. Contrary to this, liquid funds of EUR 2,426 thousand (2014: EUR 14,778 thousand) resulted on a net basis from the acquisition of subsidiaries. The cash flow from investing activities will continue to be particularly impacted from further acquisitions of solar and wind parks as CHORUS looks to invest the liquid funds received from the IPO.

The cash flow from financing activities totaled EUR 62,156 thousand (2014: EUR 1,168 thousand) and is mainly related to the proceeds from the IPO and, by contrast, to repayments and interest payments on existing loans and liabilities from finance leases. Further, a cash outflow of EUR 5,930 thousand resulted in the form of equity procurement costs.

CHORUS was able to meet all of its payment obligations on schedule.

Funds from operations amounted to EUR 35,898 thousand in the fiscal year (2014: EUR –1,054 thousand).

## 2.5 EMPLOYEES

The number of employees working at the CHORUS Group rose moderately in the fiscal year 2015. At the end of the fiscal year 2015, 33 employees were working in management and administration at CHORUS AG in Neubiberg. Compared to the previous year (2014: 27), this represents an increase of six employees or 22 percent, though two of these hires fill in for employees on parental leave. For the first time, two trainees also bolstered the team at CHORUS AG in 2015. The share of female employees was over 50 percent as of December 2015. We plan to further expand this share in the coming years – also regarding management positions.

This growth is mainly due to the successful management of the Company, the expected growth resulting from the capital market activities and the overall positive business development.

## 2.6 REMUNERATION REPORT

The remuneration report presents the basis for the remuneration systems for the Management Board and Supervisory Board members and complies with the applicable accounting standards for companies with a capital market orientation as well as the recommendations of the German Corporate Governance Code (DCGK) in the version from May 5, 2015. The disclosures pursuant to IAS 24 are contained in the notes to the consolidated financial statements.

### BASIC PRINCIPLES OF THE REMUNERATION SYSTEM FOR THE MANAGEMENT BOARD

Decisions on the remuneration system for the Management Board lie in the power of the Supervisory Board, as is regular consulting on and monitoring of the remuneration system. In this work, it observes the provisions of the German Stock Corporation Act (AktG) and follows the recommendations of the German Corporate Governance Code.

The total remuneration of the Management Board is comprised of fixed and performance-based (variable) remuneration components. The remuneration system aims to provide incentive for a successful and sustainable management of the Company. The variable remuneration for the Management Board members orients itself on the development of certain corporate key figures, particularly the economic situation, the success and future prospects of the CHORUS Group and individual performances. Furthermore, variable remuneration considers the development of the share price so that the interests and goals of the Management Board and shareholders are kept in harmony within the framework of the remuneration system. The Supervisory Board can also decide on additional remuneration according to its professional judgment.

Due to the resolution of the Annual General Meeting from March 10, 2015, the individual remuneration figures for the members of the Management Board will not be disclosed. Pursuant to Section 286 (5) and Section 314 (2) sentence and Section 315a (1) of the German Commercial Code (HGB), the disclosures to be provided pursuant to Section 285 sentence 1 no. 9 letter a sentences 5 to 8 as well as Section 314 (1) no. 6 letter a sentences 5 to 8 HGB will not be disclosed for five years. This resolution applies for the consolidated financial statements for the years 2015 through 2019.

### FIXED REMUNERATION

The fixed remuneration components comprise a fixed salary as well as contractually stipulated fixed supplementary payments. Further, the Management Board members are free to participate in a pension plan in the form of a direct insurance via deferred compensation. The fixed base compensation of the Management Board members is paid on a monthly basis. The members of the Management Board receive a Company car and benefits for their health and long-term care insurances, among other contractual supplementary payments. The Management Board members pay taxes on the resulting monetary benefit from the private use of the Company car.

### PERFORMANCE-BASED REMUNERATION

The annual bonus of the Management Board members is determined via the Company-specific key performance indicator "Company value enhancement." This compares the development of the CHORUS share to the (adjusted) German Share Index (DAX) in consideration of dividends paid. The annual bonus for the entire Management Board is limited to a total of EUR 450 thousand and is due within six weeks from the date when the Supervisory Board determines the increase in Company value for the respective calendar year.

Due to the successful IPO of the CHORUS Group, the Management Board members will receive a one-off bonus totaling EUR 90 thousand for the calendar year 2015 and an additional voluntary bonus payment approved by the Supervisory Board of the same amount for their performance in the successful fiscal year 2015.

### BASIC PRINCIPLES OF THE REMUNERATION SYSTEM FOR THE SUPERVISORY BOARD

The determined remuneration for the members of the Supervisory Board is established in Section 12 of the Company's Articles of Association. Each Supervisory Board member receives a fixed annual remuneration of EUR 25 thousand in addition to the reimbursement of any costs incurred. The Chairman of the Supervisory Board receives a fixed annual remuneration of EUR 35 thousand in addition to the reimbursement of any costs incurred. The remuneration is paid out annually across four equal payments. Supervisory Board members whose inclusion on the Board comprised less than a full year are to receive one-twelfth of their appointed remuneration for every commenced month of activity.

## 2.7 REPORT ON RELATIONSHIPS TO ASSOCIATED COMPANIES

The Management Board of CHORUS AG is obligated to prepare a report on relationships to associated companies pursuant to Section 312 German Stock Corporation Act (AktG) for the period from January 1, 2015, to June 18, 2015. The Management Board made a report on relationships to controlling and their related companies and summarily declared that, according to the circumstances we were aware of at the time these legal transactions and measures were performed, the Company received a fair compensation for every transaction and measure that was implemented, and was therefore not disadvantaged.

Since June 18, 2015, there is no dependent relationship pursuant to Section 311 et seq. AktG.

## 2.8 TAKEOVER-RELATED DISCLOSURES PURSUANT TO SECTIONS 289 (4) & 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB)

The required disclosures pursuant Sections 289 (4) and 315 (4) HGB are listed and described in the following section.

### COMPOSITION OF THE SHARE CAPITAL

The share capital of CHORUS AG amounts to EUR 27,704,950 and is distributed across 27,704,950 ordinary shares. The shares are bearer shares. Each share corresponds to one vote at the Annual General Meeting. Shares with special rights or rights of control do not exist.

### HOLDINGS THAT EXCEED 10 PERCENT OF THE VOTING RIGHTS

CHORUS AG was notified of the following direct or indirect holdings of share capital that exceed 10 percent of the voting rights:

- Peter Heidecker, Neubiberg, Germany, informed CHORUS AG in a letter dated December 2, 2015, that he is attributed with holding a 17.56 percent share of the voting rights in CHORUS AG.

### STATUTORY PROVISIONS AND PROVISIONS FROM THE ARTICLES OF ASSOCIATION ON THE APPOINTMENT AND DISMISSAL OF MANAGEMENT BOARD MEMBERS AND REVISIONS TO THE ARTICLES OF ASSOCIATION

The appointment and dismissal of Management Board members are regulated by the Sections 84, 85 AktG, Section 31 of the German Codetermination Act (MitbestG) and Section 6 of the Articles of Association. The Management Board consists of at least two members pursuant to Section 6 (1) of the Articles of Association. The number of Management Board members is determined by the Supervisory Board pursuant to Section 6 (2) of the Articles of Association. Furthermore, the Supervisory Board can appoint a Chairman of the Management Board as well as a Deputy Chairman of the Management Board.

Revisions to the Articles of Association must occur in compliance with Sections 179, 133 AktG and Section 10 of the Articles of Association. Pursuant to Section 10 of the Articles of Association, the Supervisory Board is authorized to perform revisions to the Articles of Association that only relate to the wording. Pursuant to Section 4 (6) of the Articles of Association, the Supervisory Board is particularly authorized to revise and reword Section 4 of the Articles of Association (Share Capital and Shares) after using authorized or conditional capital.

### LIMITATIONS AFFECTING VOTING RIGHTS OR THE TRANSFER OF SHARES

Shares in CHORUS Clean Energy AG became available for trading on the regulated market (Prime Standard) of the Frankfurt Stock Exchange on October 7, 2015. The Company is obligated to the underwriting banks, without previous written consent from Joh. Berenberg, Gossler & Co. KG (which cannot be unreasonably withheld or delayed), to not perform the following acts either itself or to approve them during the period of six months starting with the first day of trading of the Company's shares on the Frankfurt Stock Exchange:

- To directly or indirectly issue, sell, offer, oblige itself to sell or dispose shares in the Company by any other means or to announce such an offer;
- To directly or indirectly issue, certify, offer, oblige itself to sell or dispose financial instruments, that provide conversion or option rights relating to shares in the Company by any other means or to announce such an offer;
- To announce or perform a capital increase of authorized capital;
- To submit a resolution to the Annual General Meeting on a capital increase including a new authorized capital;
- To perform any transaction (including those with derivatives) that would result in a similar effect to the previously mentioned measures.

### AUTHORIZATION OF THE MANAGEMENT BOARD TO ISSUE OR BUY-BACK SHARES

The Management Board is authorized, with the consent of the Supervisory Board, to increase the Company's share capital once or several times until, March 19, 2020, by up to EUR 11,000,000 via the issue of new no-par-value bearer shares against contribution in cash and/or in kind. As a general principle, existing shareholders are to be granted a subscription right. Pursuant to Section 186 (5) AktG, the new shares can be assumed by a credit institute or a Company operating pursuant to Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) of the German Banking Act (KWG) with the obligation of offering them to shareholders for subscription (indirect subscription right). The Management Board is, however, authorized, subject to consent of the Supervisory Board, to fully or partially exclude shareholder subscription rights in certain cases (see Section 4 (5) and (5a) of the Articles of Association).

The Management Board is authorized, subject to the consent of the Supervisory Board, to determine the further details of capital increases, particularly the content of the share-related rights and the general conditions of the share issue.

No material agreements exist that are contingent upon a change of control resulting from a takeover offer.

There are no compensation agreements made with the Management Board members or employees for the event of a takeover bid.

## 2.9 CORPORATE GOVERNANCE STATEMENT PURSUANT TO SECTION 289a OF THE GERMAN COMMERCIAL CODE (HGB)

The Corporate Governance Statement contains the annual Declaration of Compliance, the corporate governance report, disclosures on corporate governance practices as well as a description of the working methods of the Management and Supervisory Boards. It is accessible on the Group's website at www.chorus.de/en/investor-relations/corporate-governance/declaration-of-compliance. It is therefore not included in the management report.

# 3 OPPORTUNITY REPORT

As a supplier of electricity from renewable energy sources as well as a supplier of asset services, CHORUS operates in a market environment with diverse opportunities. The identification of profitable investment opportunities, particularly with the many years of experience and wide-ranging expertise of our employees, is one of the most important factors for success and simultaneously one of our core competencies. Here, management seeks to strike a balance between growth and risk with its investments.

The responsibility for the early identification and management of opportunities and risks lies with the management of the individual operating segments. Effective planning and management tools are used and are pooled into an opportunity and risk management system (RMS). As a result, opportunities and risks are not offset against one another, but are handled individually. The RMS described in the following section comprises relevant and success-oriented steps for managing both opportunities and risks.

The following opportunities are of equal importance to the Group.

## 3.1 OPPORTUNITIES FROM ECONOMIC DEVELOPMENT

A negative overall economic development has no or very little direct influence on our key figures since revenue is generally closely tied with the national subsidy programs for renewable energy. As a result, a negative overall economic environment will generally provide our Company with more opportunities than risks: Financing activities are more attractive and easier to negotiate as lower interest rates and lower demand for bank financing offers CHORUS more opportunities to negotiate better conditions and minimize the interest expenses in connection with financing new solar and wind parks. Such an environment also brings new investment opportunities since some market participants could be forced to sell their investments at difficult market conditions and this could contribute to a decrease in purchase prices on the secondary markets for solar and wind parks.

In regards to the appeals against a reduction of the remuneration rates on the Italian market, CHORUS is optimistic regarding future entitlement to the full remuneration rates.

## 3.2 OPPORTUNITIES FROM INNOVATIONS

In the past years, the innovation cycle in the production of solar and wind power plants has increased significantly. This fact is a positive development for us. First, it leads to new attractive investment opportunities for solar and wind parks, since the new technologies offer higher efficiencies. Secondly, the competitive environment and these technological developments make existing products more affordable.

## 3.3 OPPORTUNITIES FROM THE REGULATORY ENVIRONMENT AND INTERNATIONAL DEVELOPMENTS

The trend towards renewable energy is being promoted at the international level as well as at the national level thanks to various subsidy programs across Europe. Due to this development, we continue to see major opportunities for the generation of renewable energy in our business model. As confirmed by the results of the World Climate Conference in Paris from December 2015, we expect that the share of clean, $CO_2$-neutral energies will continue to increase and see this as a clear signal for further promotional measures and investments in this sector. In the medium to long term, we expect that these developments will have a positive influence on our overall performance and key figures.

## 3.4 OPPORTUNITIES FROM IMPROVED FORECAST ACCURACY

The revenue and cash flows of CHORUS are directly connected with the amount of sunlight and wind the parks take in. We view our forecasts as adequate. Furthermore, the accuracy of forecasts is continually improving. We therefore expect the deviations between target and actual figures for new parks and projects to shrink in the future.

## 3.5 OPPORTUNITIES FROM GEOGRAPHIC DIVERSIFICATION

CHORUS manages solar and wind parks, predominantly in Germany, but also in Italy, France, Austria and Finland. The focus is on economically and financially stable countries with well-developed and sustainable subsidy programs for renewable energy. CHORUS plans to further diversify the geographical structure of its solar and wind park portfolio and therefore minimize the effect of local weather volatility. This will also reduce dependency on national subsidy programs.

## 3.6 OPPORTUNITIES FROM POSITIVE DEVIATIONS REGARDING METEOROLOGICAL CIRCUMSTANCES

When a solar or wind park is purchased, CHORUS takes a conservative approach in calculating its profitability. There is therefore a not unlikely chance that the meteorological circumstances will develop notably more positive than initially forecast. A positive deviation of the actual figures compared to the target feed-in amounts leads to a higher financial cash inflow for CHORUS.

## 4 RISK MANAGEMENT SYSTEM

The appropriate handling of risk is a key component of good corporate governance. CHORUS defines risk as the possible endangerment, via events or actions, that would prevent the Group or individual companies from achieving their goals. At the same time, it is imperative for CHORUS to identify opportunities and successfully take advantage of these in order to sustainably improve and secure its competitive position. An opportunity is a possibility to exceed goals as a result of certain events or actions.

The risk management system for the CHORUS Group consists of an analysis, management, control and reporting system that results in targeted activities in the individual companies and/or at the Group level. It is therefore an integral part of the processes within the CHORUS Group. The most important steps are the systematic identification, documentation, measurement, management and reporting, as well as the constant monitoring, of all relevant risks. With this, management ensures that the Company constantly and sustainably achieves its goals. The system also ensures that an appropriate risk awareness exists throughout the entire Group.

Along with the identification of risks, the RMS also considers the corresponding opportunities – as mentioned above. Reporting on the opportunities and risks in the management report covers a timeline of one year, based on the reporting date. All activities of the Group are considered by the RMS. This means that all consolidated companies within the CHORUS Group are included. According to the same principles, the activities of companies for which CHORUS performs asset management are also assessed and monitored.

Risks are also depicted according to the gross presentation method, which means that the risks are presented before risk management strategies are applied. Moreover, strategies and their subsequent effects are displayed. The focus is on significant risks and those that could endanger the continued existence of the Company.

### 4.1 MEASURING RISK

The risks identified as part of a risk analysis are measured according to their likelihood of occurrence and their impact. They are classified in risk classes (high, medium and low) whereby their individual impact is multiplied by their respective likelihood of occurrence. This results in the “risk score” figure – an individual risk assessment of each risk for its classification. The range of likelihood and the impact starts at 1 (very low) and ends with 10 (very high), the risk score therefore can range from 1 to 100.

The risk classes are defined using the following scale: 0 to 19 points is a low risk, 20 to 50 points represents a medium risk and 51 to 100 receives classification as a high risk.

The high and medium risk classes are given particular attention. Here, the focus is on strategies for successfully dealing with these risks. The low risk class is monitored and regularly reviewed. In cases of doubt, a risk is classified in a higher class rather than a lower one.

### 4.2 RISK MANAGEMENT

The CHORUS Group has not only developed various strategies for avoiding and reducing risk, but also precise countermeasures for protecting itself against such risks.

Further information regarding specific risk strategies can be found in section 5 “Risk Report.”

### 4.3 RISK CONTROLLING

Risks were identified, defined and measured according to their individual impact and likelihood within the processes of the CHORUS’ RMS and allocated into risk classes. Identified risks are regularly reviewed and discussed in quarterly management meetings. In this way, specific countermeasures can be implemented when necessary – quickly and at the level of the respective parks or companies. The participants in these meetings are appointed risk managers for the areas Operations, Finances, Investments, Sales, HR & IT, Strategy and Legal, as well as the Management Board of CHORUS AG.

Due to the fact that this is the first Group management report for CHORUS AG, there can be no comparison with the risks from previous years.

## 4.4 RISK REPORT

The Management Board is regularly informed about not only the key opportunities and risks identified, but also on key changes regarding their impact and likelihood. For cases of unexpected risks occurring, an internal ad-hoc report is sent to the Management Board. The Supervisory Board is informed about these proceedings via the Management Board.

## 4.5 ACCOUNTING-RELATED INTERNAL CONTROL SYSTEM PURSUANT TO SECTION 315 (2) NO. 5 HGB

The accounting-related internal control system (ICS), particularly the annual financial reporting process and its control mechanisms, has the purpose of ensuring the accuracy and effectiveness of the Company's accounting and reporting processes. The system consists of basic rules and procedures as well as preventative and detective controls and a clear separation of functions thanks to the four-eyes principle. Controls exist in the form of the four-eyes principle that allow CHORUS to recognize deviations and errors as well as ensure the completeness of information particularly in regards to preparing the individual financial statements, reconciliation to IFRS and the corresponding harmonized measurements and disclosures. Revisions to laws, accounting standards and other publications are regularly monitored in terms of their relevance and impact on the individual and consolidated financial statements. Further, the effectiveness of the ICS is assessed at regular intervals. Key risks for the accounting process are monitored and measured using the following risk classes in conjunction with their individual risk score. The necessary controls are defined, implemented and documented.

The Management Board and Supervisory Board are regularly informed on possible weaknesses as well as the effectiveness of the internal controls.

## 4.6 RISK CLASSES

**Risk Class "High"**
**(Risks with a Risk Score Above 50 Points)**
Risks within this class have a high likelihood in combination with a large impact on the Group and the Company.

**Risk Class "Medium"**
**(Risks with a Risk Score Between 20 and 50 Points)**
Risks within this class have either a low likelihood in combination with a large impact or a high likelihood with a low impact on the Group and the Company.

**Risk Class "Low"**
**(Risks with a Risk Score Below 20 Points)**
Risks within this class have a low likelihood in combination with a low impact on the Group and the Company.

# 5 RISK REPORT

## 5.1 RISKS IN THE "HIGH" RISK CLASS

### 5.1.1 FINANCIAL RISKS

**Financing Risk**

The construction of solar or wind power plants is connected with relatively high investment costs that are typically financed in large part through debt. Negative, unforeseen economic developments could lead to stricter requirements for receiving loans, which could make project financing for future projects more difficult. For CHORUS, this risk could result in the Company missing out on attractive potential investment opportunities and in the Company not achieving its growth or expansion plans to the fullest extent or on time.

We therefore maintain close contact to various financial institutes in stable economies within the European Union, which allows us to avoid dependence on a single credit institute. This allows us to not only expand our cooperation with our current financing partners, but also regularly involve new banks, and we therefore have a diverse portfolio of potential partners for project financing.

Furthermore, CHORUS was able to enhance its visibility in the financial world with its successful IPO, which has a positive impact on conditions for loans. Finally, the stable and predictable cash flows and the corresponding high attractiveness of the business model results in a rising number of offers from credit institutes regarding a potential cooperation.

### 5.1.2 OPERATING RISKS

**Project Development Risks**

Not submitted or incorrectly submitted applications, missing or incorrect approvals, inaccurate or unsafe constructions and similarly grave violations of official requirements can delay the realization of a project or even completely prevent it, with the costs accrued to that point being partially or completely lost as a result.

A delay in operations for plants or delays in their completion that occur due to faulty or poor performance by project engineers or those commissioned by them can lead to significantly higher acquisition or financing costs for the construction period, on the one hand. On the other hand, they can also result in a decreased remuneration or loss of remuneration for the electricity fed in to the grid.

We avoid these risks by purchasing exclusively "turnkey" parks or project companies and do not construct parks at our own risk. Insofar as this is not possible to realize in individual cases and a takeover of a project Company occurs before the park is completed, we always ensure that a right to withdraw or similar provision is provided in the contract in order to withdraw from share purchase agreements within a certain period should deficiencies or problems arise in connection with the construction of the plants.

## 5.2 RISKS IN THE "MEDIUM" RISK CLASS

### 5.2.1 SALES RISKS

**Risk from Expanding Asset Management Activities**

We offer structured investment opportunities (such as specialized funds, bond structures, direct investments) to institutional or professional investors that would like to invest in renewable energy. Such institutional investors, especially insurance companies and financial institutions, are particularly bound to certain regulations that protect the interests of their beneficiaries. The investment opportunities for European insurance companies are being further limited by EU guidelines like Solvency II, which introduces new capital requirements for insurance companies and pension funds. These and other unforeseeable changes to regulatory guidelines could limit the willingness of institutional and professional investors to invest in renewable energy.

Lower prices for electricity from conventional sources, difficult economic conditions as well as changes to the statutory framework for renewable energy (particularly decreased state funding for the generation of electricity from renewable energy) could make investing in renewable energy unattractive to institutional investors.

In these cases, CHORUS could find it more difficult to find institutional investors for further investments in (specialized) funds or for direct investments in projects regarding renewable energy. As a result, this segment could develop weaker than planned in view of its future revenue or income from asset management fees.

CHORUS constantly optimizes its sales activities and is always working to expand its spectrum of potential investors, for instance in less regulated customer segments, such as foundations and church-based organizations. Management also plans to expand its activities in terms of geographic distribution. Since there is no direct correlation with the capital markets, CHORUS expects an investment in renewable energy as an alternative asset class to remain attractive to this customer segment.

#### Risk Stemming from Capital Procurement (Equity)

A solid and sustainable capital base is necessary for the implementation of CHORUS' growth strategy and/or the purchase of plants for generating electricity from renewable energy sources. This requires the procurement of equity in noteworthy volumes. As part of the IPO, a high availability of funds was secured in October 2015 with the placement of a capital increase of EUR 100 million, whereby the capital base can currently be regarded as very well endowed.

### 5.2.2 FINANCIAL RISKS

#### Risk from Financial Key Figures in Connection with Loan Financing

The operative companies for the solar and wind parks typically have taken out project financing in connection with the development and the construction of the park. As collateral, the financing bank usually receives guarantees from the operative Company and other collateral. The financing contracts generally contain no possibility for recourse towards CHORUS AG or other Group companies. It is also unlikely that CHORUS or the individual Company will be unable to meet its payment obligations relating to the financing contract and/or will violate covenants from the contract. Insofar as a violation of covenants should however occur and not be remedied within a certain contractually agreed period, the bank could cancel the loan agreement in advance, which would result in its immediate collectability. In order to eliminate this risk, CHORUS negotiates, reviews and monitors such contracts with banks and the corresponding conditions very carefully, particularly in view of key figures for possible contractual violations. To do this, we regularly calculate the key figures in order to monitor compliance with the stipulated covenants. By doing this, we could react at an early stage should such an unlikely case arise and renegotiate or implement other suitable measures.

### 5.2.3 OPERATING RISKS

#### Risks from Changes to the Prevailing Weather and Climate-related Conditions

The output and successful operation of solar and wind parks depend on the regional climate and the weather at the respective site of the plant. The meteorological conditions that affect the wind and solar radiation levels and related irradiation values, differ from region to region. Climate and weather are unpredictable to a certain extent, despite all existing forecasts, assessments and plans by CHORUS, and are subject to constant changes, for instance from climate change and possible environmental pollution. Unfavorable climate and weather data have direct negative impacts on the generation of electricity via CHORUS' solar and wind power plants.

This is why CHORUS gathers multiple assessments from independent experts on the expected wind and solar yields before purchasing a renewable energy plant and evaluates these carefully. This increases the forecast accuracy that feeds into the profitability calculations made for the plant.

The regional distribution of the solar and wind parks contributes to limiting the risks relating to climate changes, since the broad distribution avoids dependence on certain regions.

#### Risks from Natural Catastrophes

The constantly changing climate and weather conditions in connection with hail, lightning, snow, storms, fire, strong rainfalls, landslides, earthquakes, floods and other natural catastrophes can cause damage to the plants operated by CHORUS, which could result in a deterioration of performance at, and/or the partial or complete failure of, the plants. Since every unforeseen negative change in wind levels, solar radiation levels and other weather conditions could have significant negative impacts on the net assets, financial position and results of operations of CHORUS, the Company has taken out corresponding insurance policies for the damages as well as the potential lost returns that such damages could inflict.

**Risks from Investment Calculations**
Before each new investment, a detailed profitability calculation is performed. The assumptions and estimates made in these as well as the conclusions deduced from them can prove to be inaccurate or inadequate in hindsight. To minimize risk, multiple wind or solar assessments from independent experts are gathered as plausibility checks or confirmation of the assumptions made. A technical due diligence process is also performed and all other available data and information are considered in the model. Furthermore, plausibility checks are integrated in the model and sensitivity analyses are also performed.

## 5.3 RISKS IN THE "LOW" RISK CLASS

As described in section 4.1 "Risk Measurement," risks in the "low" category are precisely monitored: Checks are performed to see what new risks could arise that would be classified in this category or to review whether existing risks have changed in view of their likelihood or impact and should be moved to a new risk class as a result. That is why no special risk strategy must exist for this class of risks.

### 5.3.1 STRATEGIC RISKS

**Risk in Relation to Investments and Investment Opportunities**
The ability to identify and secure suitable investment opportunities for solar and wind parks (or similar operative companies) and successfully integrate the newly purchased companies is a key to success for CHORUS.

As part of our sustainable growth strategy, we plan to purchase additional suitable solar and wind parks. Generally, CHORUS targets the acquisition of newly constructed solar and wind power plants, or those that have just begun operations.

Aside from the possibility of financing the purchase price, there are no substantial barriers to entry for potential competitors in this market. As a result, it cannot be ruled out that other competitors could gain relevant knowledge, join the market and eat into the CHORUS Group's market share. CHORUS faces this risk with a proactive approach: We are contacted by with roughly 1,000 investment objects each year, which are subject to a strict selection process as part of our profitability analysis. The result of this process was a pipeline with over 800 megawatts of suitable solar and wind parks at the end of 2015. This highlights the core competencies of CHORUS. With comprehensive industry knowledge and a far-reaching network, we get access to information regarding attractive investment opportunities at an early stage.

**Risks Related to the Regulatory Environment**
The successful operation of CHORUS is still partly based on government incentive systems for renewable energy sources. It is therefore advantageous for the current and future activities and profitability of CHORUS if financial incentives for electricity from solar and onshore wind power plants continue to be provided. Due to the ongoing decline in prices and the corresponding increase in competitiveness for renewable energy, dependence on government incentive systems, however, has already been significantly reduced.

In Germany, for example, energy generated from renewable energy sources is subsidized through the Renewable Energy Act (EEG). Germany wants to steadily and cost-effectively increase its share of regenerative energy sources in the power supply to at least 80 percent by 2050 and therefore offers certain financial incentives to promote electricity generation from renewable energy sources.

Based on the current developments in view of the global mandatory climate goals, CHORUS expects that the trend towards renewable energy will continue and the related subsidies will continue to be provided.

With its geographical diversification across multiple countries, CHORUS is not as strongly affected by possible national legislative changes.

### 5.3.2 FINANCIAL RISKS

**Currency Risk**
The current portfolio of CHORUS comprises solar and wind parks in countries within the eurozone. However, CHORUS is planning to purchase additional parks and is considering lucrative investments in other countries that offer a reliable regulatory environment, but do not use the euro as their legal currency, such as the UK or Sweden. This could result in risks stemming from fluctuating exchange rates. CHORUS is therefore ensuring that any income generated in the local currency is also offset by all arising operational and financing costs incurred in the same currency. In this respect, it is only a risk relating to cash flow surplus, whereby currency risks are avoided for the most part.

**Interest Risk**
The financing strategy of CHORUS for the acquisition of suitable solar and wind parks includes a customary debt component in the form of loans. Generally, one part of these loans has a fixed interest rate, while the other is subject to variable interest rates. In the case of loans that have a fixed rate for only a limited period of time, it cannot be ruled out that the market interest rate is higher than expected at the end of the fixed-interest period, which could result in a decrease in profitability for individual solar and wind parks. For variable interest rate loans, the market interest rate could change to the detriment of CHORUS. To hedge variable interest rate loans, CHORUS uses swaps as a hedge against rising interest rates.

### 5.3.3 ORGANIZATIONAL RISKS

The future growth and sustainable success of CHORUS depends on the performance, abilities and talents of its managers and employees, who have the needed know-how and necessary experience. The loss of managers or qualified employees could limit CHORUS regarding the successful operation and further development of its business activities. The same is true in cases where CHORUS is not in position to replace the lost specialists with highly qualified personnel or to develop, motivate and establish solid working relationships with this personnel.

## 5.4 TOTAL RISK

The risk report in the combined management report comprehensively presents the key risks for the CHORUS Group as of the reporting date, December 31, 2015. During the reporting period, these risks were analyzed, identified and actively managed within the framework of the risk management system. The Management Board of CHORUS AG is not aware of any risks that would endanger the continued existence of the Group or Company.

# 6 REPORT ON EVENTS AFTER THE REPORTING PERIOD

Events occurring subsequent to the reporting date can be found in the notes to the consolidated financial statements in note 12.9.

# 7 OUTLOOK

## 7.1 DEVELOPMENT OF GLOBAL ECONOMIC CONDITIONS

The slower economic growth of the emerging markets and particularly China clouded the overall economic outlook for 2016. It is expected that global GDP will grow 2.9 percent. Europe will likely continue its moderate growth, with Italy and France again being among the weakest-growing major economies while Spain and the UK show the strongest growth. The German economy is expected to benefit from the continuing recovery in Europe. Growth should accelerate compared to the 2015 calendar year. The GDP growth rate for the US is also expected to rise slightly. While the negative effects on investments in the oil and gas sector from the low oil price will likely slowly fade, the positive effects, particularly on private consumption, will continue to support economic growth.

## 7.2 INDUSTRY DEVELOPMENT

CHORUS sees the development of the markets for renewable energy as fundamentally positive. The climate agreement finalized in Paris in December 2015 shows a broad social and political consensus that the development of renewable energy should be further promoted in the energy sector and $CO_2$-neutral technologies should be regarded as hot investment commodities. Experts estimate that investments of roughly EUR 15 trillion will be needed in this sector over the next 15 years.

Although development in Europe is slightly in decline compared to the global average, the established markets in the European Union will continue to stabilize according to our estimates. Furthermore, there is sufficient growth potential within the European Union. France, for instance, passed a law in mid-2015 on its energy transition: The share of electricity generated from nuclear sources is to be reduced from 75 to 50 percent by 2025. In conformity with the commitment of the EU heads of state or government to reducing emissions by 80 to 95 percent by 2050, the European Union has also set itself a binding milestone, namely an increase in the share of renewable energy in total energy consumption by at least 27 percent by 2030. In view of these recent developments, we expect that this target will be exceeded.

In Germany, where about 70 percent of our investments are currently located, the federal government has shown continuity in planning and executing the Renewable Energy Act. According to the position paper from the German Federal Ministry of Economic Affairs released on February 15 regarding the amendment to this act that is planned for this year, the future expansion of renewable energy should be further adapted to market circumstances. The tendering model remains intact. The initial tender volume for onshore wind capacity is expected to be about 2,900 MW (gross) per year, while the expansion corridor for solar will prospectively total about 500 MW per year for all photovoltaic plants with a capacity of more than one megawatt. We are accordingly confident that the federal government will continue to adhere to the key pillars of the energy transition, the expansion of renewable energy in the energy sector, and further promote this goal within the European Union.

Further trends for the coming years are innovations in the area of e-mobility, storage technologies and grid integration. Additional investment opportunities could arise from these developments for CHORUS in the next few years.

## 7.3 OVERALL ASSESSMENT OF EXPECTED FUTURE DEVELOPMENT

Due to the trends and industry developments pointed out, CHORUS has a very positive outlook for its future prospects. We are convinced that CHORUS maintains the following competitive strengths that will contribute to an increase in the Company's value and distinguish CHORUS from its competitors:

- a broad and diverse portfolio of high-quality solar and wind parks
- a low-risk investment focus with comprehensive access to investment opportunities
- wide-ranging know-how and growth opportunities in the area of plant management services
- very good access to professional investors
- generation of continuous and reliable cash flows thanks to a diversified portfolio
- an experienced management team and optimized operational processes

CHORUS expects the positive developments to continue in the fiscal year 2016. Above all, CHORUS is confident that it will acquire multiple plants for generating electricity from renewable energy in Europe in the next year from its attractive pipeline of targeted investment opportunities. It will further expand its asset base in the Energy Generation Solar and Energy Generation Wind segment with the proceeds gained from the IPO.

CHORUS is also confident that it will successfully advance its procurement of funds for institutional investors as part of its Asset Management activities as well as be able to invest this capital in the purchase of additional assets in the renewable energy sector for funds from CHORUS' investment pipeline.

Furthermore, CHORUS wants to streamline the project management of its parks and improve its financial position by reaching new and improved financing conditions for its parks with the financing banks.

Based on the Company's own portfolio of solar and wind parks at the time of publication, along with its expectations of stable conditions in the renewable energy sector and no notable deviations from its long-term return forecasts, CHORUS anticipates moderate growth in the key figures revenue, EBITDA and EBIT. This result will be in large part attributable to the purchase of several parks in the Wind segment. The increases in the key figures mentioned could however be high to very high depending on when the purchases planned are consolidated.On the whole, we are convinced that CHORUS is very well positioned in view of the current outlook. For this reason, we look to the future with anticipation and expect our business to continue its positive performance in 2016.

# 8 SUPPLEMENTARY MANAGEMENT REPORT TO THE INDIVIDUAL FINANCIAL STATEMENTS FOR CHORUS CLEAN ENERGY AG

The Group management report and the management report of CHORUS Clean Energy AG are combined. The following statements relate to the annual financial statements for CHORUS Clean Energy AG, which are prepared pursuant to the provisions of the German Commercial Code (HGB). The regulations of the German Stock Corporation Act (AktG) are also observed.

## 8.1 SCOPE OF OPERATIONS

The business activities of CHORUS Clean Energy AG as parent Company of the CHORUS Group mainly consists of the supervisory responsibilities for the Group. This includes determining the Group strategy, managing mergers and takeovers, as well as their integration, risk management, consolidated accounting and controlling, finances, legal functions, taxation, investor relations, marketing, IT, personnel management and public relations.

The results of operations for CHORUS Clean Energy AG are particularly influenced by the management of central functions. The recharging of costs for services rendered towards the domestic and foreign companies of the CHORUS Group is therefore the most significant item.

## 8.2 NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS OF CHORUS CLEAN ENERGY AG

### COMPARABILITY OF THE FINANCIAL INFORMATION

The net assets, financial position and results of operations of CHORUS Clean Energy AG in the fiscal year 2015 are comparable to the previous year only to a limited extent, since the 74 operative and holding companies, including the solar and wind parks, were contributed in December 2014. Furthermore, the previous year is an abbreviated fiscal year for the period from July 31, 2014, to December 31, 2014.

### RESULT OF OPERATIONS

The results of operations for CHORUS Clean Energy AG are presented in the following condensed income statement:

| in EUR thousands | 2015 | 2014 |
|---|---|---|
| **Revenue** | **3,015** | 960 |
| Other operating income | **357** | 0 |
| Material costs | **0** | –22 |
| Personnel expenses | **–2,165** | –45 |
| Other operating expenses | **–11,555** | –1,693 |
| **Earnings before interest, taxes, depreciation and amortization (EBITDA)** | **–10,348** | –800 |
| Depreciation and amortization | **–14** | 0 |
| **Earnings before interest and taxes (EBIT)** | **–10,362** | –800 |
| **Financial result** | **870** | 76 |
| **Earnings before taxes (EBT)** | **–9,492** | –725 |
| Income taxes | **–418** | –760 |
| **Loss for the year** | **–9,910** | –1,484 |

In the fiscal year 2015, CHORUS Clean Energy AG generated total revenue of EUR 3,015 thousand (2014: EUR 960 thousand). The increase is primarily due to the contribution of the 74 operative and holding companies in December 2014.

Other operating income increased in the fiscal year 2015 to EUR 357 thousand (2014: EUR 0 thousand), which was particularly due to the recharging of expenses relating to the Company's successful IPO to current shareholders.

Personnel expenses rose in 2015 from EUR 45 thousand in the previous year to EUR 2,165 thousand. This is mainly due to the transfer of personnel from a subsidiary to CHORUS Clean Energy AG.

Other operating expenses amounted to EUR 11,555 thousand in the fiscal year 2015 (2014: EUR 1,693 thousand). The increase is primarily due to the abbreviated fiscal year 2014 as well as the costs connected to the successful IPO in 2015.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR –10,348 thousand in the fiscal year 2015 (2014: EUR –800 thousand). The EBITDA margin was –343 percent (2014: –83 percent).

Amortization expenses amounted to EUR 14 thousand in the fiscal year 2015 (2014: EUR 0 thousand). The increase can be attributed to the lower amount of amortizations in the previous year due to it being an abbreviated fiscal year and the additions in property, plant and equipment in the fiscal year 2015.

This resulted in earnings before interest and taxes (EBIT) of EUR –10,362 thousand for the fiscal year 2015 (2014: EUR –800 thousand), which represents an EBIT margin of –344 percent (2014: –83 percent).

The financial result increased from EUR 76 thousand in fiscal year 2014 to EUR 870 thousand in the fiscal year 2015. The increase is mainly attributable to the contribution of the 74 operative and holding companies in December 2014 and the corresponding interest from loans to associated companies. The effect is minimized by the final business model's impairments on holdings in associated companies.

The EBT margin for 2015 was –315 percent (2014: –76 percent) with earnings before tax (EBT) of EUR –9,492 thousand (2014: EUR –725 thousand).

Expenses from income taxes for the fiscal year 2015 amounted to EUR 418 thousand compared to EUR 760 thousand in the previous year. The decrease is mainly due to the reduced feed-in tariffs at the Italian parks and the related reduction in CHORUS AG's taxable income for the year from the operative companies in 2015.

The loss for the year for CHORUS Clean Energy AG in the fiscal year 2015 was EUR –9,910 thousand (2014: EUR –1,484 thousand), which corresponds to a margin of –329 percent (2014: –155 percent).

## Extraordinary Effects

Similar to the presentation for the Group, the following results of operations are presented without consideration of extraordinary effects. To ensure greater comparability of the financial information across multiple reporting periods, the following items were adjusted for extraordinary effects in connection with the IPO. This results in the following impacts on the income statement for CHORUS Clean Energy AG:

| in EUR thousands | 2015 |
|---|---|
| EBITDA | –10,348 |
| IPO-related expenses | 8,767 |
| **Adjusted EBITDA** | –1,581 |
| EBIT | –10,362 |
| IPO-related expenses | 8,767 |
| **Adjusted EBIT** | –1,595 |
| Loss for the year | –9,910 |
| IPO-related expenses | 8,767 |
| **Adjusted loss for the year** | –1,143 |

EBITDA adjusted for the expenses related to the IPO (EUR 8,767 thousand) amounted to EUR –1,581 thousand in the fiscal year 2015, which represents an adjusted EBITDA margin of –52 percent.

Adjusted EBIT was EUR –1,595 thousand in 2015. The adjusted EBIT margin was therefore –53 percent.

The adjusted earnings for 2015 was EUR –1,143 thousand, which corresponds to an adjusted margin of –38 percent.

Since the extraordinary effects only relate to the successful IPO and only occurred in 2015, a comparison with the previous year would not be meaningful.

## NET ASSETS

The net assets of CHORUS Clean Energy AG are presented in the following condensed statement of financial position:

| in EUR thousands | December 31, 2015 | December 31, 2014 | Change absolute | Change in % |
|---|---|---|---|---|
| Non-current assets | **162,030** | 150,586 | 11,444 | 8 |
| Current assets | **87,582** | 6,909 | 80,673 | 1,168 |
| Prepaid expenses | **56** | 0 | 56 | 11,626 |
| **Total assets** | **249,668** | 157,496 | 92,172 | 59 |
| Equity | **247,432** | 155,005 | 92,427 | 60 |
| Provisions | **904** | 1,070 | –166 | –16 |
| Liabilities | **1,332** | 1,421 | –89 | –6 |

The total assets of CHORUS Clean Energy AG increased 59 percent to EUR 249,668 thousand (2014: EUR 157,496 thousand) mainly due to the successful IPO of CHORUS.

Non-current assets amounted to EUR 162,030 thousand as of December 31, 2015, and therefore were higher than on December 31, 2014 (EUR 150,586 thousand). This is particularly due to the rise in loans to associated companies. Counter to this were the changes to holdings in associated companies due to withdrawals and impairments.

Current assets amounted to EUR 87,582 thousand as of the reporting date and therefore posted an increase compared to the December 31, 2014 (EUR 6,909 thousand), which is mainly attributable to the rise in deposits at banks stemming from the successful IPO.

Equity increased EUR 92,427 thousand – from EUR 155,005 thousand as of December 31, 2014, to EUR 247,432 thousand as of December 31, 2015. This increase is mainly due to the rise in share capital and the capital reserve relating to the successful IPO. The equity ratio amounted to 99 percent (98 percent as of December 31, 2014).

The decrease to provisions from EUR 1,070 thousand on December 31, 2014, to EUR 904 thousand as of December 31, 2015, is primarily due to the decline in provisions for consulting costs stemming from the Company's successful IPO. The rise in personnel provisions due to the transfer of personnel to CHORUS Clean Energy AG had an opposite effect.

Compared to December 31, 2014 (EUR 1,421 thousand), liabilities decreased to EUR 1,332 thousand. They are therefore roughly at the same level as in the previous year.

## FINANCIAL POSITION

The liquidity situation and the financial development of CHORUS Clean Energy AG are presented using the following condensed statement of cash flows:

| in EUR thousands | 2015 | 2014 |
|---|---|---|
| Cash outflow from operating activities | **–11,873** | –170 |
| Cash outflow from investing activities | **–13,075** | –2 |
| Cash inflow from financing activities | **99,981** | 5,855 |
| **Change in cash and cash equivalents** | **75,034** | **5,684** |
| Cash and cash equivalents at beginning of period | **5,734** | 50 |
| Cash and cash equivalents at end of period | **80,768** | 5,734 |

As previously mentioned, the financial position is comparable to the previous year only to a limited extent, since the statements for 2014 are not particularly informative due to the abbreviated fiscal year 2014 and the contribution of the 74 operative and holding companies, including the solar and wind parks, in December 2014.

The change in cash and cash equivalents amounted to EUR 75,034 thousand in the reporting period (2014: EUR 5,684 thousand) and comprised the following elements:

CHORUS Clean Energy AG posted a cash outflow from operating activities of EUR 11,873 thousand in the fiscal year 2015 (2014: EUR 170 thousand), which primarily stems from payments in connection with the Company's IPO.

The cash outflow from investing activities of EUR 13,075 thousand (2014: EUR 2 thousand) is particularly due to the increase in shareholder loans relating to the Company's investing activities. The Company's withdrawals from its subsidiaries had a counter effect.

In the fiscal year 2015, the cash inflow from financing activities amounted to EUR 99,981 thousand (2014: EUR 5,855 thousand) and is mainly attributable to the inflow from the Company's successful IPO.

CHORUS Clean Energy AG was able to meet all of its payment obligations on schedule.

## 8.3 OPPORTUNITIES AND RISKS

The business development of CHORUS Clean Energy AG is primarily subject to the same opportunities and risks as the CHORUS Group. CHORUS Clean Energy AG participates in the risks of its subsidiaries in proportion to its ownership interests. The conclusions from the overall assessment of the Group's risk situation therefore apply to the risk situation of CHORUS Clean Energy AG.

As the parent Company, CHORUS Clean Energy AG is included in the Group-wide risk management system of the CHORUS Group. The required description of the accounting-related internal control system and the risk management system pursuant to Section 289 (5) HGB for CHORUS Clean Energy AG is found in the Group's opportunities and risk report.

## 8.4 OUTLOOK

Starting with the developments presented in the Group's outlook, the following expectations arise for CHORUS Clean Energy AG. For the fiscal year 2016, the Company expects a moderate to high increase in revenue. This will particularly result from the acquisition of solar and wind parks as well as the further expansion of the Asset Management business. A similar increase is also expected by the Management Board of CHORUS Clean Energy AG for EBIT and EBITDA. The increases in the various key figures mentioned could outperform these expectations due to further purchases during the current fiscal year. Along with the improvement to the results of operations, the planned increase in EBIT and EBITDA is mainly due to the Company's successful IPO and corresponding one-time costs in the fiscal year 2015. The increase in personnel expenses stemming from a likely increase in the number of employees will have the opposite effect.

## 9 SUMMARIZED ASSESSMENT FROM THE MANAGEMENT BOARD ON THE GROUP'S ECONOMIC SITUATION

The fiscal year 2015 was highly successful for the CHORUS Group. In an overall economic environment that remains challenging, we hold a very positive assessment of the development of the fiscal year 2015 and the economic situation of the CHORUS Group. Our sustainable growth can be seen in the across-the-board improvement of our key figures as well as our solid balance sheet structure.

With the strategic acquisitions of new solar and wind parks at the end of the year, CHORUS managed to further enhance its strong market position both in the area of energy generation and in Asset Management.

Furthermore, we reached an important milestone in our Company's history with the successful IPO in October. Portions of the issue proceeds have already been successfully invested by the Group in 2015. Over the course of the year, we plan to invest the remaining proceeds in sustainable, value-enhancing projects.

This management report contains forward-looking statements that are based on estimates made by the Management Board according to the best of its knowledge and abilities as of the time that this annual report was prepared. Such forward-looking statements are subject to risks and uncertainties. The actual results may therefore vary if one or more of these uncertainty factors arise or the underlying assumptions the statements prove to be inaccurate.

# CONSOLIDATED FINANCIAL STATEMENT

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FISCAL YEAR ENDING ON DECEMBER 31, 2015

| in EUR thousands | Note | 2015 | 2014 |
|---|---|---|---|
| **Revenue** | 7.2 | 58,582 | 3,349 |
| Other income | 7.3 | 2,621 | 930 |
| Personnel expenses | 7.4 | –2,686 | –2,149 |
| Other expenses | 7.5 | –15,661 | –3,419 |
| **Profit (Loss) before interest, taxes, depreciation and amortization (EBITDA)** | | 42,856 | –1,289 |
| Depreciation and amortization | 7.6 | –21,976 | –74 |
| **Profit (Loss) before interest and taxes (EBIT)** | | 20,880 | –1,363 |
| Financial investments recognized using the equity method | 8.3 | –26 | 4 |
| Financial income | 7.7 | 192 | 269 |
| Financial expenses | 7.7 | –10,076 | –141 |
| Income from the valuation of interest rate swaps | | 1,872 | 0 |
| **Net financial result** | 7.7 | –8,038 | 132 |
| **Profit (Loss) before taxes (EBT)** | | 12,842 | –1,231 |
| Income taxes | 7.8 | –3,939 | –359 |
| **Profit (loss) for the year** | | 8,903 | –1,590 |
| **Other comprehensive income** | | | |
| **Items that are or may be reclassified subsequently to profit or loss** | | | |
| Available-for-Sale assets net change in fair value | 8.11 | 998 | 0 |
| Tax effect | 8.11 | –256 | 0 |
| **Other comprehesive income, net of tax** | | 743 | 0 |
| **Total comprehensive income/loss** | | 9,646 | –1,590 |
| | | | |
| **Profit/Loss of the year attributable to** | | 8,903 | –1,590 |
| Owners of CHORUS Clean Energy AG | | 8,907 | –1,598 |
| Non-controlling interests | | –4 | 8 |
| **Total comprehensive income/loss attributable to** | | 9,646 | –1,590 |
| Owners of CHORUS Clean Energy AG | | 9,650 | –1,598 |
| Non-controlling interests | | –4 | 8 |
| | | | |
| **Earnings per share (in EUR)** | 7.9 | | |
| Basic earnings per share (in EUR) | 7.9 | 0.45 | –0.40 |
| Diluted earnings per share (in EUR) | 7.9 | 0.45 | –0.40 |

The accompanying notes are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**AS OF DECEMBER 31, 2015**

| ASSETS<br>in EUR thousands | Note | 12/31/2015 | 12/31/2014 |
|---|---|---|---|
| A) Non-current assets | | **467,214** | 457,343 |
| Intangible assets and goodwill | 8.1 | **170,642** | 181,149 |
| Property, plant and equipment | 8.2 | **273,147** | 252,521 |
| Financial investments at equity | 8.3 | **585** | 480 |
| Non-current financial assets | 8.4 | **5,761** | 4,374 |
| Deferred tax assets | 8.5 | **17,079** | 18,819 |
| | | | |
| B) Current assets | | **141,956** | 51,961 |
| Trade receivables | 8.6 | **8,623** | 6,420 |
| Income taxes receivable | 7.8 | **407** | 826 |
| Current financial assets | 8.7 | **4,827** | 1,327 |
| Current non-financial assets | 8.8 | **8,532** | 6,098 |
| Liquid funds: | 8.9 | **114,728** | 37,290 |
| Cash and cash equivalents | 8.9 | **101,028** | 21,199 |
| Restricted cash and cash equivalents | 8.9 | **13,700** | 16,091 |
| Assets held for sale | 8.10 | **4,839** | 0 |
| | | | |
| Total assets | | **609,170** | 509,304 |

| EQUITY AND LIABILITIES<br>in EUR thousands | Note | 12/31/2015 | 12/31/2014 |
|---|---|---|---|
| **A) Total equity** | | **230,335** | 123,844 |
| Share capital | 8.11 | **27,705** | 50 |
| Capital reserve | 8.11 | **190,700** | 0 |
| Accumulated other comprehensive income | 8.11 | **743** | 0 |
| Retained earnings | 8.11 | **11,176** | 2,269 |
| Cash contributions not yet registered | 8.11 | **0** | 5,855 |
| Contributions in kind not yet registered | 8.11 | **0** | 115,645 |
| **Equity attributable to the owners of CHORUS Clean Energy AG** | | **230,324** | 123,819 |
| | | | |
| **Equity attributable to non-controlling interests** | | **11** | 25 |
| | | | |
| **B) Non-current liabilities** | | **324,135** | 350,108 |
| Liabilities to minority partners | 8.12 | **4,368** | 4,034 |
| Non-current provisions | 8.13 | **4,780** | 3,358 |
| Non-current financial liabilities | 8.14 | **312,894** | 341,057 |
| Deferred tax liabilities | 8.5 | **2,093** | 1,659 |
| | | | |
| **C) Current liabilities** | | **54,700** | 35,352 |
| Current provisions | 8.13 | **200** | 1,382 |
| Trade payables | 8.15 | **10,560** | 4,716 |
| Income taxes payable | 7.8 | **4,177** | 3,537 |
| Current financial liabilities | 8.14 | **34,840** | 21,446 |
| Other current liabilities | 8.16 | **1,681** | 3,431 |
| Deferred income | 8.17 | **245** | 840 |
| Liabilities relating to assets held for sale | 8.10 | **2,998** | 0 |
| | | | |
| **Total equity and liabilities** | | **609,170** | 509,304 |

The accompanying notes are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 OF THE YEAR 2015**

| | Attributable to the owners of CHORUS Clean Energy AG | | | | |
|---|---|---|---|---|---|
| in EUR thousands | Note | Share capital | Capital reserve | Fair value reserve | Retained earnings |
| **Balance as of January 1, 2015** | | **50** | **–** | | **2,269** |
| **Total comprehensive income for the reporting period** | | | | | |
| Profit (loss) for the year | | – | – | – | 8,907 |
| Other comprehensive income | 8.11 | – | – | 743 | – |
| **Total comprehensive income** | | **–** | **–** | **743** | **8,907** |
| | | | | | |
| **Transactions with the Company's owners** | | | | | |
| **Contributions and payments** | | | | | |
| Contributions from the IPO | 8.11 | 10,256 | 89,744 | – | – |
| Equity procurement costs, net | 8.11 | – | –5,043 | – | – |
| Withdrawals by non-controlling interests | 8.11 | – | – | – | – |
| **Total contributions and payments** | | **10,256** | **84,701** | **–** | **–** |
| **Other changes** | | | | | |
| Reclassification after entry in commercial register | 8.11 | 17,399 | 104,102 | – | – |
| Equity procurement costs, net | 8.11 | – | –440 | – | – |
| Other changes | | – | 2,337 | – | – |
| **Total other changes** | | **17,399** | **105,999** | **–** | **–** |
| **Total transactions with the Company's owners** | | **27,655** | **190,700** | **–** | **–** |
| | | | | | |
| **As of December 31, 2015** | | **27,705** | **190,700** | **743** | **11,176** |

The accompanying notes are an integral part of these consolidated financial statements.

| | Cash contributions not yet registered | Contributions in kind not yet registered | Equity attributable to the owners of CHORUS Clean Energy AG | Non-controlling interests | Total equity |
|---|---|---|---|---|---|
| | 5,855 | 115,645 | 123,819 | 25 | **123,844** |
| | | | | | |
| | – | – | 8,907 | –4 | **8,903** |
| | – | – | 743 | – | **743** |
| | – | – | 9,650 | –4 | **9,646** |
| | | | | | |
| | | | | | |
| | | | | | |
| | – | – | 100,000 | – | **100,000** |
| | – | – | –5,043 | – | **–5,043** |
| | – | – | – | –11 | **–11** |
| | – | – | 94,957 | –11 | **94,946** |
| | | | | | |
| | –5,855 | –115,645 | 0 | – | **0** |
| | – | – | –440 | – | **–440** |
| | – | – | 2,337 | – | **2,337** |
| | –5,855 | –115,645 | 1,898 | – | **1,898** |
| | –5,855 | –115,645 | 96,855 | –11 | **96,844** |
| | | | | | |
| | – | – | 230,324 | 11 | **230,335** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 OF THE YEAR 2014**

| | Attributable to the owners of CHORUS Clean Energy AG | | | | |
|---|---|---|---|---|---|
| in EUR thousands | Note | Share capital | Capital reserve | Retained earnings | |
| **As of January 1, 2014** | | **250** | **25** | **3,873** | |
| Profit (loss) for the year/total comprehensive income/loss | | – | – | –1,598 | |
| **Total comprehensive income** | | **–** | **–** | **–1,598** | |
| | | | | | |
| **Transaction with owners of the Company** | | | | | |
| **Contributions and distributions** | | | | | |
| Reclassification due to change in legal structure | 8.11 | –250 | –25 | – | |
| Founding of CHORUS Clean Energy AG | 8.11 | 50 | – | – | |
| Contributions | 8.11 | – | – | – | |
| **Total contributions and distributions** | | **–200** | **–25** | **–** | |
| | | | | | |
| **Changes in ownership interests** | | | | | |
| Changes in ownership without a change of control | 8.11 | – | – | –6 | |
| **Total changes in ownership interests** | | **–** | **–** | **–6** | |
| **Transaction with owners of the Company** | | **–200** | **–25** | **–6** | |
| | | | | | |
| **As of December 31, 2014** | | **50** | **–** | **2,269** | |

The accompanying notes are an integral part of these consolidated financial statements.

| | Cash contributions not yet registered | Contributions in kind not yet registered | Equity attributable to the owners of CHORUS Clean Energy AG | Non-controlling interests | Total equity |
|---|---|---|---|---|---|
| | | | | | |
| | **–** | **–** | **4,148** | **11** | **4,159** |
| | – | – | –1,598 | 8 | –1,590 |
| | **–** | **–** | **–1,598** | **8** | **–1,590** |
| | | | | | |
| | | | | | |
| | | | | | |
| | – | 275 | – | – | – |
| | – | – | 50 | – | 50 |
| | 5,855 | 115,370 | 121,225 | – | 121,225 |
| | **5,855** | **115,645** | **121,275** | **–** | **121,275** |
| | | | | | |
| | | | | | |
| | – | – | –6 | 6 | – |
| | **–** | **–** | **–6** | **6** | **–** |
| | **5,855** | **115,645** | **121,269** | **6** | **121,275** |
| | | | | | |
| | **5,855** | **115,645** | **123,819** | **25** | **123,844** |

# CONSOLIDATED STATEMENT OF CASH FLOWS

**FOR THE FISCAL YEAR ENDING ON DECEMBER 31, 2015**

| in EUR thousands | Note | 2015 | 2014 |
|---|---|---|---|
| **Results of the year** | | **8,903** | –1,590 |
| **Adjustments** | | | |
| Net financial result | 7.7 | **8,038** | –132 |
| Net income tax result | 7.8 | **3,939** | 359 |
| **Earnings before interest and taxes (EBIT)** | | **20,880** | –1,363 |
| Income taxes paid | | **–945** | –422 |
| Depreciation and amortization | 7.6 | **21,976** | 74 |
| Losses from disposals of non-current assets | | **30** | 0 |
| Other non-cash income | | **–841** | 0 |
| Increase/decrease in trade receivables | | **–2,446** | –750 |
| Increase/decrease in other assets | | **–1,280** | 4,861 |
| Increase/decrease in provisions | | **–520** | 1,460 |
| Increase/decrease in trade payables | | **–1,731** | 100 |
| Increase/decrease in other liabilities | | **–2,576** | 568 |
| **Cash flow from operating activities** | | **32,547** | 4,528 |
| Proceeds from the disposal of financial assets | | **332** | 2 |
| Acquisition of subsidiaries, minus liquid funds procured | 5.1/5.2 | **2,426** | 14,778 |
| Payments for investments in financial assets | | **–4,338** | –280 |
| Payments for investments in property plant and equipment and intangible assets | | **–12,931** | –131 |
| Interest received | | **52** | 269 |
| **Cash flow from investing activities** | | **–14,460** | 14,638 |
| Proceeds from loans (borrowings) | | **4,424** | 0 |
| Payments for redeeming financial liabilities | | **–23,397** | 0 |
| Payments for finance lease liabilities | | **–1,230** | 0 |
| Interest paid | | **–13,773** | –187 |
| Payments to minority partners and other minority shareholders | | **–330** | 0 |
| Proceeds from shareholders | | **0** | 5,855 |
| Repayments on shareholder loans | | **0** | –4,500 |
| Proceeds from capital increases | | **100,000** | 0 |
| Payments on equity procurement costs | | **–5,930** | 0 |
| Change in restricted cash and cash equivalents | | **2,391** | 0 |
| **Cash flow from financing activities** | | **62,156** | 1,168 |
| **Net increase in cash and cash equivalents** | | **80,242** | 20,333 |
| **Cash and cash equivalents at the start of the period** | 8.9 | **21,199** | 866 |
| Minus cash and cash equivalents from assets held for sale | 8.10 | **–413** | 0 |
| **Cash and cash equivalents at the end of the period** | 8.9 | **101,028** | 21,199 |

The accompanying notes are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDING ON DECEMBER 31, 2015 (IFRS)

## 1 GENERAL INFORMATION

### THE REPORTING ENTITY

CHORUS Clean Energy AG ("CHORUS AG" or "the reporting entity") is a publicly traded stock corporation that was founded in July 2014 and entered into the commercial register of Munich District Court under number HRB 213342 in August 2014. The Company is headquartered at: 85579 Neubiberg (near Munich), Prof.-Messerschmitt-Str. 3, Germany.

The consolidated financial statements for CHORUS AG for the fiscal year ending on December 31, 2015, cover the Company and its subsidiaries (together "CHORUS Group" or "CHORUS").

The Group Management Board of CHORUS Clean Energy AG approved the consolidated financial statements for presentation to the Supervisory Board on March 31, 2016.

### IPO

Shares in CHORUS Clean Energy AG became available for trading on the regulated market (Prime Standard) of the Frankfurt Stock Exchange on October 7, 2015.

As part of the IPO, 10,571,322 ordinary shares were issued in the form of no-par value shares with full entitlement to dividends from January 1, 2015. Of these, 10,256,411 no-par value bearer shares arose from the capital increase in connection with the IPO and 314,911 no-par value bearer shares came from individual existing shareholders. CHORUS AG generated gross issuing proceeds of about EUR 100 million from the IPO.

### DESCRIPTION OF BUSINESS ACTIVITIES

CHORUS is an independent energy generator and asset manager with a comprehensive range of services and has been specializing in power plants that generate electricity from renewable energy sources for many years. The Company also provides consulting and asset management services for institutional investors in the "renewable energies" sector.

CHORUS AG was founded in July 2014. On December 4, 2014, CHORUS Clean Energy AG, 20 business partnerships, the shareholders in CHORUS GmbH, REGIS Treuhand & Verwaltung GmbH für Beteiligungen (as trustee for one investor not affiliated with the CHORUS Group) ("REGIS"), Heinz Jarothe, Holger Götze and Helmut Horst entered into contribution agreements whereby the shares held in the holding and operative companies and the corresponding loans were contributed at the effective date of December 31, 2014 (acquisition date).

At that time, "Holding and operating companies" or "CHORUS companies" referred to 74 companies that held 57 solar parks and five wind parks. Via its holding and operative companies, CHORUS acquires and operates solar and wind parks across Europe with a focus on Germany.

CHORUS' advisory services consist of the initiation of funds for professional investors and the creation of tailored and structured investments for these investor groups in the field of renewable energies. Subsequent to such structuring work, CHORUS typically provides asset management services for these institutional funds and other investment vehicles for professional investors and the operating companies they hold.

In the 2014 consolidated financial statements, CHORUS GmbH was treated as the purchaser for accounting purposes pursuant to IFRS 3. Consequently, the predecessor accounting method was applied to CHORUS GmbH and its subsidiaries.

In the consolidated financial statements for the fiscal year ending on December 31, 2014, the contribution of the holding and operative companies and their corresponding loans were recognized as a single business combination at the acquisition date pursuant to IFRS 3. As a result, the financial performance of the holding and operative companies and the impacts of the loans contributed on the CHORUS Group's financial performance were recognized in the 2014 consolidated financial statements as of the acquisition date (December 31, 2014).

### BASIS OF PREPARATION

The consolidated financial statements of CHORUS AG as of December 31, 2015, were prepared pursuant to, and in compliance with, all of the International Financial Reporting Standards (IFRS) and the publications of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the EU as well as the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB). The consolidated financial statements cover the fiscal year from January 1, 2015, to December 31, 2015, with the comparative period of January 1, 2014, to December 31, 2014.

The consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity are comparable only to a limited extent since the operative and holding companies and their solar and wind parks were initially included as of December 31, 2014, and therefore had no impact on the fiscal year 2014.

Subsidiaries are fully consolidated from the time that CHORUS AG obtains control and remain consolidated until this control ends. Internal Group transactions, balances, income and expenditures as well as profits and losses are eliminated. The statements were prepared on the basis of historical cost with the exception of certain assets, which were recognized at fair value.

The statement of financial position is classified on the basis of non-current and current pursuant to IFRS 1. The Group's income statement was prepared using staggered form according to the nature of expense method. To enhance clarity, various items from the consolidated statement of financial position and the consolidated statement of comprehensive income were summarized. These items are disclosed separately in the notes.

The consolidated financial statements have been prepared in euros (EUR). Unless stipulated otherwise, all values are rounded up or down to nearest thousand euros (EUR thousand) in accordance with commercial rounding practices. Differences can result from the use of rounded amounts and percentages.

## 2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

For the fiscal year, the Group applied the following new and revised IFRS standards and interpretations that were endorsed by the EU. These also include the changes published by the IASB as part of its ongoing project: Annual Improvements to IFRS. Unless otherwise stated, the application of these revised standards and interpretations did not have any notable impact on the presentation of the Group's earnings, asset or financial situation.

New IFRS or revised IAS accounting principles applied for the first time in the fiscal year 2015:

| Standard/ Interpretation | Issued by IASB | Effective date | Endorsement EU | Content |
|---|---|---|---|---|
| IFRIC 21 Levies | May 13 | June 14 | June 14 | IFRIC 21 is an interpretation of IAS 37. It primarily clarifies the question of when a present obligation requires the creation of a provision or liability as a result of levies imposed by the government. Not covered in the interpretation's scope of application are particularly penalties and levies that result from contracts under public law or fall under the regulatory scope of another IFRS, such as IAS 12. According to IFRIC 21, a liability item is to be scheduled for levies if the event that triggers the levy liability occurs. This triggering event that predicates the obligation is, on the other hand, found in the wording of the underlying norm. Its formulation is in this respect the determining factor for reporting purposes. |
| Improvements to IFRS 2011–2013 | December 13 | January 15 | December 14 | As part of the *Annual Improvement Project*, revisions were made to four standards. The adjustment to the formulations of individual IFRS enhance the clarity of the existing regulations. The standards affected are IFRS 1, IFRS 3, IFRS 13 and IAS 40. |

Furthermore, additional standards and interpretations were published by the IASB that either had no notable impact on the consolidated financial statements of CHORUS AG or are currently being reviewed for their potential impact. The following accounting principles were not yet mandatory for the fiscal year 2015 and therefore not applied by CHORUS AG:

| Standard/ Interpretation | Issued by IASB | Effective date | Endorsement EU | Content |
|---|---|---|---|---|
| IFRS 11 Accounting for Acquisitions of Interests in Joint Operations | May 14 | January 16 | November 15 | IFRS 11 contains regulations regarding the financial recognition and income statement recognition of joint ventures and joint operations. Although joint ventures are to be accounted for using the equity method, the diagram of joint operations in IFRS 11 is comparable to proportionate consolidation.<br>With the amendment of IFRS 11, the IASB regulates the accounting of the acquisition of an interest in a joint operation which constitutes a business operation as defined in IFRS 3 “Business Combinations.” In such cases, the buyer should apply the principles regarding the accounting of business combinations according to IFRS 3. In these cases, the disclosure requirements of IFRS 3 also apply. |
| IAS 1 Disclosure Initiative | December 14 | January 16 | December 14 | These amendments relate to various reporting issues. The issue, that disclosures in the notes are only necessary if their content is significant, has been clarified. This also applies explicitly if IFRS requires a list of minimum reporting statements. Also, explanations on aggregation and disaggregation of items in the statement of financial position and in the statement of comprehensive income are to be listed. Moreover, the issue has been clarified as to how holdings in other comprehensive income of at equity accounted companies are to be presented on the statement of comprehensive income. Finally, the perception of a normal order of presentation of the notes was removed, making it easier for entities to provide more individualized corporate information. |
| IAS 16<br>IAS 38<br>Clarification of Acceptable Methods of Depreciation and Amortization | May 14 | January 16 | December 15 | With these changes, the IASB provides further guidelines to determine acceptable methods of depreciation and amortization. According to this clarification, revenue-based depreciation methods are not permitted for tangible assets and only permitted for intangible assets in certain exceptional cases (refutable presumption of inappropriateness). |

| Standard/ Interpretation | Issued by IASB | Effective date | Endorsement EU | Content |
|---|---|---|---|---|
| IAS 16<br>IAS 41<br>Agriculture: Bearer Plants | June 14 | January 16 | November 15 | According to IAS 41, all biological assets have until now been measured at fair value through profit or loss, deducting estimated sales costs. This also applies to so-called bearer plants such as grapevines, rubber trees and oil palms, whose biological assets are harvested over several periods without being sold as agricultural products themselves. According to the amendments, bearer plants are to be accounted for as tangible assets in accordance with IAS 16 in the future, since their use is comparable. Their fruits, however, are to be accounted for in accordance with IAS 41 in the future. For the first-time application of these amendments, accountants can make use of special exceptions. For instance, bearer plants may be measured at fair value at the point of transition. |
| IAS 19<br>Defined Benefit Plans: Employee Contributions | November 13 | February 15 | December 14 | The amendments clarify the provisions that relate to the classification of employee contributions or contributions from third parties to service periods, when the contributions are linked to the service period. Further, simplifications are provided when the contributions are independent from the number of service years completed. |
| IAS 27<br>Equity Method in separate Financial Statements | August 14 | January 16 | December 15 | With this amendment, the equity method is again permitted as an accounting option for holdings in subsidiaries, joint ventures and associated companies in the separate financial statements of an investor. The existing options to measure at acquisition cost or in accordance with IAS 39/IFRS 9 remain. Since 2005, the use of the equity method for holdings in separate financial statements (of the parent Company) was no longer permitted under IAS 27.<br><br>The IASB made the amendment to IAS 27 in response to complaints regarding the extraordinary efforts needed to produce a fair value measurement, particularly from non-stock exchange listed associated companies, at every closing date. |
| Improvements to IFRS 2010–2012 | December 13 | February 15 | December 14 | As part of the *Annual Improvement Project*, revisions were made to seven standards. The adjustment to the formulations of individual IFRS/IAS are meant to enhance the clarity of the existing regulations. Further, there are revisions with impacts on disclosures in the notes. The standards affected are IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38. |
| Improvements to IFRS 2012–2014 | September 14 | January 16 | December 15 | As part of the *Annual Improvement Project*, revisions were made to four standards. The adjustment to the formulations of individual IFRS/IAS are meant to enhance the clarity of the existing regulations. The standards affected are IFRS 5, IFRS 7, IAS 19 and IAS 34. |

| Standard/ Interpretation | Issued by IASB | Effective date | Endorsement EU | Content |
|---|---|---|---|---|
| IFRS 9 Financial Instruments | July 14 | January 18 | Pending | The revised version incorporates revised requirements for the classification and measurement of financial liabilities, and confirms the existing derecognition requirements for financial assets and liabilities from IAS 39.<br>The revised version maintains the existing amortized cost measurement basis for most financial liabilities. New regulations exist for financial liabilities that are measured at fair value. In these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.<br>It also introduces a new hedge accounting model that is designed to more clearly report risk management activities related to hedging transactions. |
| IFRS 15 Revenue from Contracts with Customers | May 14 | January 18 | Pending | IFRS 15 establishes a comprehensive framework for determining whether to recognize revenue, when to recognize revenue and how much revenue to recognize.<br>In the first step, IFRS 15 is applied to the contract. Under certain conditions, contracts are to be combined.<br>In the second step, the individual performance obligations are to be determined.<br>In the third step, the transaction price is determined.<br>In the fourth step, the transaction price is allocated to the individual performance obligations.<br>In the fifth step, the time when revenue is recognized is dependent on the point of transfer of control. Depending on certain criteria, revenue is recognized either at a point in time or over time for each performance obligation.<br>The standard also provides for comprehensive disclosure requirements regarding the nature, amount, timing and uncertainty of revenue and cash flows. |

| Standard/ Interpretation | Issued by IASB | Effective date | Endorsement EU | Content |
|---|---|---|---|---|
| IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | September 14 | Postponed indefinitely | Pending | These amendments address a known inconsistency between the regulations of IFRS 10 and those of IAS 28 (2011) when selling assets to an associated Company or a joint venture and/or when contributing assets to an associated Company or joint venture.<br>According to IFRS 10, a parent Company is to recognize the full amount of the profit or loss from the sale of a subsidiary in the income statement. In contrast, IAS 28.28 currently demands that the disposal profit during sales transactions between an investor and its at equity accounted shareholding – whether it be an associated Company or joint venture – only be recognized in the amount of the investor's stake of this Company.<br>In the future, the entire profit or loss arising from a transaction is only to be recognized if the sold or contributed assets constitute a business operation as defined by IFRS 3. This is regardless of whether the transaction is arranged as a share deal or an asset deal. In contrast, if the assets do not constitute a business operation, partial income recognition is allowed. |
| IFRS 10<br>IFRS 12<br>IAS 28<br>Investment Entities: Applying the Consolidation Exception | December 14 | January 16 | Pending | The amendments serve to clarify various issues relating to the application of the consolidation exception pursuant to IFRS 10 when the parent Company fulfills the definition of an "investment entity." According to this, parent companies are also exempt from preparing consolidated financial statements if the ultimate parent does not consolidate its subsidiaries, but measures them at fair value in accordance with IFRS 10.<br>Regarding the accounting of subsidiaries of an investment entity, the following distinction will now be made: Subsidiaries which are themselves investment entities are to be measured at fair value – following the general guidelines of the "investment entity exception." By contrast, subsidiaries which are themselves not investment entities, but perform services which relate to the parent Company's investment activities, are to be seen as an extension of the parent Company's activities and thus are to be consolidated.<br>Lastly, the issue has been clarified regarding investors who do not fulfill the definition of an investment entity and who apply the equity method to an associated Company or joint venture: They are now able to maintain the fair value measurement that is applied by the holding Company on its interests in subsidiaries.<br>The amendments also provide for investment entities that measure all their subsidiaries at fair value to make the obligatory disclosures regarding the investment entities pursuant to IFRS 12. |
| IFRS 16<br>Leases | January 16 | January 19 | Pending | The new standard will have far-reaching impacts on how leases are accounted as a lessee. While the transfer of key opportunities and risks at the lease object were decisive for the recognition of leases for lessees according to IAS 17, now each lease is to be recognized in the statement of financial position in the form of use rights at the lease object with a corresponding leasing liability. For lessors, the accounting provisions remain largely unchanged – particularly the required classification of leases. IFRS 16 replaces IAS 17 as well as the corresponding interpretations IFRIC 4, SIC-15 and SIC-27. |

| Standard/ Interpretation | Issued by IASB | Effective date | Endorsement EU | Content |
|---|---|---|---|---|
| Revision to IAS 12 Recognition of Deferred Taxes for Unrealized Losses | January 16 | January 19 | Pending | The revisions affect clarifications on accounting for deferred tax assets for unrealized losses deriving from debt instruments measured at fair value. |
| Revision to IAS 7 Statement of cash flows | January 16 | January 17 | Pending | The revisions affect provisions for additional note disclosures that should allow those reading the statements to better assess the changes in liabilities stemming from the Company's financing activities. |

## 3 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future economic situation and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

### ACCOUNTING FOR BUSINESS COMBINATIONS

Goodwill is disclosed in the statement of financial position in connection with business combinations. This constitutes the excess of the aggregate of the consideration transferred and the amount of any non-controlling interest over the assets acquired and the liabilities assumed. All identifiable assets and liabilities are recognized at fair value upon first-time consolidation. The fair values recognized constitute a significant estimate. If intangible assets are identified, the fair value is determined using appropriate valuation methods taking their nature into account. These measurements are based on various input factors and are partially associated with assumptions of management about the future development of the value of the respective asset and the discount rates used.

Management exercises judgment especially regarding the treatment of solar and wind parks as businesses in accordance with IFRS 3.

In the case of an incomplete initial accounting of a business combination that took place at the end of the fiscal year, the Group provides preliminary figures for the items with incomplete accounting.

The purchase price allocations (PPAs) used for the first-time consolidation can in some cases only be preliminary since there can be instances leading to subsequent adjustments of the PPA within the year following the purchase.

Additional explanations are presented in note 5 on business combinations.

### IMPAIRMENT OF NON-FINANCIAL ASSETS

CHORUS assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at any other time when triggering events for impairment exist. Other non-financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. Specific fundamental assumptions were made to determine the recoverable amount when assessing the recoverability of intangible assets and property, plant and equipment of the Group. In this context, the expected cash flows used in impairment testing are derived from budgets from medium-term planning for each respective CGU. Management assumes that the assumptions and estimates underlying the discounted cash flows are appropriate. However, changes in the economic environment and the industry-specific growth assumptions can have consequences for impairment testing resulting in the need to recognize additional impairment losses or to reverse impairment losses in the future.

Further details are provided in note 8.1: Intangible Assets and Goodwill and in note 8.2: Property, Plant and Equipment.

### TAXATION

The Company and its subsidiaries are subject to routine tax audits and also a process whereby tax computations are discussed and agreed with the respective authorities. While the ultimate outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of provisions required for both current and deferred tax on the basis of professional advice and the nature of current discussions with the tax authority concerned.

Deferred tax assets are recognized on unused tax losses to the extent that it is probable that taxable profits will be available in the future against which the unused tax losses can be utilized. In this regard, management exercises judgment as to the expected timing and the amount of the taxable profits and measures deferred tax assets on unused tax losses accordingly.

Further details are provided in note 4.12: Income Taxes and in note 7.8: Income Taxes.

### ECONOMIC USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The applied economic lives of non-current assets are based on estimates of the management. CHORUS reviews the estimated economic useful lives of property, plant and equipment and intangible assets at the end of every fiscal year.

Further details are provided in note 4.8: Intangible Assets and Goodwill and in note 4.9: Property, Plant and Equipment.

### PROVISIONS FOR ASSET RETIREMENT OBLIGATIONS RELATING TO SOLAR AND WIND PARKS

Such provisions are recognized when it is considered probable that economical, legal, ecological and asset retirement obligations will result in future outflows of economic benefits, when the costs can be estimated reliably and the measures in question are not expected to result in future inflows of economic benefits. The estimate of future costs is subject to many uncertainties, including legal uncertainties based on the applicable laws and regulations and with uncertainties regarding the actual conditions in the different countries and operating locations. In particular, estimates of costs are based on industry experiences in similar cases, current costs and new developments that have an impact on the costs. Any changes to these estimates could have an impact on the future results of the Group.

# 4 ACCOUNTING PRINCIPLES

## 4.1 BASIS OF CONSOLIDATION

Business combinations are accounted for using the acquisition method in accordance with IFRS 3. Accordingly, the consideration transferred to the seller plus any non-controlling interest and the fair value of the previously held equity interest in the acquiree are offset against the fair value of the acquired assets and liabilities as at the acquisition date. The goodwill resulting from a business combination is thus the excess between the consideration transferred and the amount of any non-controlling interest, on the one hand, and the assets acquired and liabilities assumed, on the other. If the consideration is lower than the fair value of the net assets of the acquiree, the difference is reassessed and then recognized in profit or loss.

A change in the parent's ownership interest in a subsidiary that does not result in a loss of control is accounted for within equity.

Companies in which CHORUS AG has the power directly or indirectly exercise a significant influence on financial and operating policy decisions (associates) are accounted for using the equity method, as are joint ventures over which common control is exercised together with other companies. A joint arrangement is classified as joint venture, if the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Changes in the share of the associate's or joint venture's equity that are not to be recognized in profit or loss are recognized directly in equity. The same accounting policies are used to determine CHORUS AG's share in equity of all companies accounted for using the equity method.

Receivables and liabilities between the consolidated entities are netted. Internal Group profits are eliminated in the consolidated statement of comprehensive income. Internal Group sales and other internal Group income are netted against the corresponding expense.

A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement is accounted for as following:

CHORUS AG recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the sale of the output by the joint operation;
- its expenses including its share of any expenses incurred jointly.

## 4.2 FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are prepared in euros (EUR), which is the reporting currency of the CHORUS Group as well as for all consolidated companies.

Two Group companies are exposed to currency fluctuations for the US dollar due to their investments in available-for-sale investment funds. The exchange rates applicable were as follows:

| EUR/USD | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Period end rate | **1.09** | 1.22 |
| Average rate | **1.11** | 1.33 |

## 4.3 REVENUE

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer rebates and other similar allowances.

Revenue is generally recognized upon delivery or upon fulfillment of services to the customer or buyer. Delivery is considered to have occurred when the opportunities and risks associated with ownership have been transferred to the buyer according to the contractual stipulations, compensation has been contractually established and the collection of the receivable is considered probable. Accordingly, revenue from the solar and wind parks is recognized with the feed-in of the electricity produced to the power grid. For services, it is recognized when these have been performed.

Revenue for goods or services are measured based on the fair value of the consideration received or to be received.

Revenue is reported without VAT as well as any returns, rebates or other discounts.

All revenue is shown with internal Group sales or services eliminated.

## 4.4 GOVERNMENT GRANTS

Government grants are realized when they can be considered likely to be collected by CHORUS and all conditions can be fulfilled. If the grants arise in connection with an expense item, they are, as with the expenses that they are to compensate for, distributed across the corresponding periods.

## 4.5 FINANCE INCOME AND EXPENSES

### FINANCE INCOME

Finance income mainly contains interest income. Interest income attributable to the period is to be recognized based on the outstanding notional amount using the relevant effective interest rate. The effective interest rate is the interest rate with which the expected future payments are discounted over the term of the financial asset precisely to the net carrying amount of the asset upon initial recognition.

### FINANCE EXPENSES

Finance expenses contain interest expenses that are recognized with the effective interest method as well as expenses from interest accrued on non-current provisions and expenses from fair value changes to entitlements towards limited partners.

## 4.6 EARNINGS PER SHARE

Basic earnings per share results by dividing the Group profit attributable to the shareholders of the parent Company by the weighted average number of ordinary shares outstanding. Determining the diluted earnings per share corresponds to the basic earnings per share at CHORUS, since CHORUS has not issued any potentially diluting ordinary shares.

## 4.7 LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The CHORUS Group financed Italian solar plants via leases, whereby the main opportunities and risks associated with ownership remain with CHORUS. These lease agreements were treated as finance leases in accordance with IAS 17. The solar plants of the respective solar park represent collateral for the respective liability. CHORUS Group is only engaged as lessee. Assets held under a finance lease are recognized initially as assets of the CHORUS Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is to be shown in the consolidated statement of financial position as a finance lease obligation. The lease payments are broken down into interest expense and repayment of the lease obligation such that the remaining liability bears interest at a constant rate. Interest expense is recognized directly in the statement of profit and loss.

For the finance leases shown, some refer to sale and leaseback transactions. If revenue was generated from these transactions, it is recognized and distributed across the lease agreement in profit or loss.

Lease payments under operating leases are recognized as expense using a straight-line approach over the lease term. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

## 4.8 INTANGIBLE ASSETS AND GOODWILL

Purchased intangible assets are recognized at cost or, if acquired in a business combination, at their respective fair values. They are amortized on a straight-line basis over their useful lives. With the exception of goodwill, no intangible asset with indefinite useful life is recognized. Intangible assets with indefinite useful lives are subject to an annual impairment test and not to scheduled amortization.

Amortization of intangible assets is based on the following estimated useful life periods:

| | |
|---|---|
| Goodwill | n/a |
| Computer software | 5 years |
| Advantageous project rights | 13–25 years |
| Advance lease payments (advantageous lease agreements) | 20–25 years |

The average remaining term for feed-in tariffs is 16 years.

### GOODWILL

Goodwill represents the excess of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative it is recognized in profit or loss. Goodwill is not subject to amortization. It is assessed annually for impairment and can be assessed more frequently, if there might be any indication for impairment during the year.

### ELECTRICITY FEED-IN RIGHTS

Electricity feed-in rights embody the rights of feed-in tariffs under the German Renewable Energy Act (EEG) and the Italian Renewable Energy Act, or similar entitlements in the Austrian and French markets.

Further details are provided in note 8.1: Intangible Assets and Goodwill.

The estimated useful life and amortization method is reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

## 4.9 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition or production of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use and the costs of dismantling and removing the items.

If parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (components) of property, plant and equipment.

Gains and losses deriving from the disposal of property, plant and equipment are recognized in other income or other expenses in the income statement.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item, if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the leased asset under finance lease shall be fully depreciated over the shorter of the lease term and its useful life. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|---|
| Land | n/a |
| Solar and wind parks | 25 years |
| Other operating and office equipment | 2–13 years |
| Assets under construction | n/a |

## 4.10 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND GOODWILL

The carrying amounts of the Group's intangible assets and items of property, plant and equipment are reviewed at least at each reporting date to determine whether there is any indication of impairment. If any such indication (triggering event) exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated at least once in a year at the same time.

The recoverable amount of an asset is defined as the higher of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the carrying amount exceeds the recoverable amount, the difference is recognized as an impairment loss in the income statement. For the impairment test, assets are reflected at the lowest level for which cash flows are separately identifiable. If the cash flow for an asset is not separately identifiable, the impairment test is conducted on the basis of the cash-generating units (CGUs) to which the asset belongs. Goodwill is allocated to CGUs to perform an annual impairment test on goodwill. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed even in case of subsequent increase in value. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Details are available in note 8.1: Intangible Assets and Goodwill and in note 8.2: Property, Plant and Equipment.

## 4.11 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are included in the consolidated statement of financial position beginning on the date on which the Group becomes a contractual party of the financial instrument. Financial assets are generally recognized at the settlement date. All financial instruments are measured at fair value at initial recognition plus, in the case of financial assets or financial liability not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

### Classes Pursuant to IFRS 7

The CHORUS Group organizes financial instruments into the following classes:

- Current financial assets
- Non-current financial assets
- Trade and other receivables
- Cash and cash equivalents
- Restricted cash and cash equivalents
- Liabilities to limited partners
- Financial liabilities
- Trade payables

Non-current financial assets comprises only available-for-sale investments as described under note 8.4.

Financial liabilities are further split into the following classes:

- Bank loans
- Leasing liabilities
- Interest rate swaps with negative fair value

### 4.11.1 FINANCIAL ASSETS

#### Categories of Financial Assets

Financial assets as defined under IAS 39 are classified in the following categories:

- Financial assets measured at fair value through profit or loss (FAHfT)
- Loans and receivables (LaR)
- Available-for-sale financial assets (AfS)

Financial assets are categorized at acquisition based on their type and intended use at the time of initial recognition. Financial assets are recognized and derecognized at the settlement date if they are non-current financial assets to be delivered within the normal time frame for the relevant market.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The Company's financial instruments mainly comprise cash and cash equivalents, restricted cash and cash equivalents (for further details please refer to note 4.13), trade and other receivables and other financial assets.

#### Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets are classified as at fair value through profit and loss when the financial asset is either held for trading or it is designated as at fair value through profit and loss.

The Group's financial instruments measured at fair value through profit or loss as of December 31, 2015, consisted of interest rate swaps that were procured as an interest hedge and classified pursuant to IAS 39 as derivatives held for trading. Those interest rate swaps are derivatives that are not designated as hedging instruments in accordance with IAS 39.

#### Loans and Receivables

Loans and receivables are non-derivative financial assets with payments that are fixed or can be otherwise determined that are not listed in an active market. Loans and receivables are measured at amortized cost. Loans and receivables (including loans, trade receivables and other receivables) are measured based on the effective interest method at amortized cost less any impairment losses. Cash is measured at its nominal amount.

With the exception of current receivables, for which the effect from discounting would be immaterial, interest income is recognized based on the effective interest method.

#### Available-for-Sale Financial Assets (AfS)

Available-for-sale financial assets AfS financial assets are non-derivative equity instruments that are either designated as AfS or are not classified as LaR or FAHfT. AfS financial assets are stated at fair value at the end of each reporting period. Investments in unlisted shares that are not traded in an active market are also classified as AfS financial assets and stated at fair value at the end of each reporting period. AfS equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period. All impairments on AfS equity instruments are recognized in other comprehensive income. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in other comprehensive income is reclassified to profit or loss. Dividends on AfS equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Further details are provided in note 8.4: Non-current Financial Assets.

#### Impairment of Financial Assets

On each reporting date, financial assets, with the exception of financial assets measured at fair value through profit or loss, are examined for indications of impairment. Financial assets are regarded as impaired when there are objective indications as a consequence of one or more events that there are negative changes to expected future cash flows associated with the financial asset that occurred after initial recognition of the asset.

In the case of AfS financial assets, an objective evidence of impairment is assumed when there is a significant or prolonged decline in the fair value of the security below its cost.

With respect to all other financial assets, objective indications of impairment can include the following:

Financial difficulties on the part of the issuer or the counterparty, a breach of contract such as a default or the late payment of interest or principal or an elevated probability that the borrower becomes insolvent or otherwise begins a restructuring process, or the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. With respect to financial assets measured at cost, the impairment loss corresponds to the difference between the carrying amount of the asset and the present value of the expected future cash flow calculated with the current market yield of a comparable financial asset. Any impairment losses caused by the present value of the future cash flow being lower than the carrying amount are recognized in profit or loss.

If the amount of impairment of a financial asset measured at amortized cost decreases in a subsequent fiscal year and this decrease can be objectively attributed to an event that occurred after the impairment was recognized, the previously recognized impairment is reversed over the statement of profit or loss, whereby the impairment is reversed to an amount not to exceed the carrying amount that would have resulted if an impairment loss had not been recognized.

### 4.11.2 FINANCIAL LIABILITIES

Financial liabilities are classified either as financial liabilities measured at fair value through profit or loss (FLHfT) or as other financial liabilities at amortized cost (FLAC). Financial liabilities are classified as FLHfT when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

Financial liabilities are measured at fair value on initial recognition. For all financial liabilities not subsequently measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition are also recognized. Trade payables and other non-derivative financial liabilities are generally measured at amortized cost using the effective interest method.

#### Liabilities to Limited Partners

Partly, subsidiaries are organized as a limited partnerships *(Personenhandelsgesellschaft)* under German law. Its limited partners have a statutory right of cancellation that cannot be precluded by the partnership agreement and may therefore require the Company to repay capital contributions, and a related share of profits.

Profits allocated to limited partners in accordance with the provisions of the bylaws of the limited partnerships are reclassified to liabilities since the limited partners are able to withdraw the amounts once they have been allocated.

Liabilities to limited partners are recorded initially at fair values at the balance sheet date. Changes in these fair values during a reporting period as well as their respective share in profit (loss) of the year are recorded through finance income or finance expenses in the income statement.

#### Other Financial Liabilities

Other financial liabilities (including borrowings, trade payables and other liabilities) are measured based on the effective interest method at amortized cost.

The effective interest method is a method of calculating the amortized cost of a financial liability and the allocation of interest expenses to the respective periods. The effective interest rate is the interest rate used to discount the estimated future payments (including all fees and amounts paid or received that are an integral component of the effective interest rate, transaction costs and other premiums or discounts) are discounted to the net carrying amount from the initial recognition over the expected term of the financial instrument or a shorter applicable period.

### Derecognition of Financial Liabilities

The Group derecognizes a financial liability if the Group's corresponding obligation(s) is/are discharged, canceled or expired. The difference between the carrying amount of the derecognized financial liability and the consideration received or to be received is to be recognized in profit or loss.

## 4.11.3 MEASUREMENT OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial instruments and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (meaning as prices) or indirectly (derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs to measure the fair value of an asset or a liability could be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 4.11.4 SECURITIES PROVIDED

Financial liabilities represent "non-recourse borrowings." The entities included in the CHORUS Group have provided the financing banks or creditors with collateral for these financial liabilities and also any applicable contingent liabilities. As is typical with this type of financing, the property, plant and equipment, all rights as well as all actual and future receivables are pledged to the banks. This collateral in all loan contracts mostly takes the form of:

- Executable land charges (property, plant and equipment)
- Pledging of debt service and project reserve accounts (restricted cash and cash equivalent)
- Assignment of the claim to payment from the feed-in of electricity on the part of the respective grid Company (revenues and receivables)
- Assignment of payment and compensation claims against third parties from any direct marketing agreements in connection with direct marketing (revenues)
- Pledging of tangible fixed assets (property, plant and equipment)
- Pledging of shares in Group entities
- Pledging of other receivables

The counterparties have an obligation to release the securities at the repayment date of the loan.

As of the reporting date December 31, 2015, the wind and solar parks (see movement schedule), trade receivables of EUR 7,385 thousand (2014: EUR 3,664 thousand) as well as other receivables are pledged as security.

## 4.12 INCOME TAXES

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the asset liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill – if goodwill is not tax-deductible.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred tax assets are recognized for all unused tax losses and temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Estimates by management are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The tax reconciliation and additional information are reported within the note 7.8: Income Taxes and 8.5: Deferred Taxes.

## 4.13 (RESTRICTED) CASH AND CASH EQUIVALENTS

Deposits at banks are presented as cash. The carrying amounts of cash correspond to the fair value as a result of their highly liquid nature.

The debt service and project reserve accounts serving as collateral for the lending banks for the solar and wind parks can only be used in coordination with the lending banks for the respective Company (for further information please refer to note 8.9). They are classified as restricted cash and cash equivalents but not as cash and cash equivalents in the meaning of IAS 7.

## 4.14 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (or disposal groups) are to be classified as held for sale when the respective carrying amount is mainly realized via a sale and not from continued use. The non-current assets and disposal groups held for sale are separately recognized in the statement of financial position and are measured at the lowest value of either their carrying amount or fair value minus costs to sell. The depreciation of assets or disposal groups ends with the classification as held for sale. Uncertainties in determining the fair value, minus costs to sell, result from corresponding estimates and assumptions.

## 4.15 PROVISIONS

Provisions are recognized if the Group has a current (constructive or legal) obligation based on a past event, the outflow of resources with economic benefits to fulfill the obligation is probable (more likely than not) and the amount of the obligation can be reliably estimated. If the impact of the time value of money is material, provisions are discounted at a risk-free interest rate. The risk inherent in the present obligation is considered in determining the respective cash flows. If provisions are discounted, the increase in the carrying amount over time is recognized as interest expense. Provisions are classified based on the expected due dates; consequently, provisions due in less than one year are regarded as current and provisions due in more than one year are regarded as non-current.

Current provisions are recognized at the expected settlement amount without discounting and reflect all obligations identifiable on the reporting date based on past transactions or events preceding the reporting date and their amount or due date is uncertain, whereby the amount recognized for a single obligation is the most likely settlement amount. In case of large numbers of obligations within the same class, all possible outcomes are weighed by their associated probabilities (concept of the expected value).

Present obligations arising under onerous contracts are recognized and measured as provisions. This is the case if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Contingent liabilities are not recognized on the statement of financial positions. They are disclosed if the possibility of an outflow of resources is not remote.

Provisions mainly comprise identifiable asset retirement obligations for solar and wind parks.

## 4.16 RELATED PARTY TRANSACTIONS

During the year, Group companies entered into the transactions with related parties who are not members of the Group.

Details of related party transactions and directors' remuneration are given in note 12.2.

The Group has not made any allowance for bad or doubtful accounts in respect of related party debtors nor has any guarantee been given or received during 2015 or 2014 regarding related party transactions.

# 5 SCOPE OF CONSOLIDATION AND BUSINESS COMBINATIONS

## 5.1 SCOPE OF CONSOLIDATION

The following Group companies are included in the consolidated financial statements along with CHORUS AG:

| | Company name | Country | Location | December 31, 2015 |
|---|---|---|---|---|
| | Parent | | | |
| 1 | CHORUS Clean Energy AG | Germany | Neubiberg | 100.0% |
| | Consolidated companies | | | |
| 2 | Atlantis Energy di Chorus Solar Italia Centrale 5. Srl & Co. SAS | Italy | Bruneck | 100.0% |
| 3 | Cagli Solar di Chorus Solar Italia Centrale 5. Srl & Co. SAS | Italy | Bruneck | 100.0% |
| 4 | Centrale Eolienne de Bihy SARL | France | Vern sur Seiche | 100.0% |
| 5 | CHORUS Clean Energy Advisor GmbH | Germany | Neubiberg | 100.0% |
| 6 | CHORUS Clean Energy Assetmanagement GmbH | Germany | Neubiberg | 100.0% |
| 7 | CHORUS Clean Energy Invest GmbH | Germany | Neubiberg | 100.0% |
| 8 | CHORUS Clean Energy Verwaltungs GmbH | Germany | Neubiberg | 40.0% |
| 9 | CHORUS CleanTech 1. Fonds Invest GmbH | Germany | Neubiberg | 100.0% |
| 10 | CHORUS CleanTech 2. Fonds Invest GmbH | Germany | Neubiberg | 100.0% |
| 11 | CHORUS CleanTech GmbH & Co. Solarpark Burgheim KG | Germany | Neubiberg | 100.0% |
| 12 | CHORUS CleanTech GmbH & Co. Solardach Betze KG | Germany | Neubiberg | 100.0% |
| 13 | CHORUS CleanTech GmbH & Co. Solarpark Bitterfeld KG | Germany | Neubiberg | 36.0% |
| 14 | CHORUS CleanTech GmbH & Co. Solarpark Bockelwitz KG | Germany | Neubiberg | 100.0% |
| 15 | CHORUS CleanTech GmbH & Co. Solarpark Denkendorf KG | Germany | Neubiberg | 100.0% |
| 16 | CHORUS CleanTech GmbH & Co. Solarpark Eisleben KG | Germany | Neubiberg | 100.0% |
| 17 | CHORUS CleanTech GmbH & Co. Solarpark Gardelegen KG | Germany | Neubiberg | 100.0% |
| 18 | CHORUS CleanTech GmbH & Co. Solarpark Greiz KG | Germany | Neubiberg | 100.0% |
| 19 | CHORUS CleanTech GmbH & Co. Solarpark Gut Werchau KG | Germany | Neubiberg | 100.0% |
| 20 | CHORUS CleanTech GmbH & Co. Solarpark Kemating KG | Germany | Neubiberg | 100.0% |
| 21 | CHORUS CleanTech GmbH & Co. Solarpark Neuenhagen KG | Germany | Neubiberg | 100.0% |
| 22 | CHORUS CleanTech GmbH & Co. Solarpark Pasewalk KG | Germany | Neubiberg | 100.0% |
| 23 | CHORUS CleanTech GmbH & Co. Solarpark Richelbach KG | Germany | Neubiberg | 100.0% |
| 24 | CHORUS CleanTech GmbH & Co. Solarpark Rietschen KG | Germany | Neubiberg | 100.0% |
| 25 | CHORUS CleanTech GmbH & Co. Solarpark Rüdersdorf KG | Germany | Neubiberg | 100.0% |
| 26 | CHORUS CleanTech GmbH & Co. Solarpark Ruhland KG | Germany | Neubiberg | 100.0% |
| 27 | CHORUS CleanTech GmbH & Co. Solarpark Scheibenberg KG | Germany | Neubiberg | 100.0% |
| 28 | CHORUS CleanTech GmbH & Co. Solarpark Vilseck KG | Germany | Neubiberg | 100.0% |
| 29 | CHORUS CleanTech GmbH & Co. Solarpark Warrenzin KG | Germany | Neubiberg | 88.6% |
| 30 | CHORUS CleanTech GmbH & Co. Solarparks Niederbayern KG | Germany | Neubiberg | 100.0% |
| 31 | CHORUS CleanTech GmbH & Co. Windpark Hellberge KG | Germany | Neubiberg | 100.0% |

| | Company name | Country | Location | December 31, 2015 |
|---|---|---|---|---|
| 32 | CHORUS CleanTech GmbH & Co. Windpark Ruhlkirchen KG | Germany | Neubiberg | **100.0%** |
| 33 | CHORUS CleanTech GmbH & Co. Windpark Stolzenhain KG | Germany | Neubiberg | **100.0%** |
| 34 | CHORUS CleanTech Management GmbH | Germany | Neubiberg | **100.0%** |
| 35 | CHORUS CleanTech Portfolio Alpha GmbH | Germany | Neubiberg | **100.0%** |
| 36 | CHORUS Energieanlagen GmbH | Germany | Neubiberg | **100.0%** |
| 37 | CHORUS CleanTech 7. Solarinvest GmbH | Germany | Neubiberg | **100.0%** |
| 38 | CHORUS GmbH | Germany | Neubiberg | **100.0%** |
| 39 | CHORUS Solar 3. Srl | Italy | Bruneck | **100.0%** |
| 40 | CHORUS Solar 3. Srl & Co. SAS | Italy | Bruneck | **100.0%** |
| 41 | CHORUS Solar 3. Srl & Co. SAS 2 | Italy | Bruneck | **100.0%** |
| 42 | CHORUS Solar 5. Srl | Italy | Bruneck | **100.0%** |
| 43 | CHORUS Solar 5. Srl & Co. SAS Alpha | Italy | Bruneck | **100.0%** |
| 44 | CHORUS Solar Banna 3. Srl | Italy | Bruneck | **100.0%** |
| 45 | CHORUS Solar Banna 3. Srl & Co. Torino Due SAS | Italy | Bruneck | **100.0%** |
| 46 | CHORUS Solar Banna 5. Srl | Italy | Bruneck | **100.0%** |
| 47 | CHORUS Solar Banna 5. Srl & Co. PP4 SAS | Italy | Bruneck | **100.0%** |
| 48 | CHORUS Solar Banna 5. Srl & Co. SAS Beta | Italy | Bruneck | **100.0%** |
| 49 | CHORUS Solar Banna 5. Srl & Co. Torino Uno SAS | Italy | Bruneck | **100.0%** |
| 50 | CHORUS Solar GmbH | Italy | Bruneck | **100.0%** |
| 51 | CHORUS Solar Italia Centrale 5. Srl | Italy | Bruneck | **100.0%** |
| 52 | CHORUS Solar Puglia 3. Srl | Italy | Bruneck | **100.0%** |
| 53 | CHORUS Solar Puglia 3. Srl & Co. Casarano SAS | Italy | Bruneck | **100.0%** |
| 54 | CHORUS Solar Puglia 3. Srl & Co. Matino SAS | Italy | Bruneck | **100.0%** |
| 55 | CHORUS Solar Puglia 3. Srl & Co. Nardò SAS | Italy | Bruneck | **100.0%** |
| 56 | CHORUS Solar Srl & Co. Foggia Cinque SAS | Italy | Bruneck | **100.0%** |
| 57 | CHORUS Solar Srl & Co. Foggia Due SAS | Italy | Bruneck | **100.0%** |
| 58 | CHORUS Solar Srl & Co. Foggia Nove SAS | Italy | Bruneck | **100.0%** |
| 59 | CHORUS Solar Srl & Co. Foggia Otto SAS | Italy | Bruneck | **100.0%** |
| 60 | CHORUS Solar Srl & Co. Foggia Quattro SAS | Italy | Bruneck | **100.0%** |
| 61 | CHORUS Solar Srl & Co. Foggia Sei SAS | Italy | Bruneck | **100.0%** |
| 62 | CHORUS Solar Srl & Co. Foggia Sette SAS | Italy | Bruneck | **100.0%** |
| 63 | CHORUS Solar Srl & Co. Foggia Tre SAS | Italy | Bruneck | **100.0%** |
| 64 | CHORUS Solar Srl & Co. SAS | Italy | Bruneck | **100.0%** |
| 65 | CHORUS Solar Toscana 5. Srl | Italy | Bruneck | **100.0%** |
| 66 | CHORUS Solar Toscana 5. Srl & Co. Ternavasso Due SAS | Italy | Bruneck | **100.0%** |
| 67 | CHORUS Solar Toscana 5. Srl & Co. Ternavasso Uno SAS | Italy | Bruneck | **100.0%** |
| 68 | CHORUS Vertriebs GmbH | Germany | Neubiberg | **100.0%** |
| 69 | Collechio Energy di Chorus Solar 5. Srl & Co. SAS | Italy | Bruneck | **100.0%** |
| 70 | Energia & Sviluppo di Chorus Solar 5. Srl & Co. SAS | Italy | Bruneck | **100.0%** |
| 71 | Idea Energy SAS di Chorus Solar Toscana 5. Srl & C. | Italy | Bruneck | **100.0%** |
| 72 | La Rocca Energy di Chorus Solar 3. Srl & Co. SAS | Italy | Bruneck | **100.0%** |

| | Company name | Country | Location | December 31, 2015 |
|---|---|---|---|---|
| 73 | Le Lame SAS di Chorus Solar Toscana 5. Srl & Co. SAS | Italy | Bruneck | 100.0% |
| 74 | Lux Energy di Chorus Solar 5. Srl & Co. SAS | Italy | Bruneck | 100.0% |
| 75 | Rasena Solare SAS di Chorus Solar Toscana 5. Srl & C. | Italy | Bruneck | 100.0% |
| 76 | San Giuliano Energy di Chorus Solar Toscana 5. Srl & Co. SAS | Italy | Bruneck | 100.0% |
| 77 | San Martino Energy di Chorus Solar 5. Srl & Co. SAS | Italy | Bruneck | 100.0% |
| 78 | Solarpark Gelchsheim GmbH & Co. KG | Germany | Neubiberg | 100.0% |
| 79 | Solarpark Gnannenweiler GmbH & Co. KG | Germany | Reußenköge | 56.8% |
| 80 | Solarpark Staig GmbH & Co. KG | Germany | Reußenköge | 75.7% |
| 81 | Sun Time Renewable Energy di Chorus Solar 3. Srl & Co. SAS | Italy | Bruneck | 100.0% |
| 82 | Treponti di Chorus Solar 3. Srl & Co. SAS | Italy | Bruneck | 100.0% |
| 83 | Windpark Pongratzer Kogel GmbH | Austria | Vienna | 100.0% |
| 84 | Energiepark Appeln GmbH & Co. WP APP KG | Germany | Bremen | 100.0% |
| 85 | Windpark Zagersdorf GmbH | Austria | Kilb | 100.0% |
| 86 | Windpark Herrenstein GmbH | Austria | Kilb | 100.0% |
| | **Accounting for Acquisitions of Interests in Joint Operations** | | | |
| 87 | Richelbach Solar GbR | Germany | Reußenköge | 60.0% |
| | **Associated Companies** | | | |
| 88 | Gnannenweiler Windnetz GmbH & Co. KG | Germany | Bopfingen | 20.0% |
| 89 | CHORUS Infrastructure Fund S. A. SICAV-SIF | Luxembourg | Munsbach | 4.9% |

In the fiscal year 2015, the following newly acquired companies were included in the consolidated financial statements of CHORUS AG for the first time:

- Energiepark Appeln GmbH & Co. WP APP KG
- Windpark Zagersdorf GmbH
- Windpark Herrenstein GmbH

For the acquisition of the Austrian wind parks Zagersdorf and Herrenstein, no purchase price allocations were established since the requirement of an existing operation at the acquisition date was not present. The companies were handled as asset purchases. The identified assets and liabilities were included in the Group for the first time at the acquisition date of December 31, 2015.

In the third quarter of 2015, CHORUS CleanTech Equity Verwaltungs GmbH and CHORUS CleanTech Energieanlagen Verwaltungs GmbH were merged into CHORUS CleanTech Solar Verwaltungs GmbH. CHORUS CleanTech Solar Verwaltungs GmbH was renamed as part of the merger to CHORUS Energieanlagen GmbH.

CHORUS AG controls CHORUS Clean Energy Verwaltungs GmbH with a holding of 40.0 percent by exercising management of the Company.

CHORUS AG controls CHORUS CleanTech GmbH & Co. Solarpark Bitterfeld KG with a share of 36.0 percent by exercising the management of the Company and the Company that holds the residual 64.0 percent.

## 5.2 BUSINESS COMBINATIONS

### COMPANIES ACQUIRED IN FISCAL YEAR 2015:

Pursuant to its growth strategy, CHORUS AG acquired all shares in Energiepark Appeln GmbH & Co. WP APP KG as of December 1, 2015. The purchased Company is a wind park in Beverstedt (Lower Saxony, Germany) near Cuxhaven. Following the IPO of CHORUS AG, the purchase of the wind park represents the first of several planned transactions that will successively expand the Company's portfolio.

From the time of its first-time consolidation on December 1, 2015, to December 31, 2015, Energiepark Appeln GmbH & Co. WP APP KG contributed revenue of EUR 141 thousand and a loss of EUR 17 thousand to consolidated net income. Since the wind park began operations in December 2015, the consolidated revenue of the CHORUS Group in 2015 would have also increased EUR 141 thousand and its consolidated profit for the year by EUR 93 thousand if the Company had been consolidated on January 1, 2015.

As consideration for the acquired shares, a purchase price of EUR 1 thousand was agreed upon with the seller. Considerations in the form of issued equity instruments, share-based premiums or contingent considerations were not arranged.

The following summarizes the assets and liabilities acquired as part of the first-time consolidation:

| WINDPARK APPELN | Fair value in EUR thousands |
|---|---|
| Intangible assets | 1,736 |
| Property, plant and equipment | 7,580 |
| Deferred tax assets | 96 |
| Current non-financial assets | 108 |
| Cash and cash equivalents | 7,015 |
| Non-current provisions | 573 |
| Non-current financial liabilities | 13,899 |
| Deferred tax liabilities | 520 |
| Current provisions | 84 |
| Trade payables | 932 |
| Current financial liabilities | 108 |

The value of the newly measured equity amounted to EUR 420 thousand at the first-time consolidation. At the acquisition date, the wind power plants were in the final stages of preparing for operation. Due to the temporal proximity to the start of operations, no new measurement of the property, plant and equipment was performed.

Multiple directly related operative rights for constructing and operating the wind power plants were identified as intangible assets. The measurement of these operative rights was done using the residual value method. With this method, the present value of future expected net cash flows that are generated thanks to the rights are measured minus the cash flows that are connected with the supporting assets. The resulting fair value of the operative rights amounted to EUR 1,736 thousand as of the first-time consolidation.

Along with the measurement of the operative rights, adjustments to the fair value of an asset retirement obligation and an awarded loan were performed as of the first-time consolidation. Pursuant to IFRS, the asset retirement obligation was capitalized in both non-current assets and provisions at an equal amount. As of December 1, 2015, the fair value of the capitalized asset retirement obligation as well as the corresponding provision arranged amounted to EUR 573 thousand. The fair value of the loan amounted to EUR 13,899 thousand as of the first-time consolidation.

Goodwill was determined as follows:

| | in EUR thousands |
|---|---|
| Consideration transferred | 1 |
| Fair value of equity as of the first-time consolidation | –420 |
| **Negative difference** | **419** |

The value of the acquired Company primarily results from the wind power plants acquired and the operative rights for constructing and operating the wind power plants as well as the resulting revenue. The purchase of Energiepark Appeln GmbH & Co. WP APP KG represents an advantageous acquisition that is underscored by the negative difference of EUR 419 thousand. The negative difference was mainly made possible by the good market positioning and establishment of the CHORUS Group compared to its potential competitors. This positioning is also seen in exclusive negotiations and the Group's reputation for professionally processing transactions. Goodwill that could be used as a deduction for tax purposes did not exist for this purchase.

## COMPANIES ACQUIRED IN THE PREVIOUS YEAR

The CHORUS Group's structure resulted from CHORUS AG's acquisition of the holding and operative companies on December 31, 2014, whereby it obtained control of these entities.

In December 2014, CHORUS acquired by contributions in kind the voting equity instruments of the following 74 holding companies and operating companies whose principal activities are producing renewable energy via solar and wind parks:

| Companies acquired in fiscal year 2014 | Share |
|---|---|
| Atlantis Energy di Chorus Solar Italia Centrale 5. Srl & Co. SAS | 100.0% |
| Cagli Solar di Chorus Solar Italia Centrale 5. Srl & Co. SAS | 100.0% |
| Centrale Eolienne de Bihy SARL | 100.0% |
| CHORUS CleanTech 1. Fonds Invest GmbH | 100.0% |
| CHORUS CleanTech 2. Fonds Invest GmbH | 100.0% |
| CHORUS CleanTech GmbH & Co. Solarpark Burgheim KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Solardach Betze KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Solarpark Bitterfeld KG | 36.0% |
| CHORUS CleanTech GmbH & Co. Solarpark Bockelwitz KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Solarpark Denkendorf KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Solarpark Eisleben KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Solarpark Gardelegen KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Solarpark Greiz KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Solarpark Gut Werchau KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Solarpark Kemating KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Solarpark Neuenhagen KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Solarpark Pasewalk KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Solarpark Richelbach KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Solarpark Rietschen KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Solarpark Rüdersdorf KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Solarpark Ruhland KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Solarpark Scheibenberg KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Solarpark Vilseck KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Solarpark Warrenzin KG | 88.6% |
| CHORUS CleanTech GmbH & Co. Solarparks Niederbayern KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Windpark Hellberge KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Windpark Ruhlkirchen KG | 100.0% |
| CHORUS CleanTech GmbH & Co. Windpark Stolzenhain KG | 100.0% |
| CHORUS CleanTech Portfolio Alpha GmbH | 100.0% |
| CHORUS CleanTech 7. Solarinvest GmbH | 100.0% |
| CHORUS Solar 3. Srl | 100.0% |
| CHORUS Solar 3. Srl & Co. SAS | 100.0% |
| CHORUS Solar 3. Srl & Co. SAS 2 | 100.0% |
| CHORUS Solar 5. Srl | 100.0% |

| Companies acquired in fiscal year 2014 | Share |
|---|---|
| CHORUS Solar 5. Srl & Co. SAS Alpha | 100.0% |
| CHORUS Solar Banna 3. Srl | 100.0% |
| CHORUS Solar Banna 3. Srl & Co. Torino Due SAS | 100.0% |
| CHORUS Solar Banna 5. Srl | 100.0% |
| CHORUS Solar Banna 5. Srl & Co. PP4 SAS | 100.0% |
| CHORUS Solar Banna 5. Srl & Co. SAS Beta | 100.0% |
| CHORUS Solar Banna 5. Srl & Co. Torino Uno SAS | 100.0% |
| CHORUS Solar GmbH | 100.0% |
| CHORUS Solar Italia Centrale 5. Srl | 100.0% |
| CHORUS Solar Puglia 3. Srl | 100.0% |
| CHORUS Solar Puglia 3. Srl & Co. Casarano SAS | 100.0% |
| CHORUS Solar Puglia 3. Srl & Co. Matino SAS | 100.0% |
| CHORUS Solar Puglia 3. Srl & Co. Nardò SAS | 100.0% |
| CHORUS Solar Srl & Co. Foggia Cinque SAS | 100.0% |
| CHORUS Solar Srl & Co. Foggia Due SAS | 100.0% |
| CHORUS Solar Srl & Co. Foggia Nove SAS | 100.0% |
| CHORUS Solar Srl & Co. Foggia Otto SAS | 100.0% |
| CHORUS Solar Srl & Co. Foggia Quattro SAS | 100.0% |
| CHORUS Solar Srl & Co. Foggia Sei SAS | 100.0% |
| CHORUS Solar Srl & Co. Foggia Sette SAS | 100.0% |
| CHORUS Solar Srl & Co. Foggia Tre SAS | 100.0% |
| CHORUS Solar Srl & Co. SAS | 100.0% |
| CHORUS Solar Toscana 5. Srl | 100.0% |
| CHORUS Solar Toscana 5. Srl & Co. Ternavasso Due SAS | 100.0% |
| CHORUS Solar Toscana 5. Srl & Co. Ternavasso Uno SAS | 100.0% |
| Collechio Energy di Chorus Solar 5. Srl & Co. SAS | 100.0% |
| Energia & Sviluppo di Chorus Solar 5. Srl & Co. SAS | 100.0% |
| Idea Energy SAS di Chorus Solar Toscana 5. Srl & C. | 100.0% |
| La Rocca Energy di Chorus Solar 3. Srl & Co. SAS | 100.0% |
| Le Lame SAS di Chorus Solar Toscana 5. Srl & Co. SAS | 100.0% |
| Lux Energy di Chorus Solar 5. Srl & Co. SAS | 100.0% |
| Rasena Solare SAS di Chorus Solar Toscana 5. Srl & C. | 100.0% |
| San Giuliano Energy di Chorus Solar Toscana 5. Srl & Co. SAS | 100.0% |
| San Martino Energy di Chorus Solar 5. Srl & Co. SAS | 100.0% |
| Solarpark Gelchsheim GmbH & Co. KG | 100.0% |
| Solarpark Gnannenweiler GmbH & Co. KG | 56.8% |
| Solarpark Staig GmbH & Co. KG | 75.7% |
| Sun Time Renewable Energy di Chorus Solar 3. Srl & Co. SAS | 100.0% |
| Treponti di Chorus Solar 3. Srl & Co. SAS | 100.0% |
| Windpark Pongratzer Kogel GmbH | 100.0% |

The fair value of identifiable assets and liabilities of the 74 holding and operating companies acquired was as follows:

| in EUR thousands | Fair value |
|---|---|
| Intangible assets | 163,197 |
| Property, plant and equipment | 252,498 |
| Financial investments at equity | 200 |
| Non-current financial assets | 4,351 |
| Shareholder loan receivables | 31,993 |
| Deferred tax assets | 18,818 |
| Trade and other receivables | 3,670 |
| Income taxes receivable | 425 |
| Current financial assets | 1,170 |
| Current non-financial assets | 4,522 |
| Cash and cash equivalents | 14,778 |
| Restricted cash and cash equivalents | 16,091 |
| Liabilities to limited partners | 4,034 |
| Non-current provisions | 3,358 |
| Non-current financial liabilities | 341,057 |
| Shareholder loans | 31,993 |
| Deferred tax liabilities | 1,409 |
| Current provisions | 1,371 |
| Trade payables | 1,706 |
| Income taxes payable | 3,389 |
| Current financial liabilities | 21,446 |
| Other current liabilities | 2,761 |
| Deferred income | 780 |
| **Total net assets/liabilities** | **98,408** |

The fair value of the receivables acquired corresponded to their contractual gross amount.

The fair value of the ordinary shares issued was based on a discounted cash flow value of the Company at December 31, 2014, of EUR 116,131 thousand, which was derived from a cash flow computation at December 31, 2014.

Since the acquisition date was December 31, 2014, there was no effect on the consolidated statement of comprehensive income/loss in the consolidated financial statements. If the Group had consolidated the 74 holding and operating companies on January 1, 2014, consolidated revenues for 2014 would have been higher by EUR 51,634 thousand and consolidated profit would have improved by EUR 5,735 thousand. CHORUS Group revenues in total would have been approximately EUR 54,983 thousand and profit for the year would have been approximately EUR 4,145 thousand for the fiscal year from January 1 to December 31, 2014.

The acquisition of the entities was accounted for using the partial goodwill method.

Goodwill arising from the acquisition of the holding and operating entities amounted to EUR 17,723 thousand. The amount is mainly attributable to the synergies (such as cost reduction, reputation gains and increase of fungibility) expected to be achieved from integrating the 74 holding and operating companies into the Group's existing business.

Since the contribution was not yet registered in 2014, an amount of EUR 440 thousand (net of tax) related to the business combination was deferred as capital issuance costs and is reflected within other current non-financial assets. The issuance costs (net of tax) were deducted directly from capital reserve when the contribution was finally registered.

## 6 SEGMENT REPORTING

The activities of the CHORUS Group were broken down into segments in compliance with IFRS 8 (Operating Segments). Presentation is oriented on internal management and reporting while recognizing the organizational alignment of the Group based on the various products and services of the reporting segments.

The activities of the CHORUS Group are broken down into the following segments for reporting:

**Energy Generation Solar** consists of 57 solar parks in Germany and Italy.

**Energy Generation Wind** comprises the eight existing wind parks in Germany, France and Austria.

**Asset Management** covers the general commercial and administrative services as well as investment management for the CHORUS Group's own portfolio as well as the portfolio it manages for third parties. The advisory services consist of the initiation of funds for professional investors and the creation of tailored and structured investments for these investor groups in the field of renewable energy. Subsequent to such structuring work, CHORUS typically provides asset management services to such institutional funds and other investment vehicles of professional investors and the operating companies held by these. The segment contains CHORUS Clean Energy Advisor GmbH, CHORUS Clean Energy Assetmanagement GmbH, CHORUS Vertriebs GmbH, CHORUS Clean Energy Verwaltungs GmbH, CHORUS Energieanlagen GmbH as well as the revenue from CHORUS Clean Energy AG amounting to EUR 1,408 thousand.

A summary of the operating segments was not prepared.

The reconciliation item lists business activities and circumstances that do not have a direct connection to the reporting segments of the CHORUS Group. This includes revenue and expenses from Group headquarters, personnel costs and costs relating to the IPO in addition to the consolidation of business relationships between the segments and administration. The management of the segments by the members of the Management Board is performed based on various key figures (such as EBIT or EBITDA). These key figures are subject to the same disclosure, accounting and measurement methods as used for the consolidated financial statements. Interest income from shareholder loans that were provided within the Group to operating companies in the Energy Generation Solar and Energy Generation Wind segments has been allocated to their respective segments (Solar: EUR 1,546 thousand; Wind: EUR 295 thousand). Internal Group revenue is transacted at market prices. Information on segment assets and liabilities is not reported to the Management Board.

The segment information breaks down as follows:

| in EUR thousands | Energy Generation Solar | Energy Generation Wind | Asset Management | Total for operating segments | Reconciliation | Group |
|---|---|---|---|---|---|---|
| **Revenue** | 49,263 | 5,931 | 4,833 | **60,027** | –1,445 | **58,582** |
| Previous year | 0 | 0 | 3,349 | **3,349** | 0 | **3,349** |
| Revenue with third parties | 49,263 | 5,931 | 3,388 | **58,582** | 0 | **58,582** |
| Previous year | 0 | 0 | 3,349 | **3,349** | 0 | **3,349** |
| Revenue with other segments | 0 | 0 | 1,445 | **1,445** | –1,445 | **0** |
| Previous year | 0 | 0 | 0 | **0** | 0 | **0** |
| **Earnings before interest, taxes, depreciation and amortization (EBITDA)** | 41,290 | 4,846 | 4,552 | **50,688** | –7,833 | **42,856** |
| Previous year | 0 | 0 | 2,418 | **2,418** | –3,706 | **–1,289** |
| Depreciation and amortization | –19,551 | –2,336 | 0 | **–21,887** | –89 | **–21,976** |
| Previous year | 0 | 0 | 0 | **0** | –74 | **–74** |
| **Earnings before interest and taxes (EBIT)** | 21,739 | 2,510 | 4,552 | **28,801** | –7,922 | **20,880** |
| Previous year | 0 | 0 | 2,418 | **2,418** | –3,781 | **–1,363** |
| Interest income | 108 | 1 | 28 | **137** | 55 | **192** |
| Previous year | 0 | 0 | 5 | **5** | 268 | **273** |
| Interest expenses | –8,727 | –542 | –3 | **–9,272** | –803 | **–10,076** |
| Previous year | 0 | 0 | –1 | **–1** | –141 | **–141** |
| Financial investments recognized using the equity method | –26 | 0 | 0 | **–26** | 0 | **–26** |
| Previous year | 0 | 0 | 0 | **0** | 4 | **4** |
| Valuation of interest-rate swaps | 1,836 | 37 | 0 | **1,872** | 0 | **1,872** |
| Previous year | 0 | 0 | 0 | **0** | 0 | **0** |
| **Financial result** | –6,809 | –505 | 25 | **–7,289** | –748 | **–8,038** |
| Previous year | 0 | 0 | 4 | **4** | 128 | **132** |
| **Earnings before taxes (EBT)** | 14,930 | 2,005 | 4,577 | **21,512** | –8,669 | **12,842** |
| Previous year | 0 | 0 | 2,422 | **2,422** | –3,653 | **–1,231** |
| Income taxes | –2,642 | –1,026 | –349 | **–4,017** | 77 | **–3,939** |
| Previous year | 0 | 0 | –72 | **–72** | –288 | **–359** |
| **Profit (loss) for the year** | 12,288 | 980 | 4,228 | **17,495** | –8,592 | **8,903** |
| Previous year | 0 | 0 | 2,350 | **2,350** | –3,941 | **–1,590** |
| **Earnings per share (in EUR)** | 0.62 | 0.05 | 0.21 | **0.88** | –0.43 | **0.45** |
| Previous year (in EUR) | 0.00 | 0.00 | 0.59 | **0.59** | –0.99 | **–0.40** |

The reconciliation of the segment totals to the corresponding Group figures breaks down as follows:

| in EUR thousands | 2015 | 2014 |
|---|---|---|
| **Revenue** | | |
| Total for operating segments | 60,027 | 3,349 |
| Administration | 14 | 0 |
| Consolidations | –1,460 | 0 |
| Group | 58,582 | 3,349 |
| **Earnings before interest, taxes, depreciation and amortization (EBITDA)** | | |
| Total for operating segments | 50,688 | 2,418 |
| Administration | –7,833 | –3,706 |
| Consolidations | 0 | 0 |
| Group | 42,856 | –1,289 |
| **Earnings before interest and taxes (EBIT)** | | |
| Total for operating segments | 28,801 | 2,418 |
| Administration | –7,922 | –3,781 |
| Consolidations | 0 | 0 |
| Group | 20,880 | –1,363 |
| **Financial result** | | |
| Total for operating segments | –7,289 | 4 |
| Administration | –748 | 128 |
| Consolidations | 0 | 0 |
| Group | –8,038 | 132 |
| **Earnings before taxes (EBT)** | | |
| Total for operating segments | 21,512 | 2,422 |
| Administration | –8,669 | –3,653 |
| Consolidations | 0 | 0 |
| Group | 12,842 | –1,231 |
| **Profit (loss) for the year** | 0 | 0 |
| Total for operating segments | 17,495 | 2,350 |
| Administration | –8,592 | –3,941 |
| Consolidations | 0 | 0 |
| Group | 8,903 | –1,590 |
| **Earnings per share (in EUR)** | | |
| Total for operating segments | 0.88 | 0.59 |
| Administration | –0.43 | –0.99 |
| Consolidations | 0.00 | 0.00 |
| Group | 0.45 | –0.40 |

The following table shows the revenue of the CHORUS Group as well as non-current assets depending on the location of the respective companies. The disclosures on the non-current assets relate to intangible assets and property plant and equipment.

| | Revenue with third parties | | Non-current assets | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| in EUR thousands | | | | |
| Germany | 35,476 | 3,349 | 284,609 | 273,455 |
| Italy | 20,972 | 0 | 119,446 | 130,132 |
| France | 677 | 0 | 5,168 | 5,279 |
| Austria | 1,457 | 0 | 24,270 | 11,936 |
| Total | 58,582 | 3,349 | 433,494 | 420,802 |
| Goodwill | – | – | 16,641 | 17,723 |
| Group | 58,582 | 3,349 | 450,135 | 438,524 |

Regarding goodwill, no information on the country-specific distribution was available since this financial information is not used in preparing the consolidated financial statements. Therefore, goodwill is not allocated in the presentation of non-current assets.

Revenue from the two largest buyers in the Energy Generation Solar segment amounted to EUR 20,995 thousand (2014: EUR 0 thousand) and EUR 15,899 thousand (2014: EUR 0 thousand). Despite this fact, CHORUS is not dependent on an individual customer. The compensation for the electricity generated is either guaranteed by the statutory feed-in tariffs of the respective country or covered by direct marketing contracts. Due to the arrangements of the existing contracts with direct marketers and the underlying statutory provisions, CHORUS is not dependent on individual customers.

# 7 DISCLOSURES ON THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## 7.1 EXTRAORDINARY EFFECTS

The business activities can be affected by one-off occurrences, whose effects are recognized in the consolidated financial statements as “extraordinary effects.” To ensure greater comparability of the financial information across multiple reporting periods, earnings pursuant to IFRS are adjusted for these effects. In the fiscal year 2015, extraordinary expenses occurred in connection with the planned IPO that could not be directly deducted from the capital reserve during the preparations for the planned IPO.

The extraordinary effects had the following impact on the consolidated statement of comprehensive income:

| in EUR thousands | EBITDA | EBIT | Profit for the year | Earnings per share (in EUR) |
|---|---|---|---|---|
| Adjusted earnings 2015 | 45,693 | 23,717 | 11,013 | 0.55 |
| IPO-related expenses | 2,837 | 2,837 | 2,110 | 0.11 |
| 2015 earnings pursuant to IFRS | 42,856 | 20,880 | 8,903 | 0.45 |

## 7.2 REVENUE

Revenue can be broken down as follows:

| in EUR thousands | 2015 | 2014 |
|---|---|---|
| Energy Generation Solar | 49,263 | – |
| Energy Generation Wind | 5,931 | – |
| Asset Management | 3,388 | 3,349 |
| **Revenue** | 58,582 | 3,349 |

Revenue from electricity generation primarily consist of government grants, namely payments via the German Renewable Energy Act (EEG), the Italian "Conto Energia" and comparable provisions in Austria and France. These arise mainly from the difference between the established feed-in tariffs and the current market prices for electricity generation.

Revenue from services provided consist of planning and structuring services as well as management activities and remuneration of the CHORUS companies in their role as general partners for limited partners.

Revenue breaks down by country as follows:

| in EUR thousands | Germany | Italy | France | Austria | 2015 |
|---|---|---|---|---|---|
| Energy Generation Solar | 28,291 | 20,972 | – | – | 49,263 |
| Energy Generation Wind | 3,797 | – | 677 | 1,457 | 5,931 |
| Asset Management | 3,388 | – | – | – | 3,388 |
| **Total** | 35,476 | 20,972 | 677 | 1,457 | 58,582 |

| in EUR thousands | Germany | Italy | France | Austria | 2014 |
|---|---|---|---|---|---|
| Energy Generation Solar | – | – | – | – | – |
| Energy Generation Wind | – | – | – | – | – |
| Asset Management | 3,349 | – | – | – | 3,349 |
| **Total** | 3,349 | – | – | – | 3,349 |

## 7.3 OTHER INCOME

| in EUR thousands | 2015 | 2014 |
|---|---|---|
| Income from business combinations | 419 | 0 |
| Recharges | 612 | 234 |
| Out of period income | 389 | 43 |
| Insurance reimbursements and damages | 168 | 2 |
| Benefits in kind | 45 | 37 |
| Other | 988 | 614 |
| Total | 2,621 | 930 |

## 7.4 PERSONNEL EXPENSES

Personnel expenses recognized in the statement of comprehensive income are as follows:

| in EUR thousands | 2015 | 2014 |
|---|---|---|
| Salaries | 2,317 | 1,831 |
| Social security costs | 369 | 318 |
| Total | 2,686 | 2,149 |

In 2015, the CHORUS Group employed an average of 29 people (2014: 25 employees) – all of whom worked in administration.

Salaries include expenses for employee bonuses and other additional benefits.

## 7.5 OTHER EXPENSES

These mainly include the following operating expenses:

| in EUR thousands | 2015 | 2014 |
|---|---|---|
| Operating costs for solar and wind power plants | 6,279 | 0 |
| Administration expenses | 6,238 | 1,969 |
| *of which IPO-related expenses* | *2,837* | *673* |
| Insurances, contributions and fees | 630 | 212 |
| Advertising and travel expenses | 602 | 298 |
| Distribution costs | 228 | 11 |
| Space and building costs | 181 | 126 |
| Repairs and maintenance | 130 | 96 |
| Vehicle costs | 74 | 82 |
| Other operating expenses | 1,299 | 625 |
| Total | 15,661 | 3,419 |

## 7.6 DEPRECIATION AND AMORTIZATION/IMPAIRMENTS

Amortization charges on intangible assets of EUR 10,513 thousand (2014: EUR 57 thousand) and depreciation charges on property, plant and equipment of EUR 11,463 thousand (2014: 17 thousand) are reported under this line item. Amortization charges on intangible assets are attributable to computer software and project rights. Depreciation charges on property, plant and equipment can be attributed mainly to the solar and wind parks as well as other operating and office equipment. No impairment expense was recorded in the fiscal years 2015 and 2014.

## 7.7 NET FINANCIAL RESULT

| in EUR thousands | 2015 | 2014 |
|---|---|---|
| Interest and similar income | 192 | 269 |
| **Finance Income** | **192** | **269** |
| Expenses from fair value changes to entitlements towards limited partners | –657 | 0 |
| Interest and similar expenses | –9,375 | –141 |
| Interest accrued on provisions for asset retirement | –44 | 0 |
| **Finance costs** | **–10,076** | **–141** |
| Income from the measurement of interest rate swaps | 1,872 | 0 |
| **Earnings from the measurement of interest rate swaps** | **1,872** | **0** |
| Financial investments recognized using the equity method | –26 | 4 |
| **Net financing expenses recognized in comprehensive income** | **–8,038** | **132** |

## 7.8 INCOME TAXES

Income taxes can be broken down as follows:

| in EUR thousands | 2015 | 2014 |
|---|---|---|
| Current tax expense: | | |
| Current year | 1,675 | 74 |
| Adjustments for previous years | 80 | –3 |
| **Total** | **1,755** | **71** |
| | | |
| Deferred tax expense: | | |
| Occurrence/reversal of temporary differences | 1,974 | 288 |
| Differences from tax rate changes | 210 | 0 |
| **Total** | **2,184** | **288** |
| | | |
| **Total** | **3,939** | **359** |

Income from corporations in Germany is subject to a corporate income tax rate of 15.0 percent plus a solidarity surcharge of 5.5 percent and trade tax at the headquarters of 9.8 percent (combined tax rate of 25.6 percent) in accordance with the tax laws applicable in fiscal year 2015 and 2014. For limited partners in 2015, the respectively applicable current trade tax factor of the municipality where the Company is located is applied in Germany.

The applied tax rate for the fiscal year 2015 in Italy amounts to 32.15 percent for corporate entities and 2.68 percent for limited partnerships. The applied tax rate of companies in Austria amounts to 25 percent and the applied tax rate of companies in France amounts to 33 percent as of December 31, 2015. Deferred tax liabilities and deferred tax assets are calculated using the respective tax rate for each country.

Taxes recognized in other comprehensive income:

| | 2015 | | | 2014 | | |
|---|---|---|---|---|---|---|
| in EUR thousands | Before taxes | Tax expense | After taxes | Before taxes | Tax income (expense) | After taxes |
| Market value changes in financial assets available for sale | 998 | –256 | 743 | 0 | 0 | 0 |
| Total | 998 | –256 | 743 | 0 | 0 | 0 |

Taxes recognized directly in equity:

| | 2015 | | | 2014 | | |
|---|---|---|---|---|---|---|
| in EUR thousands | Before taxes | Tax expense | After taxes | Before taxes | Tax income (expense) | After taxes |
| Transaction costs for equity procurement | –6,905 | 1,422 | –5,483 | 0 | 0 | 0 |
| Total | –6,905 | 1,422 | –5,483 | 0 | 0 | 0 |

The reconciliation of the expected income tax expense (+)/ income (–) with respect to net profit before tax to the actual income tax expense can be broken down as follows:

| in EUR thousands | 2015 | 2014 |
|---|---|---|
| Profit (loss) before tax | 12,842 | –1,231 |
| Expected tax rate | 25.6% | 25.6% |
| Expected income tax expense (income) | 3,291 | –316 |
| Differences due to different local tax rates | 102 | 0 |
| Tax effects from tax rate changes | 210 | 0 |
| Effects from non-deductible operating expenses | 316 | 131 |
| Increases/reductions in corporate income tax rate | 320 | 0 |
| Tax-free income | –107 | 0 |
| Tax effects from permanent differences | 37 | 0 |
| Subsequent payments/reimbursements on income taxes from earlier periods | 80 | –3 |
| Deferred taxes from equity transactions | –250 | 0 |
| Tax benefits from regional receivables in foreign countries | –144 | 0 |
| Deferred tax assets not recognized on tax losses carried forward and temporary differences (Section 8c KStG) | 167 | 500 |
| Other tax effects | –83 | 46 |
| **Current income tax expense** | 3,939 | 359 |
| Effective tax rate | 30.7% | –29.2% |

## 7.9 EARNINGS PER SHARE

Earnings per share breaks down as follows:

| in EUR | 2015 | 2014 |
|---|---|---|
| Profit/loss attributable to the owners of CHORUS Clean Energy AG | 8,907,194 | –1,597,645 |
| Weighted average number of ordinary shares outstanding | 19,865,118 | 3,994,234 |
| **Earnings per share** | 0.45 | –0.40 |

The increase to the share capital of EUR 17,448,539 as part of the legal acquisition of the 74 operative and holding companies on February 23, 2015, (entry in the commercial register) is to be retroactively considered from January 1, 2015, since approval for the contribution was already present as of January 1, 2015.

The issue of new shares stemming from the IPO also flow into the weighted average number of ordinary shares outstanding.

The weighted average number of ordinary shares outstanding of the previous year are attributable to CHORUS AG and the accounting acquirers.

No shares were outstanding on either December 31, 2014, or December 31, 2015, that could dilute earnings per share.

# 8 NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 8.1 INTANGIBLE ASSETS AND GOODWILL

The development of intangible assets and goodwill can be broken down as follows for fiscal year 2014 to 2015:

| | Historical cost | | | | | |
|---|---|---|---|---|---|---|
| in EUR thousands | January 1, 2015 | Additions | Disposals [1] | Reclassifications and other changes | Acquisition via business combinations | December 31, 2015 |
| Goodwill | 17,723 | 0 | 137 | –944 | 0 | **16,641** |
| Advance lease payments | 7,418 | 362 | 150 | 0 | 0 | **7,630** |
| Advantageous project rights | 155,778 | 0 | 924 | 0 | 1,736 | **156,589** |
| Computer software | 366 | 2 | 0 | 0 | 0 | **368** |

| | Depreciation and amortization | | | | | |
|---|---|---|---|---|---|---|
| in EUR thousands | January 1, 2015 | Additions | Disposals [1] | Reclassifications and other changes | Acquisition via business combinations | December 31, 2015 |
| Goodwill | 0 | 0 | 0 | 0 | 0 | **0** |
| Advance lease payments | 0 | 902 | 7 | 0 | 0 | **895** |
| Advantageous project rights | 0 | 9,548 | 55 | 0 | 0 | **9,493** |
| Computer software | 136 | 64 | 0 | 0 | 0 | **200** |
| **Net book values** | 181,148 | –10,149 | 1,149 | –944 | 1,736 | **170,642** |

[1] Contains exclusively reclassifications in assets held for sale.

| | Historical cost | | | | | |
|---|---|---|---|---|---|---|
| in EUR thousands | January 1, 2014 | Additions | Disposals | Reclassifica-tions and other changes | Acquisition via business combinations | December 31, 2014 |
| Goodwill | 0 | 0 | 0 | 0 | 17,723 | 17,723 |
| Advance lease payments | 0 | 0 | 0 | 0 | 7,418 | 7,418 |
| Advantageous project rights | 0 | 0 | 0 | 0 | 155,778 | 155,778 |
| Computer software | 252 | 114 | 0 | 0 | 0 | 366 |

| | Depreciation and amortization | | | | | |
|---|---|---|---|---|---|---|
| in EUR thousands | January 1, 2014 | Additions | Disposals | Reclassifica-tions and other changes | Acquisition via business combinations | December 31, 2014 |
| Goodwill | 0 | 0 | 0 | 0 | 0 | 0 |
| Advance lease payments | 0 | 0 | 0 | 0 | 0 | 0 |
| Advantageous project rights | 0 | 0 | 0 | 0 | 0 | 0 |
| Computer software | 79 | 57 | 0 | 0 | 0 | 136 |
| **Net book values** | **173** | **57** | **0** | **0** | **180,919** | **181,149** |

Of the additions regarding advance lease payments of EUR 362 thousand (2014: EUR 0 thousand), EUR 341 thousand (2014: EUR 0 thousand) are non-cash items.

Further details on other changes to goodwill are reported in note 8.11: Equity – Capital Reserve.

## IMPAIRMENT TESTING FOR CGUs CONTAINING GOODWILL

CHORUS acquires renewable energy parks (either for its own CHORUS' portfolio or for third-party investors) and generally operates such parks until the end of the operations. Currently, CHORUS AG owns and operates 57 solar parks and eight wind parks in Germany, Italy, Austria and France.

CHORUS' management team guides the Company's success according to the operating segments (see note 6: Segment Reporting) in the three CGUs "Solar," "Wind" and "Asset Management." In the CGU Asset Management, CHORUS offers commercial administrative services as well as plant management for portfolios managed for third parties. The advisory services in the CGU consist of the initiation of funds for professional investors and the creation of tailored and structured investments for these investor groups in the field of renewable energy.

In the fiscal year 2015, the structure of the segment reporting was changed. By breaking down the "Energy Generation" segment into "Solar" and "Wind," the impairment test is performed on three CGUs in contrast to the previous year. The goodwill of the old Energy Generation segment was distributed to the two new CGUs. This allocation resulted from the difference in the carrying amount of a CGU and its fair value as determined by the impairment test in relation to the total differences established between the carrying amount and fair value of the two CGUs. The goodwill to be tested breaks down as follows:

**GOODWILL OF CGUs**

| in EUR thousands | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Energy generation (old) | **0** | 8,205 |
| Energy Generation Solar | **4,009** | 0 |
| Energy Generation Wind | **3,114** | 0 |
| Asset Management | **9,518** | 9,518 |
| Total | **16,641** | 17,723 |

CHORUS AG performed its annual impairment test on October 31, 2015. The recoverable amount of the individual CGUs was determined by calculating the fair value, which was done by discounting the expected cash flows that would result from the continued operation of the segment. The cash flow estimates used stem from the financial plans approved by the Management Board and Supervisory Board and which are based on specific estimates for the individual companies. The assumptions made for the planning are based on past figures and experiences as well as external opinions.

For the Solar and Wind CGUs, the plans used for the impairment test assumed a period of 25 operational years. The duration of the planning period relates to the operational lives of the individual parks, whose development was planned through to their respective end of operations. The final planning was adjusted by including typical investments in model parks and placed into steady state in this manner. This condition was extrapolated using a growth rate of 1 percent. The impairment test for the Asset Management CGU is based on a plan covering a period of five years, which was extrapolated at steady state using a growth rate of 1 percent.

To determine the fair value, the key assumptions were the 1 percent average growth rate for extrapolating the cash flows outside of the planning period in all segments as well as the discounting rate of the weighted average cost of capital (WACC) of 4.79 percent for Solar in Germany and Italy, 4.48 percent for Wind in Germany, Austria and France and 4.29 percent for Asset Management.

The average growth rate of 1 percent in the perpetual annuity is in agreement with standard market estimates. The discounting rates used are post-tax interest rates and reflect the market-specific risks of the respective CGU. Determining the discounting rates for the CGUs was based on the industry standard weighted average cost of capital (WACC). The respective risks for the markets in Italy, Austria and France were also considered in calculating the discounting rates. For the CGU Asset Management, achieving the planned placement volume represents a key assumption.

Based on the assumptions and expectations presented, no impairments were identified for any of the three CGUs as of October 31, 2015. A plausibility check of the results was performed based on market capitalization.

### SENSITIVITY ANALYSES ON THE IMPAIRMENT TEST

The results of the impairment test are primarily based on the assumptions of management presented above. In order to validate the results, the assumptions made were subjected to a sensitivity analysis, whereby the value impacts resulting from changes to the measurement parameters are assessed. Reducing the growth rate of the perpetual annuity from 1 percent to 0 percent over the course of the sensitivity analyses did not result in an impairment for any of the three CGUs. By increasing the respective discounting rate by 0.5 percent, the analysis also did not give any indication for an impairment of the CGUs. In the case of the CGU Asset Management, the proportional achievement of the annual placement volume was also lowered by 10 percent. This sensitivity analysis did not result in any impairment requirements for the affected CGU.

## 8.2 PROPERTY, PLANT AND EQUIPMENT

The development of property, plant and equipment can be broken down as follows for fiscal years 2014 to 2015:

| | Historical cost | | | | | |
|---|---|---|---|---|---|---|
| in EUR thousands | January 1, 2015 | Additions | Disposals [1] | Reclassifications and other changes | Acquisition via business combinations | December 31, 2015 |
| Land and buildings | 779 | 25 | 0 | –51 | 0 | **753** |
| Solar and wind parks | 251,716 | 14,492 | 2,658 | 51 | 7,580 | **271,180** |
| Other operating and office equipment | 211 | 26 | 0 | 0 | 0 | **236** |
| Advance payments made and plants under construction | 0 | 12,501 | 0 | 0 | 0 | **12,501** |

[1] Contains reclassifications in assets held for sale of EUR 2,623 thousand.

| | Depreciation and amortization | | | | | |
|---|---|---|---|---|---|---|
| in EUR thousands | January 1, 2015 | Additions | Disposals [1] | Reclassifications and other changes | Acquisition via business combinations | December 31, 2015 |
| Land and buildings | 0 | 0 | 0 | 0 | 0 | **0** |
| Solar and wind parks | 0 | 11,437 | 123 | 0 | 0 | **11,314** |
| Other operating and office equipment | 185 | 25 | 0 | 0 | 0 | **210** |
| Advance payments made and plants under construction | 0 | 0 | 0 | 0 | 0 | **0** |
| Net book value | 252,521 | 15,580 | 2,535 | 0 | 7,580 | 273,147 |

[1] Contains reclassifications in assets held for sale of EUR 118 thousand.

| in EUR thousands | Historical cost | | | | | |
|---|---|---|---|---|---|---|
| | January 1, 2014 | Additions | Disposals | Reclassifications | Acquisition via business combinations | December 31, 2014 |
| Land and buildings | 0 | 0 | 0 | 0 | 779 | 779 |
| Solar and wind parks | 0 | 0 | 0 | 0 | 251,716 | 251,716 |
| Other operating and office equipment | 191 | 17 | 0 | 0 | 3 | 211 |

| in EUR thousands | Depreciation and amortization | | | | | |
|---|---|---|---|---|---|---|
| | January 1, 2014 | Additions | Disposals | Reclassifications | Acquisition via business combinations | December 31, 2014 |
| Land and buildings | 0 | 0 | 0 | 0 | 0 | 0 |
| Solar and wind parks | 0 | 0 | 0 | 0 | 0 | 0 |
| Other operating and office equipment | 168 | 17 | 0 | 0 | 0 | 185 |
| **Net book value** | **23** | **0** | **0** | **0** | **252,498** | **252,521** |

Of the additions regarding wind and solar parks of EUR 14,492 thousand (2014: EUR 0 thousand), EUR 1,633 thousand (2014: EUR 0 thousand) are non-cash items. The additions to the plants under construction are also non-cash items.

The carrying amount of the leased assets (solar plants Italy) shown under "Solar and wind parks" amounts to EUR 14,409 thousand (2014: EUR 16,882 thousand).

The collateral provided is described in note 4.11.4.

## 8.3 FINANCIAL INVESTMENTS AT EQUITY

Associated companies consists of Gnannenweiler Windnetz GmbH & Co. KG with EUR 174 thousand as of December 31, 2015, (2014: EUR 200 thousand) and CHORUS Infrastructure Fund S. A. SICAV-SIF with EUR 411 thousand as of December 31, 2015, (2014: EUR 280 thousand), which are both accounted for using the equity method.

CHORUS Infrastructure Fund S. A. SICAV-SIF headquartered in Munsbach, Luxembourg, is a public limited liability Company incorporated in Luxembourg, which is an investment entity with variable capital structured in the form of a specialized investment fund. The CHORUS Group holds a voting interest of 4.9 percent, though it exclusively participates in the result of the sub-fund CHORUS Infrastructure Fund S. A. SICAV-SIF – Renewables Europe I. CHORUS' share in the capital of the sub-fund results in a profit-sharing participation of 1.1 percent in this fund.

The Company is classified as an associate Company despite holding less than 20 percent of the voting rights, since a Management Board member of the CHORUS Group is also a member of the Board of Directors for the Company and therefore has substantial influence on the Company.

Due to the immateriality of the equity results of CHORUS Infrastructure Fund S. A. SICAV-SIF, no follow-up measurement using the equity method has been performed.

| in EUR thousands | January 1, 2015 | Additions | Loss | December 31, 2015 |
|---|---|---|---|---|
| CHORUS Infrastructure Fund S. A. SICAV-SIF | 280 | 131 | 0 | **411** |
| Gnannenweiler Windnetz GmbH & Co. KG | 200 | 0 | –26 | **174** |
| | 480 | 131 | –26 | **585** |

| in EUR thousands | January 1, 2014 | Additions | Loss | Acquisition via business combinations | December 31, 2014 |
|---|---|---|---|---|---|
| CHORUS Infrastructure Fund S. A. SICAV-SIF | 0 | 280 | 0 | 0 | 280 |
| Gnannenweiler Windnetz GmbH & Co. KG | 0 | 0 | 0 | 200 | 200 |
| | 0 | 280 | 0 | 200 | 480 |

## 8.4 NON-CURRENT FINANCIAL ASSETS

### INVESTMENTS AVAILABLE FOR SALE

Investments available for sale in four investment funds in the renewable energies sector in the form of limited partners registered in the UK and the Cayman Islands belong to non-current financial assets: CleanTech Europe I L.P., London/U.K. ("Zouk I"), CleanTech Europe II L.P., London/U.K. ("Zouk II"), Hudson Clean Energy Partners (Cayman) L.P., Cayman Islands ("Hudson") and European Renewable Energy Fund I L.P., London/U.K. ("Platina") for a total amount of EUR 5,687 thousand (2014: EUR 4,299 thousand), as well as diverse other capital investment available for sale of EUR 75 thousand as of December 31, 2015 (2014: EUR 75 thousand).

Sundry other available-for-sale equity investments totaling EUR 75 thousand as of Thursday, December 31, 2015 (2014: EUR 75 thousand) are measured at cost because a fair value could not be determined reliably. Sundry other available-for-sale equity investments comprise investments in unlisted shares that are not traded in an active market. CHORUS has no intention to sell these investments as of the respective balance sheet date.

## 8.5 DEFERRED TAXES

Deferred tax assets and liabilities can be attributed to the following items in the statement of financial position:

| | December 31, 2015 | | | |
|---|---|---|---|---|
| in EUR thousands | Net status as of January 1, 2015 | Recognized in profit or loss | Recognized in other comprehensive income | Recognized directly in equity |
| Intangible assets and goodwill | –39,531 | 2,183 | 0 | 0 |
| Property, plant and equipment | 32,899 | –3,095 | 0 | 0 |
| Financial investments at equity | 0 | 0 | 0 | 0 |
| Non-current financial assets | 685 | 4 | –256 | 0 |
| Other non-current assets | –1,898 | 1,898 | 0 | 0 |
| Other current assets | 3,805 | 86 | 0 | 0 |
| Non-current provisions | 820 | –348 | 0 | 0 |
| Non-current financial liabilities | 20,221 | –2,452 | 0 | 0 |
| Other non-current liabilities | 43 | –43 | 0 | 0 |
| Other current liabilities | 114 | –891 | 0 | 0 |
| Deferred tax assets on loss carry forwards | 0 | 473 | 0 | 1,422 |
| | **17,158** | **–2,184** | **–256** | **1,422** |
| Offsetting | – | – | – | – |
| **Total** | **17,158** | **–2,184** | **–256** | **1,422** |

| | December 31, 2014 | | | |
|---|---|---|---|---|
| in EUR thousands | Net status as of January 1, 2014 | Recognized in profit or loss | Recognized in other comprehensive income | Recognized directly in equity |
| Intangible assets and goodwill | 0 | 0 | 0 | 0 |
| Property, plant and equipment | 0 | 0 | 0 | 0 |
| Non-current financial assets | 0 | 0 | 0 | 0 |
| Other non-current assets | 0 | 0 | 0 | 0 |
| Other current assets | 0 | –289 | 0 | 0 |
| Non-current provisions | 0 | 0 | 0 | 0 |
| Non-current financial liabilities | 0 | 0 | 0 | 0 |
| Other non-current liabilities | 0 | 0 | 0 | 0 |
| Other current liabilities | 0 | 0 | 0 | 0 |
| Deferred taxes on loss carry forwards | 0 | 0 | 0 | 0 |
| | **0** | **–289** | **0** | **0** |
| Offsetting | – | – | – | – |
| **Total** | **0** | **–289** | **0** | **0** |

| Acquired via business combination | Other | Net status as of December 31, 2015 | Deferred tax assets | Deferred tax liabilities |
|---|---|---|---|---|
| –492 | 221 | **–37,619** | 3,590 | –41,208 |
| 0 | –484 | **29,320** | 35,385 | –6,065 |
| 0 | 0 | **0** | 0 | 0 |
| 0 | 0 | **433** | 962 | –529 |
| 0 | 0 | **0** | 0 | 0 |
| 95 | 0 | **3,986** | 4,304 | –318 |
| 0 | 0 | **472** | 472 | 0 |
| –29 | –475 | **17,265** | 17,324 | –59 |
| 0 | 0 | **0** | 0 | 0 |
| 0 | 9 | **–768** | 48 | –816 |
| 0 | 0 | **1,895** | 1,895 | 0 |
| **–425** | **–729** | **14,985** | **63,981** | **–48,995** |
| – | – | **–** | –46,902 | 46,902 |
| **–425** | **–729** | **14,985** | **17,079** | **–2,093** |

| Acquired via business combination | Net status as of December 31, 2014 | Deferred tax assets | Deferred tax liabilities |
|---|---|---|---|
| –39,531 | –39,531 | 6,850 | –46,381 |
| 32,899 | 32,899 | 47,420 | –14,521 |
| 685 | 685 | 965 | –280 |
| –1,898 | –1,898 | 0 | –1,898 |
| 4,094 | 3,805 | 4,529 | –724 |
| 820 | 820 | 820 | 0 |
| 20,221 | 20,221 | 21,071 | –850 |
| 43 | 43 | 43 | 0 |
| 114 | 114 | 438 | –324 |
| 0 | 0 | 0 | 0 |
| **17,447** | **17,159** | **82,136** | **–64,977** |
| – | – | 63,318 | 63,318 |
| **–17,447** | **17,159** | **18,818** | **–1,659** |

There was an offsetting between deferred tax assets and deferred tax liabilities in accordance with IAS 12 in the consolidated statement of financial position.

The deferred tax assets on tax losses carried forward that are recognized directly in equity resulted from the costs of the IPO, which are recognized in equity after deducting taxes.

Further details on other changes to deferred taxes on non-current financial liabilities are reported in note 8.11: Equity – Capital Reserve.

During the year, deferred taxes were remeasured. This resulted in the application of the individual tax rates of the respective countries. A description of the tax rates used as of December 31, 2015, can be found in note 7.8: Income Taxes.

As of December 31, 2015, differences of EUR 307 thousand (2014: EUR 0 thousand) existed in connection with interests in subsidiaries. This debt was not recognized, however, as the Group controls the dividend policy of its subsidiaries. In other words, the Group can guide the reversal of the temporary differences. The Management Board does not expect any reversals in the foreseeable future. As of the reporting date, some companies that had generated a tax loss showed a net excess of deferred tax assets of EUR 8,689 thousand. The deferred tax assets were capitalized insofar as they were viewed as recoverable within the framework of the planning calculations at the Company level. The recoverability of the tax assets is reported in the amount that the respective Company expects to gain in future positive results.

## 8.6 TRADE AND OTHER RECEIVABLES

Trade receivables amount to EUR 8,623 thousand (2014: EUR 6,420 thousand) and mainly contain receivables from electricity supplied to the power grid. The receivables are unimpaired and due in the short term. Valuation allowances were not necessary as of the reporting dates. There were no overdue receivables as of the reporting date.

## 8.7 CURRENT FINANCIAL ASSETS

Current financial assets comprise other current receivables of EUR 4,827 thousand, which primarily consist of deposits and shares in a limited partner (EUR 818 thousand) and a shareholder loan (EUR 2,880 thousand) as of December 31, 2015. Current financial assets consisted predominantly of prepayments as of December 31, 2014 (EUR 1,327 thousand).

## 8.8 CURRENT NON-FINANCIAL ASSETS

Current non-financial assets of EUR 8,532 thousand (2014: EUR 6,098 thousand) mainly comprise other tax receivables in the amount of EUR 7,364 thousand (2014: EUR 4,790 thousand).

## 8.9 LIQUID FUNDS

Liquid funds of EUR 114,728 thousand (2014: EUR 37,290 thousand) consists of cash and cash equivalents amounting to EUR 101,028 thousand (2014: EUR 21,199 thousand) as well as restricted cash and cash equivalents amounting to EUR 13,700 thousand (2014: EUR 16,091 thousand). Both of these items refer to cash balances and bank balances. The restricted cash and cash equivalents relate to cash for debt repayment and project reserves as collateral for the loan for solar and wind parks. These can only be used in agreement with the banks for the respective Company.

For further information on collateral, refer to note 4.11.4.

## 8.10 NON-CURRENT ASSETS HELD FOR SALE

At the end of 2015, talks with two German pension funds arose regarding possible cooperation as part of an asset management mandate and the corresponding sale of two Italian solar parks. Due to the existence of a specific plan to sell as of the reporting date, the offered operational companies Idea Energy SAS di Chorus Solar Toscana 5. Srl & C. and Rasena Solare SAS di Chorus Solar Toscana 5. Srl & C. previously allocated to Solar are presented as held for sale. The sale of the solar parks took place as planned in January 2016. For further details on the sale of the operational companies, please see note 12.9.

No impairment loss resulted from the measurement of the disposal groups. As of December 31, 2015, the carrying amount of the assets and liabilities of the disposal groups amounted to:

| in EUR thousands | |
|---|---|
| Intangible assets and goodwill | 1,150 |
| Property, plant and equipment | 2,505 |
| Deferred tax assets | 291 |
| Trade and other receivables | 285 |
| Cash and cash equivalents | 413 |
| Restricted cash and cash equivalents | 195 |
| **Assets held for sale** | **4,839** |

| in EUR thousands | |
|---|---|
| Provisions | 33 |
| Financial liabilities | 2,952 |
| Trade payables and other liabilities | 12 |
| **Liabilities relating to assets held for sale** | **2,998** |

As of the reporting date, no cumulative income or expenses recognized in other comprehensive income exist in connection with the disposal groups.

## 8.11 EQUITY

### CAPITAL MANAGEMENT

The CHORUS Group manages its capital with the goal of minimizing the Group's capital costs while maintaining a balance between cash flow volatility and financial flexibility. In order to achieve this goal, the ratio of equity to total capital, among other things, is monitored. Decisions regarding the financing structure are made by the Management Board and are subject to the approval of the Supervisory Board. The equity ratio is defined as the percentage of equity to total capital. As of December 31, 2015, the equity ratio amounted to 37.8 percent (2014: 24.3 percent).

The Company is not subject to any external minimum capital requirements.

### SHARE CAPITAL

The share capital of the CHORUS Group amounted to EUR 27,705 thousand as of December 31, 2015 (2014: EUR 50 thousand). The share capital is fully paid-in and comprises 27,704,950 no-par-value shares.

On December 4, 2014, the Annual General Meeting of CHORUS AG resolved to perform a capital increase via the issue of a total of 17,398,539 new ordinary no-par value shares of share capital. This would increase the share capital by EUR 17,399 thousand – rising from EUR 50 thousand to EUR 17,449 thousand.

Due to the fact that the capital increase was not entered in the commercial register by the reporting date of December 31, 2014, the resolved contribution resulting in a total capital increase of EUR 121,500 thousand was reported as "Contribution in-kind not yet registered" (EUR 115,645 thousand) and "Contribution in-cash not yet registered (EUR 5,855 thousand)" within equity. The share capital therefore amounted to EUR 50 thousand as of December 31, 2014.

With the entry of the previously mentioned capital increases into the commercial register on February 23, 2015, the share capital increased EUR 17,399 thousand to EUR 17,449 thousand. On this date, the amounts recognized in the items "Contribution in-cash not yet registered" and "Contribution in-kind not yet registered" were reclassified into share capital or capital reserve.

Shares in CHORUS AG became available for trading on the regulated market (Prime Standard) of the Frankfurt Stock Exchange on October 7, 2015. As part of the IPO, 10,256,411 new ordinary no-par value shares were issued. This resulted in an increase in share capital of EUR 10,256 thousand.

With the entry of these capital increases as well as the new issue of shares, share capital increased EUR 27,655 thousand to EUR 27,705 thousand in the fiscal year 2015. It is distributed across 27,704,950 no-par value bearer shares (ordinary shares).

Each share represents a proportionate amount of the issued capital of EUR 1 and is entitled to one vote at the Company's Annual General Meeting.

The share capital was conditionally increased by up to EUR 300 thousand via the issue of up to 300,000 new no-par value bearer shares with a proportionate amount of the share capital of EUR 1 (Conditional capital 2015/I). The conditional capital increase exclusively serves the purpose of ensuring the subscription rights (share options) of the Company's Management Board members. As of December 31, 2015, none of these subscription rights were issued.

The share capital was conditionally increased by up to EUR 8,424 thousand distributed across 8,424,269 no-par value bearer shares (Conditional capital 2015/II). The conditional capital increase serves to ensure shares for the exercise of option or conversion rights or the fulfillment of option or conversion obligations to the holder or creditor of warrant bonds, convertible bonds, participation rights and/or participating bonds relating to the authorization of the Annual General Meeting from March 10, 2015. As of December 31, 2015, none of these subscription rights were issued.

The Management Board is authorized, with the consent of the Supervisory Board, to increase the Company's share capital once or several times until March 9, 2020, by up to EUR 8,724 thousand via the issue of new no-par value bearer shares against contribution in cash and/or in kind (Authorized capital 2015/I).

The Management Board is also authorized, with the consent of the Supervisory Board, to increase the Company's share capital once or several times until March 19, 2020, by up to

EUR 2,276 thousand via the issue of new no-par value bearer shares against contribution in cash and/or in kind (Authorized capital 2015/II).

### CAPITAL RESERVE

The capital reserve amounted to EUR 190,700 thousand as of the reporting date (2014: EUR 0 thousand).

It contains the premiums from the issue of shares. With the capital increase resolved on December 4, 2014, the capital reserve increased by EUR 104,102 thousand. The transaction costs incurred in connection with the equity procurement of EUR 591 thousand were accounted for as a deduction from the capital reserve, minus the corresponding income tax component of EUR 151 thousand.

Further, an increase to the capital reserve of EUR 89,744 thousand took place in connection with the Company's IPO on October 7, 2015. Similarly, the transaction costs incurred in connection with the equity procurement of EUR 6,314 thousand were accounted for as a deduction from the capital reserve, minus the corresponding income tax component of EUR 1,271 thousand.

An increase to the capital reserve of EUR 2,337 thousand also resulted from an immaterial adjustment to certain balance sheet items due to a purchase price allocation performed in the previous year. This adjustment mainly concerns a change to the measurement and disclosure of the contributed loans and the measurement of the corresponding deferred taxes as well as the considerations rendered. This would have resulted in a decrease to goodwill of EUR 944 thousand, a reduction in deferred tax assets of EUR 424 thousand, a decline in non-current financial liabilities of EUR 7,991 thousand, an increase in current financial liabilities of EUR 4,286 thousand as well as the already mentioned rise in capital reserve of EUR 2,337 thousand.

### RETAINED EARNINGS

Retained earnings contains the profit generated in the past by the companies included in the consolidated financial statements, insofar as these were not distributed.

### ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income contains the effects from the measurement of financial assets available for sale not in profit or loss, the corresponding differences from currency translation as well as the resulting deferred taxes.

The development of accumulated other comprehensive income is presented in the statement of changes in equity.

## 8.12 LIABILITIES TO LIMITED PARTNERS

The majority of operating companies within the CHORUS Group are organized as limited partners under German or Italian law. Its limited partners have a statutory right of cancellation that cannot be precluded by the partnership agreement and may therefore require the Company to repay capital contributions, and a related share of profits.

Profits allocated to limited partners (puttable non-controlling interests) in accordance with the provisions of the bylaws of the limited partnerships are reclassified to liabilities since the limited partners are able to withdraw the amounts once they have been allocated.

Liabilities to limited partners are recorded initially at fair values at the balance sheet date. Changes in these fair values during a reporting period as well as their respective share in profit (loss) of the year are recorded through finance income or finance expenses in the income statement.

## 8.13 PROVISIONS

The development of non-current and current provisions can be broken down as follows:

| | Development for the fiscal year ending 12/31/2015 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| in EUR thousands | January 1, 2015 | Acquired via business combination | Additions | Used | Disposal | Interest effect | Change to discount rate | Other | December 31, 2015 |
| Asset retirement obligations for solar and wind parks | 3,358 | 573 | 646 | – | – | 44 | 192 | –33 | 4,780 |
| Other | 1,382 | – | 173 | 806 | 298 | – | – | –252 | 200 |
| Total | 4,759 | 573 | 819 | 806 | 298 | 44 | 192 | –285 | 4,998 |
| of which non-current | 3,358 | 573 | 646 | – | – | 44 | 192 | –33 | 4,780 |
| of which current | 1,382 | – | 173 | 806 | 298 | – | – | –252 | 200 |

### PROVISIONS FOR ASSET RETIREMENT OBLIGATIONS

There are uncertainties with respect to the measurement of the amount of retirement obligations for solar and wind parks and relating to the ultimate timing of the dismantling of this electricity generation plant upon the end of the term of the property. The interest on provisions recorded at present values is compounded annually.

From interest accrued on the existing provisions for asset retirement obligations, the provisions increased EUR 44 thousand in the fiscal year 2015. Furthermore, the provisions increased EUR 192 thousand due to the change in the discount rate.

### OTHER PROVISIONS

Other provisions mainly contains provisions for bonuses.

## 8.14 FINANCIAL LIABILITIES

Non-current financial liabilities:

| in EUR thousands | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Bank loans | 277,819 | 302,660 |
| Leasing liabilities | 27,300 | 28,789 |
| Interest rate swaps with negative fair value | 7,775 | 9,608 |
| Non-current financial liabilities | 312,894 | 341,057 |

Current financial liabilities:

| in EUR thousands | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Bank loans | 31,855 | 18,449 |
| Leasing liabilities | 2,985 | 2,997 |
| Interest rate swaps with negative fair value | 0 | 0 |
| Current financial liabilities | 34,840 | 21,446 |

An adjustment of the measurement and disclosure of the loans contributed was performed in the fiscal year that relates to the purchase price allocation from the previous year. Further details are provided in note 8.11: Equity – Capital Reserve.

All of the Group's bank loans were collateralized as of December 31, 2015. The loans contain some contractual clauses that require compliance with a debt service coverage ratio (DSCR).

A violation of the clause can result in CHORUS having to repay the loan earlier than stated in note 10.3: Liquidity Risk. As part of the contract, the clauses are regularly monitored by the operations team and regular reports are given to management to ensure compliance with the contracts. Management views the risk of a violation of these clauses are low and expects that CHORUS will continue to operate for the foreseeable future.

Lease liabilities from the finance leases break down as follows:

| | Lease payments | | Present value of the payments | |
|---|---|---|---|---|
| in EUR thousands | 12/31/2015 | 12/31/2014 | 12/31/2015 | 12/31/2014 |
| With a remaining term of up to 1 year | **3,054** | 3,055 | **2,985** | 2,997 |
| With a remaining term between 1 and 5 years | **12,220** | 12,220 | **10,733** | 10,740 |
| With a remaining term of more than 5 years | **27,290** | 30,414 | **16,567** | 18,049 |
| | **42,564** | 45,688 | **30,285** | 31,786 |
| Less financing costs | **12,265** | 13,903 | **0** | 0 |
| Present value of the minimum lease payments | **30,299** | 31,786 | **30,285** | 31,786 |
| of which current liabilities | **2,985** | 2,997 | | |
| of which non-current liabilities | **27,300** | 28,789 | | |

The lease agreements give CHORUS the option to buy the respective electricity-generating plants at the expiration of the lease agreements at a set price.

Further information on interest rate swaps with negative fair value is available in note 10.

## 8.15 TRADE PAYABLES

Trade payables result from the normal course of operations.

## 8.16 OTHER CURRENT LIABILITIES

Other current liabilities mainly consist of other current tax liabilities.

## 8.17 DEFERRED INCOME

Deferred income mainly relates to payments received for which no service has yet been rendered.

# 9 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and the fair values on the basis of the measurement categories for financial instruments:

| | December 31, 2015 | | | | |
|---|---|---|---|---|---|
| | Statement of financial position value in accordance with IAS 39 | | | | |
| in EUR thousands | Note | Measurement category under IAS 39 | Carrying amount | Amortized cost | At cost |
| **Assets** | | | | | |
| Non-current financial assets | 8.4 | AfS | 5,761 | – | 75 |
| Trade and other receivables | 8.6 | LaR | 8,623 | 8,623 | – |
| Current financial assets | 8.7 | LaR | 4,009 | 4,009 | – |
| Current financial assets | 8.7 | AfS | 818 | – | – |
| Liquid funds | 8.9 | | | | |
| of which cash and cash equivalents | 8.9 | LaR | 101,028 | 101,028 | – |
| of which restricted cash and cash equivalents | 8.9 | LaR | 13,700 | 13,700 | – |
| **Liabilities** | | | | | |
| Liabilities to limited partners | 8.12 | FLAC | 4,368 | 4,368 | – |
| Financial liabilities | 8.14 | | 347,734 | 309,674 | – |
| of which bank loans | 8.14 | FLAC | 309,674 | 309,674 | – |
| of which leasing liabilities | 8.14 | n/a | 30,285 | – | – |
| of which interest rate swaps with neg. FV | 8.14 | HfT | 7,775 | – | – |
| Trade payables | 8.15 | FLAC | 10,560 | 10,560 | – |

| | December 31, 2015 | | | |
|---|---|---|---|---|
| | Statement of financial position value in accordance with IAS 39 | | | |
| in EUR thousands | Measurement category under IAS 39 | Carrying amount | Amortized cost | At cost |
| Of which aggregated based on measurement categories in accordance with IAS 39 | | | | |
| Loans and receivables (LaR) | LaR | 127,360 | 127,360 | – |
| Financial assets available for sale | AfS | 6,579 | – | 75 |
| Financial liabilities at amortized cost | FLAC | 324,602 | 324,602 | – |
| Financial liabilities at fair value through P&L | FLVP&L | 7,775 | – | – |

| | | | Measurement pursuant to IAS 17 | Fair value | | | |
|---|---|---|---|---|---|---|---|
| | Fair value recognized directly in equity | Fair value recognized through profit or loss | | Level 1 | Level 2 | Level 3 | Total |
| | | | | | | | |
| | | | | | | | |
| | 5,687 | – | – | – | – | 5,687 | **5,687** |
| | – | – | – | – | – | – | **–** |
| | – | – | – | – | – | – | **–** |
| | 818 | – | – | – | – | 818 | **818** |
| | | | | | | | |
| | – | – | – | – | – | – | **–** |
| | – | – | – | – | – | – | **–** |
| | | | | | | | |
| | – | – | – | – | – | – | **–** |
| | – | 7,775 | 30,285 | – | 7,775 | 343,965 | **382,025** |
| | – | – | – | – | – | 343,965 | **343,965** |
| | – | – | 30,285 | – | – | – | **30,285** |
| | – | 7,775 | – | – | 7,775 | – | **7,775** |
| | – | – | – | – | – | – | **–** |

| | Fair value recognized directly in equity | Fair value recognized through profit or loss | Fair value |
|---|---|---|---|
| | | | |
| | | | |
| | – | – | 127,360 |
| | 6,505 | – | 6,579 |
| | – | – | 343,965 |
| | – | 7,775 | 7,775 |

| in EUR thousands | December 31, 2014 | | | | | |
|---|---|---|---|---|---|---|
| | Statement of financial position value in accordance with IAS 39 | | | | | |
| | Note | Measurement category under IAS 39 | Carrying amount | Amortized cost | At cost | |
| **Assets** | | | | | | |
| Non-current financial assets | 8.4 | AfS | 4,374 | – | 75 | |
| Trade and other receivables | 8.6 | LaR | 6,420 | 6,420 | – | |
| Current financial assets | 8.7 | LaR | 1,327 | 1,327 | – | |
| Liquid funds | 8.9 | | | | | |
| of which cash and cash equivalents | 8.9 | LaR | 21,199 | 21,199 | – | |
| of which restricted cash and cash equivalents | 8.9 | LaR | 16,091 | 16,091 | – | |
| **Liabilities** | | | | | | |
| Liabilities to limited partners | 8.12 | FLAC | 4,034 | 4,034 | – | |
| Financial liabilities | 8.14 | | 362,503 | 321,109 | – | |
| of which bank loans | 8.14 | FLAC | 321,109 | 321,109 | – | |
| of which leasing liabilities | 8.14 | n/a | 31,786 | – | – | |
| of which interest rate swaps with neg. FV | 8.14 | HfT | 9,608 | – | – | |
| Trade payables | 8.15 | FLAC | 4,716 | 4,716 | – | |

| in EUR thousands | December 31, 2014 | | | | |
|---|---|---|---|---|---|
| | Statement of financial position value in accordance with IAS 39 | | | | |
| | Measurement category under IAS 39 | Carrying amount | Amortized cost | At cost | |
| Of which aggregated based on measurement categories in accordance with IAS 39 | | | | | |
| Loans and receivables (LaR) | LaR | 45,037 | 45,037 | – | |
| Financial assets available for sale | AfS | 4,374 | – | 75 | |
| Financial liabilities at amortized cost | FLAC | 329,859 | 329,859 | – | |
| Financial liabilities at fair value through P&L | FLVP&L | 9,608 | – | – | |

| | | | Measurement pursuant to IAS 17 | Fair value | | | |
|---|---|---|---|---|---|---|---|
| | Fair value recognized directly in equity | Fair value recognized through profit or loss | | Level 1 | Level 2 | Level 3 | Total |
| | | | | | | | |
| | | | | | | | |
| | 4,299 | – | – | – | – | 4,299 | 4,374 |
| | – | – | – | – | – | – | 6,420 |
| | – | – | – | – | – | – | 1,327 |
| | | | | | | | |
| | – | – | – | – | – | – | 21,199 |
| | – | – | – | – | – | – | 16,091 |
| | | | | | | | |
| | – | – | – | – | – | – | 4,034 |
| | – | 9,608 | 31,786 | – | 9,608 | 321,109 | 362,503 |
| | – | – | – | – | – | 321,109 | 321,109 |
| | – | – | 31,786 | – | | – | 31,786 |
| | – | 9,608 | – | – | 9,608 | – | 9,608 |
| | – | – | – | – | – | – | 4,716 |

| | Fair value recognized directly in equity | Fair value recognized through profit or loss | Fair value |
|---|---|---|---|
| | | | |
| | | | |
| | – | – | 45,037 |
| | 4,299 | – | 4,374 |
| | – | – | 329,859 |
| | – | 9,608 | 9,608 |

## 9.1 FAIR VALUE HIERARCHY

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

### FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE:

| Type | Valuation technique | Significant unobservable inputs | Inter relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| Available for sale Investments<br><br>(Level 3) | The investments are valued using one or a combination of the following methods:<br>• The price or cost of recent investments<br>• Industry valuation benchmarks<br>• Recent offers received<br>• Contractual commitments<br>The relative weightings applied to each valuation method reflect judgment as to the suitability of each valuation approach to the specific unrealized investment. | • Risk premium | The estimated fair value would increase (decrease) if:<br>• The risk premium was lower (higher). |
| Interest rate swaps<br><br>(Level 2) | Discounted cash flows:<br>The fair values are determined using the expected future cash flows and discounted using generally observable market data of the respective reference rate curve. | • n/a | • n/a |

### FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE:

| Type | Valuation technique | Significant unobservable inputs | Inter relationship between significant unobservable inputs and fair value measurement |
|---|---|---|---|
| Bank loans and leasing liabilities | Discounted cash flows:<br>The valuation model considers the present value of future cash outflows, discounted using a risk-adjusted discount rate. The discount rate is determined using a benchmark-yield curve that is consistent with the timing and the estimated riskiness of the bank loan at the closing date of the contract. The discount rate used for the balance sheet date corresponds to the value of the benchmark-yield curve on that date. Discount rates for future due dates correspond to the values of the term-equivalent benchmark-yield curve. | • Credit rating of CHORUS or the relevant project entity.<br>• The applied spread is derived from the initial bank loan specific interest rate and a risk-equivalent benchmark-yield curve. | The estimated fair value would increase (decrease) if:<br>• The discount rate was lower (higher). |

No reclassifications of financial instruments were made in the fiscal year 2015.

For financial instruments with current maturities including cash and cash equivalents, trade receivables and payables as well as other receivables and payables it is assumed that their carrying amounts approximate their fair values.

## 9.2 NET GAINS OR LOSSES FOR EACH CATEGORY OF FINANCIAL INSTRUMENTS PURSUANT TO IFRS 7

| | December 31, 2015 | | |
|---|---|---|---|
| in EUR thousands | Impairment | Other net gains/ losses | Total |
| Loans and receivables (LaR) | 0 | 192 | 192 |
| Assets and liabilities held for trading | 0 | 1,872 | 1,872 |
| Financial liabilities measured at amortized cost | 0 | –9,375 | –9,375 |
| Financial liabilities measured at fair value | 0 | –657 | –657 |

| | December 31, 2014 | | |
|---|---|---|---|
| in EUR thousands | Impairment | Other net gains/ losses | Total |
| Loans and receivables (LaR) | 0 | 269 | 269 |
| Financial liabilities measured at amortized cost | 0 | –141 | –141 |

Beside impairments, net gains or losses comprise for financial instruments measured

- **at fair value through profit or loss:**

All changes in market values of interest rate swaps designated as held-for-trading instruments.

- **at fair value through equity:**

All impairments, reversal of impairments and gains and loss from disposal or expiring of a financial instrument. No dividends or interest income are included in the net gains or losses.

- **at amortized cost:**

All impairments, reversal of impairments and gains and loss from disposal or expiring of a financial instrument. No dividends or interest income are included in the net gains or losses.

Total interest income and expense for financial assets and liabilities not measured at fair value through profit or loss can be broken down as follows:

| in EUR thousands | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Interest income | 192 | 269 |
| Interest expenses | –9,375 | –141 |
| Net interest/expense | –9,184 | 128 |

Total interest income can be mainly attributed to time deposit investments and interest on deposits at banks.

## 9.3 LEVEL 3 FAIR VALUES

### RECONCILIATION OF LEVEL 3 FAIR VALUES

The following table shows the reconciliation of the opening balances to the ending balances for assets available for sale:

| in EUR thousands | Financial assets available for sale |
|---|---|
| **Balance as of January 1, 2015** | **4,299** |
| Gain/loss recognized in financial income | 0 |
| *Net change in fair value (not realized)* | *0* |
| *Net change in fair value (realized)* | *0* |
| Gain recognized in other comprehensive income | 998 |
| *Net change in fair value (not realized)* | *998* |
| Purchases and sales | 1,207 |
| **Balance as of December 31, 2015** | **6,504** |

A deviation of the fair values for the financial assets available for sale of +/– 200 basis points would increase/decrease other comprehensive income after taxes by EUR 85 thousand.

## 10 RISK MANAGEMENT

## 10.1 PRINCIPLES OF FINANCIAL RISK MANAGEMENT

In the course of ordinary business some of the Group's liabilities, assets and transactions are exposed to risks arising from changes in interest rates and changes in the creditworthiness of its contractual parties.

CHORUS carries out financial risk management that includes all subsidiaries and is organized centrally at the Group level. Risk management aims to identify potential risks early and to measure them precisely.

Plain derivative financial instruments are used to limit the risks arising from financing requirements. These instruments are used in accordance with clearly defined, consistent, Group-wide guidelines. Transactions and cash investments are placed only with renowned financial institutions that have solid credit ratings.

The following statements discuss the Group's exposure to identified risks. Furthermore, the goals, strategies and processes for risk management as well as the methods used to measure the risks are indicated.

If not otherwise stated, the management of CHORUS Group assesses the concentration risk to be low and expects no complications.

The following risks from financial assets are identified:

## 10.2 CREDIT RISK

Credit risk is the risk of financial loss arising from a counterparty's inability to repay or service debt in accordance with the contractual terms. Credit risk includes both the direct risk of default and the risk of a deterioration of creditworthiness as well as concentration risks.

CHORUS only does business with recognized, creditworthy third parties and verifies the creditworthiness of customers who wish to do credit-based business with CHORUS Group.

### (RESTRICTED) CASH AND CASH EQUIVALENTS

The credit risk related to financial institutions mainly results from the investment of (restricted) cash and cash equivalents as part of liquidity management, from any short-term bank deposits and from trading in derivative financial instruments.

With respect to financial instruments, the Group is exposed to a (bank) default risk in connection with the possible failure of a contractual party to meet its obligations. The maximum amount involved is therefore the positive fair value of the financial instrument in question. To minimize the risk of default, CHORUS generally only contracts financial instruments for financing activities with counterparties that are supervised by national financial authorities comparable to the German "Bundesanstalt für Finanzdienstleistungsaufsicht." CHORUS assumes that the concentration of risk is low and perceives the probability of counterparty default to be unlikely with a minor financial impact.

### TRADE AND OTHER RECEIVABLES

With respect to trade and other receivables, the Group is not exposed to a significant default risk. The main customers of CHORUS are the big energy suppliers and the governments of Germany, Austria, Italy and France. The maximum risk of default is limited to the carrying amount of the trade and other receivables. There are no collaterals held for loans and receivables. The management regularly reviews the potential need for risk provisions. The maximum risk of default is expressed by the carrying amounts of the financial assets reported in the statement of financial position. It is assumed that future default rates will not change significantly. There were no overdue receivables as of the reporting dates.

## 10.3 LIQUIDITY RISK

To ensure that CHORUS can always meet its financial obligation, the Group has negotiated sufficient cash lines and credit facilities with its banking partners. The Group has total cash and cash equivalents in the amount of EUR 114,728 thousand (2014: EUR 37,290 thousand), of which EUR 101,028 thousand is at its free disposal (2014: EUR 21,199 thousand). In addition, cash inflows are expected with near certainty from the operation of solar and wind parks that can serve the payment of interest and principal amounts of financial liabilities with matching maturities. Ultimately, the responsibility for liquidity risk management lies with the Management Board, which has established a concept for the management of short, medium and long-term financing and liquidity requirements. CHORUS manages liquidity risk by holding sufficient reserves and by monitoring the forecasted and actual cash flows as well as coordinating the maturity profile of financial assets and liabilities. In order to ensure solvency and financial flexibility within the Group, the CHORUS Group forecasts the financial funds it requires within a set planning period by means of a liquidity outlook and holds a corresponding liquidity reserve in the form of cash. The risk of insolvency is currently regarded as remote due to the portfolio of cash and cash equivalents within the Group as well as the overall financing structure.

The table below lists the undiscounted, contractually agreed cash outflows from financial instruments:

| in EUR thousands | Carrying amount as of 12/31/2015 | Total cash flows | Cash flows < 1 year | Cash flows 1–5 years | Cash flows > 5 years |
|---|---|---|---|---|---|
| Liabilities to limited partners | 4,368 | 4,368 | 0 | 0 | 4,368 |
| Financial liabilities | 347,734 | 394,941 | 35,607 | 163,814 | 195,519 |
| of which bank loans | 309,674 | 344,245 | 30,738 | 146,505 | 167,002 |
| of which leasing liabilities | 30,285 | 42,564 | 3,054 | 12,220 | 27,290 |
| of which interest rate swaps with neg. FV | 7,775 | 8,132 | 1,815 | 5,090 | 1,227 |
| inflows | | –2,866 | –6 | –716 | –2,144 |
| outflows | | 10,998 | 1,821 | 5,806 | 3,371 |
| Trade payables | 10,560 | 10,560 | 10,560 | 0 | 0 |

| in EUR thousands | Carrying amount 12/31/2014 | Total cash flows | Cash flows < 1 year | Cash flows 1–5 years | Cash flows > 5 years |
|---|---|---|---|---|---|
| Liabilities to limited partners | 4,034 | 4,202 | 0 | 0 | 4,202 |
| Financial liabilities | 362,503 | 409,004 | 36,021 | 154,629 | 218,354 |
| of which bank loans | 321,109 | 353,723 | 31,138 | 137,013 | 185,572 |
| of which leasing liabilities | 31,786 | 45,070 | 3,055 | 12,220 | 29,795 |
| of which interest rate swaps with neg. FV | 9,608 | 10,211 | 1,828 | 5,396 | 2,987 |
| inflows | | –61,500 | –5,487 | –20,469 | –35,545 |
| outflows | | 71,711 | 7,314 | 25,865 | 38,532 |
| Trade payables | 4,716 | 4,716 | 4,716 | 0 | 0 |

## 10.4 MARKET RISK

### INTEREST RATE RISK

Interest rate risk is countered as part of overall financial risk management by regularly monitoring significant items and their inherent interest rate risk with the goal of limiting these risks if necessary.

The Group's solar and wind parks are mainly financed for the long-term at fixed rates of interest for periods extending until their maturities up to the year 2030. To the extent that variable interest-rate loans are used for financing, the Group has mostly entered into corresponding interest-rate swap agreements. The potential risk from a change in variable interest rates reflects the fact these could result in an effective interest rate above the contractual rates in the underlying loan agreements.

The interest rate swaps are recognized at fair value. These were procured as an interest hedge and classified pursuant to IAS 39 as derivatives held for trading.

Under an interest rate swap, CHORUS exchanges fixed and variable interest payments that were calculated on the basis of agreed notional amounts. Such agreements enable CHORUS to reduce the risk of changing interest rates to the fair value of issued, fixed interest debt instruments and cash flow risks of issued variable interest debt instruments.

The fair value of interest rate swaps on the reporting date is determined by discounting future cash flows based on the yield curves as of the reporting date and the credit risk associated with the contracts.

The following tables show the notional amounts and maturities of outstanding interest rate swaps at the end of each of the reporting periods.

### DECEMBER 31, 2015:

| OUTSTANDING "RECEIVE-FLOATING PAY-FIXED" SWAPS<br>in EUR thousands | Contractually agreed fixed interest rates | Nominal value | Fair value |
|---|---|---|---|
| Less than 1 year | 0 | 0 | 0 |
| 1 to 2 years | 0 | 0 | 0 |
| 2 to 5 years | 0 | 0 | 0 |
| More than 5 years | 1.65% to 3.45% | 75,528 | –7,775 |
| **Total** | | **75,528** | **–7,775** |

### DECEMBER 31, 2014:

| OUTSTANDING "RECEIVE-FLOATING PAY-FIXED" SWAPS<br>in EUR thousands | Contractually agreed fixed interest rates | Nominal value | Fair value |
|---|---|---|---|
| Less than 1 year | 0 | 0 | 0 |
| 1 to 2 years | 0 | 0 | 0 |
| 2 to 5 years | 0 | 0 | 0 |
| More than 5 years | 1.65% to 3.45% | 81,475 | –9,608 |
| **Total** | | **81,475** | **–9,608** |

The interest rate swaps expire in the years 2021 to 2027. The variable interest rate of the interest rate swaps corresponds mainly to the three-month Euribor. CHORUS pays a fixed interest rate.

The following assumptions are based on an interest rate sensitivity analysis: Changes in the market interest rates of primary financial instruments bearing fixed interest only have an impact on the result if they are measured at fair value. Accordingly, financial instruments bearing fixed interest and which are measured at amortized cost are not subject to interest rate risk as defined under IFRS 7.

As in the previous year, the Group does not hold any fixed-interest financial instruments that were measured at fair value in its portfolio as of the reporting date. Consequently, CHORUS is only exposed to interest rate risk resulting from variable-interest financial instruments.

The following analysis shows the carrying amounts of interest-bearing non-derivative financial instruments held in the Group's financing portfolio as reported to the management of CHORUS:

| in EUR thousands | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Variable-interest financial liabilities | 84,813 | 82,839 |
| Fixed-interest financial liabilities | 255,146 | 270,056 |
| Total interest-bearing liabilities | 339,959 | 352,895 |
| Effect of interest rate swaps | 7,775 | 9,608 |

A reasonably possible change of 50 basis points in interest rates at the reporting date would have had the following effect on equity and profit or loss:

| | Profit or loss | | Equity | |
|---|---|---|---|---|
| | 50 bp | 50 bp | 50 bp | 50 bp |
| in EUR thousands | Increase | Decrease | Increase | Decrease |
| **December 31, 2015** | | | | |
| **Variable-interest financial liabilities** | **417** | **–417** | **417** | **–417** |
| **Interest rate swaps** | **2,153** | **–2,193** | **2,153** | **–2,193** |
| **Cash flow sensitivity (net)** | **2,570** | **–2,610** | **2,570** | **–2,610** |
| December 31, 2014 | | | | |
| Variable-interest financial liabilities | 425 | –425 | 425 | –425 |
| Interest rate swaps | 2,388 | –2,139 | 2,388 | –2,139 |
| Cash flow sensitivity (net) | 2,813 | –2,564 | 2,813 | –2,564 |

## 10.5 OTHER RISKS

### RISKS RELATING TO THE SOLAR AND WIND PARKS

Close attention is paid to the selection of the partner when selecting solar and wind parks. Therefore, CHORUS only examines the acquisition of projects or parks that were constructed by large, reputable project managers and producers. In the unlikely event of a decrease in output, the Group can rely on the producers' long-term guarantees. In addition, there are warranty agreements with the project developers for material defects.

The risk of downtime for the solar and wind power plants can be countered on a timely basis, because the reputable partners or CHORUS itself are responsible for managing and monitoring the plants. In addition, all plants are insured against the risk of business interruptions. There is also corresponding insurance protection against damages to the plants according to market standards.

The solar and wind parks are valued based on long-term investment plans that react to changes in capital costs and operating expenses as well as income. A park can become unprofitable due to various factors. This would also have a negative impact on the CHORUS Group's net assets, results of operations and cash flows. Impairment expense is recorded as appropriate where changes in circumstances result in a reduction of recoverable amounts below existing book values.

### RISKS RELATING TO FINANCIAL INVESTMENTS

CHORUS AG pays attention to the valuation risk when making investment decisions. A comprehensive analysis of the parameters crucial to the Company's success is conducted as part of due diligence, for which in nearly all cases external experts are brought in.

Clearly structured, relevant earnings, balance sheet and liquidity ratios as well as target/actual comparisons of levels with various contents and timing uncover irregularities and inconsistencies in the financial investments.

## 11 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The statement of cash flows shows the changes in cash within the CHORUS Group. Cash funds correspond to the definition of cash and cash equivalents that is provided in the notes regarding significant accounting policies. The statement of cash flows, prepared in accordance with IAS 7, breaks the changes in liquid funds down into cash flows from operating, investing and financing activities. Cash flows from operating activities are presented using the indirect method. Cash and cash equivalents only include cash and deposits at banks.

Interest payments made are reported under cash flow from financing activities. In 2015, interest payments were made in the amount of EUR 13,773 thousand (2014: EUR 187 thousand). Cash flow from operating activities includes tax expenditures in the amount of EUR 945 thousand (2014: EUR 422 thousands).

Within the cash flow from investing activities, EUR 2,426 thousand is reported that relates to the acquisition of subsidiaries. Of this, EUR 6,907 thousand resulted from the purchase of the Appeln energy park accounted for as a business combination and EUR –4,481 thousand from the takeover of the Austrian wind parks Zagersdorf and Herrenstein accounted for as an asset deal. Furthermore, it contains payments of EUR 4,470 thousand for the assumption or issue of shareholder loans to the acquired wind parks.

# 12 OTHER NOTES

## 12.1 CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

No contingent liabilities exist for the Group.

As of the reporting date, there are rental agreements for the Group classified as operating leases under IAS 17.8. The leased assets are capitalized by the lessor and not the lessee. No lease payments are incurred for more than five years. This information is provided in accordance with IAS 17.35.

| in EUR thousands | 1 year | 1 to 5 years | More than 5 years |
|---|---|---|---|
| Rental agreements, leases | 189 | 437 | 0 |
| Lease contracts | 1,216 | 5,239 | 17,375 |
| Total | 1,405 | 5,676 | 17,375 |

The expense from obligations under operate leases in the fiscal year amounted to EUR 1,129 thousand (2014: EUR 164 thousand).

## 12.2 TRANSACTIONS WITH RELATED PARTIES

In the course of its ordinary business activities, the parent Company CHORUS AG maintains relationships with subsidiaries and with other related entities (associates and entities with the same key personnel) and individuals (major shareholders, members of the Supervisory Board and the Management Board and relatives to these persons).

### TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

With the resolution of the Annual General Meeting from March 10, 2015, the individual remuneration figures for the members of the Management Board will not be disclosed.

The disclosures to be provided pursuant to Section 285 sentence 1 no. 9 letter a sentences 5 to 8 as well as Section 314 (1) no. 6 letter a sentences 5 to 8 of the German Commercial Code will not be disclosed through the year 2019. As a result, remuneration will be disclosed as total remuneration.

The total remuneration paid to key management positions amounted to EUR 732 thousand in 2015 (2014: EUR 607 thousand).

| REMUNERATION EXPENSES<br>in EUR thousands | 2015 | 2014 |
|---|---|---|
| Short-term employee benefits | 594 | 498 |
| Variable remuneration | 180 | 0 |
| Total compensation paid to key management personnel | 774 | 498 |

| REMUNERATION PAYMENTS<br>in EUR thousands | 2015 | 2014 |
|---|---|---|
| Short-term employee benefits | 642 | 607 |
| Variable remuneration | 90 | 0 |
| Total compensation paid to key management personnel | 732 | 607 |

Contributions to defined contribution pension schemes are charged to the income statement in the year to which they relate.

No post-employee benefits, long-term benefits and share-based payment transactions with key management occurred (see note 12.3: Share-based Payment Arrangements).

In the fiscal year, EUR 85 thousand of Supervisory Board remuneration was recognized in the Group's profit or loss, which was paid out fully in the fiscal year.

### ASSOCIATED COMPANIES

The transactions with associated entities are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

| in EUR thousands | 2015 | 2014 |
|---|---|---|
| Transactions | | |
| Services | 2,639 | 629 |
| **Total transactions** | **2,639** | **629** |
| Balances | 292 | 634 |
| **Total balances** | **292** | **634** |

In the fiscal year, EUR 5 thousand (2014: EUR 8 thousand) from Richelbach Solar GbR was recharged to the CHORUS Group. No receivables or liabilities towards Richelbach Solar GbR were disclosed as of December 31, 2015, or December 31, 2014.

### OTHER RELATED PARTIES

The founding shareholders of CHORUS AG have contributed shares of CHORUS GmbH into CHORUS AG (we refer to note 1: General Information). There have been no other transactions with major or founding shareholders in the fiscal years 2015 and 2014.

The contribution in kind and contribution in cash described under note 8.11 are completely contributed by other related parties.

The transactions with other related parties were made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

| in EUR thousands | 2015 | 2014 |
|---|---|---|
| Transactions | | |
| Contributions in kind | 0 | 115,645 |
| Contributions in cash | 0 | 5,855 |
| Services | 0 | 1,633 |
| Others | 0 | 600 |
| **Total transactions** | **0** | **123,733** |
| Balances | 0 | 614 |
| **Total balances** | **0** | **614** |

### CONSULTING CONTRACT WITH PELABA CONSULT GMBH

On March 2, 2015, the Company finalized a consulting contract at arm's-length terms with PELABA Consult GmbH, a Company attributable to Supervisory Board Chairman Peter Heidecker. According to this contract, PELABA Consult GmbH will provide consulting services in connection with identifying potential targets for future investments as well as, in consultation with the Management Board, supporting the Company on sales initiatives and measures.

### RENTAL CONTRACT WITH PELABA VERMÖGENSVERWALTUNGS GMBH & CO. KG

The Company finalized a rental contract with PELABA Vermögensverwaltungs GmbH & Co. KG, a Company attributable to Supervisory Board Chairman Peter Heidecker, regarding the Group's headquarters in Neubiberg. It became effective as of January 1, 2015. The rental contract has a fixed term to 2019 and is automatically extended by a year insofar as it is not terminated by one of the parties with a period of six months' notice. The monthly rent is based on arm's-length terms.

### SHORT-TERM LOAN FROM PELABA VERWALTUNGS GMBH

On September 11, 2013, and December 23, 2013, a short-term loan of EUR 4,500 thousand was taken out on arm's-length terms from PELABA Verwaltungs GmbH, Neubiberg, as temporary interim financing for the subsequent acquisition of CHORUS Wind Kappel GmbH & Co. KG. The loan was repaid in full on July 17, 2014. The interest payments were based on arm's-length terms.

## 12.3 SHARE-BASED PAYMENT ARRANGEMENTS

The contracts for the Management Board members contain, among other items, performance-based remuneration components in the form of an annual variable remuneration based on the Company's share price development. The goal of this remuneration is to recognize their contribution to increasing the Company's value.

The annual bonus of the Management Board members is measured according to the Company-specific key figure "Company value enhancement," which is based on the development of the CHORUS share for the fiscal year compared to the (adjusted) DAX during the same period, while accounting for dividends paid. The target attainment is 100 percent when the actual increase in Company value for a year corresponds to the contractually stipulated target. If the increase in Company value falls below the target threshold by 50 percent or more, the bonus for the Management Board members is annulled for the respective calendar year. If the increase in Company value exceeds the target threshold, the bonus is increased at the same ratio as the Company value exceeded the target. The bonus is capped at 250 percent of the target bonus. Intermediate values are interpolated. The compensation is paid out in cash.

In the fiscal year 2015, the Company's increase in value was below the target threshold so that no variable remuneration based on share performance was paid to the members of the Management Board. There were therefore no such impacts on the CHORUS Group's financial statements.

## 12.4 ACCOUNTING FOR ACQUISITIONS OF INTERESTS IN JOINT OPERATIONS

The investment in Richelbach Solar GbR of EUR 275 thousand as of December 31, 2015 (2014: EUR 275 thousand) is classified as a joint operation under IFRS 11. CHORUS accounts for its interests in the joint operation by recognizing its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations. The CHORUS Group has a 60 percent interest in Richelbach Solar GbR.

## 12.5 ACQUISITION OF HOLDINGS IN OTHER COMPANIES

Effective from March 2015, the CHORUS Group acquired a 35 percent holding in a limited partner for a consideration of EUR 818 thousand and 35 percent of the shareholder loan for a consideration of EUR 2,830 thousand. The purchase of the shares and the shareholder loan are disclosed under current financial assets. The 35 percent of the shares were recognized as investments available for sale. The 35 percent of the shareholder loan was recognized at amortized cost.

## 12.6 AUDITOR REMUNERATION

The expenses incurred for remuneration of the Group auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, were as follows:

| in EUR thousands | 2015 | 2014 |
|---|---|---|
| Auditing services | **498** | 165 |
| *of which voluntary auditing services from the previous year* | ***298*** | *0* |
| Other attestation engagements | **924** | 33 |
| *of which voluntary other attestation engagements from the previous year* | ***552*** | *0* |
| Other services | **77** | 0 |
| Total | **1,499** | 198 |

## 12.7 CORPORATE GOVERNANCE

The Declaration of Compliance by the Management Board and the Supervisory Board on the Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) was issued and is available on the Group's website at www.chorus.de/en/investor-relations/corporate-governance/declaration-of-compliance.

## 12.8 DISCLOSURES PURSUANT TO SECTION 160 (1) NO. 8 GERMAN STOCK CORPORATION ACT (AktG)

As of the reporting date 2015, holdings in the Company exist that were disclosed pursuant to Section 20 (1) or (4) AktG or pursuant to Section 21 (1) or (1a) German Securities Trading Act (WpHG) and published pursuant to Section 20 (6) AktG or Section 26 (1) WpHG:

CHORUS received the following voting right notifications pursuant to Section 21 (1) WpHG on December 2, 2015:

1. Peter Heidecker, Germany, informed us pursuant to Section 21 (1) WpHG that his voting rights in CHORUS Clean Energy AG fell below the threshold of 20 percent on November 27, 2015, and amounted to 17.56 percent (4,865,560 voting rights). Of these, Peter Heidecker holds 0 percent (0 voting rights) directly; 17.56 percent (4,865,560 voting rights) is attributed to him pursuant to Section 22 (1) no. 1 WpHG. Attributed voting rights are held by Peter Heidecker via the following companies controlled by him, whose voting rights in CHORUS Clean Energy AG amount to 3 percent or more: PELABA Anlagenverwaltungs GmbH & Co. KG.

CHORUS received the following voting right notifications pursuant to Section 21 (1) WpHG on October 29, 2015:

1. Farringdon Netherlands BV, Amsterdam, Netherlands, informed us pursuant to Section 21 (1) WpHG that its voting rights in CHORUS Clean Energy AG exceeded the threshold of 5 percent on October 27, 2015, and amounted to 5.21 percent (1,442,500 voting rights). Of these, 5.21 percent (1,442,500 voting rights) is attributed to Farringdon Netherlands BV via shareholders pursuant to Section 22 (1) sentence 1 no. 6 WpHG. Attributed voting rights are held by the following shareholders whose voting rights in CHORUS Clean Energy AG amount to 3 percent or more: Farringdon I-SICAV.

2. Bram Cornelisse, Netherlands, informed us pursuant to Section 21 (1) WpHG that his voting rights in CHORUS Clean Energy AG exceeded the threshold of 5 percent on October 27, 2015, and amounted to 5.21 percent (1,442,500 voting rights). Of these, 5.21 percent (1,442,500 voting rights) is attributed to Bram Cornelisse via shareholders pursuant to Section 22 (1) sentence 1 no. 6 in conjunction with sentence 2 WpHG. Attributed voting rights are held by Bram Cornelisse via the following shareholders whose voting rights in CHORUS Clean Energy AG amount to 3 percent or more: Farringdon I-SICAV.

CHORUS received the following voting right notifications pursuant to Section 21 (1) WpHG on October 23, 2015:

1. Farringdon Netherlands BV, Amsterdam, Netherlands, informed us pursuant to Section 21 (1) WpHG that its voting rights in CHORUS Clean Energy AG exceeded the threshold of 3 percent on October 7, 2015, and amounted to 3.77 percent (1,045,500 voting rights). Of these, 3.77 percent (1,045,500 voting rights) is attributed to Farringdon Netherlands BV via shareholders pursuant to Section 22 (1) sentence 1 no. 6 WpHG.

2. Bram Cornelisse, Netherlands, informed us pursuant to Section 21 (1) WpHG that his voting rights in CHORUS Clean Energy AG exceeded the threshold of 3 percent on October 7, 2015, and amounted to 3.77 percent (1,045,500 voting rights). Of these, 3.77 percent (1,045,500 voting rights) is attributed to Bram Cornelisse via shareholders pursuant to Section 22 (1) sentence 1 no. 6 in conjunction with sentence 2 WpHG.

3. Farringdon I-SICAV, Luxembourg, Luxembourg, informed us pursuant to Section 21 (1) WpHG that its voting rights in CHORUS Clean Energy AG exceeded the threshold of 3 percent on October 21, 2015, and amounted to 3.11 percent (862,916 voting rights). Of these, Farringdon I-SICAV holds 3.11 percent (862,916 voting rights) directly.

4. CASO Asset Management S.A., Senningerberg, Luxembourg, informed us pursuant to Section 21 (1) WpHG that its voting rights in CHORUS Clean Energy AG exceeded the threshold of 3 percent on October 21, 2015, and amounted to 3.11 percent (862,916 voting rights). Of these, CASO Asset Management S.A. holds 0 percent (0 voting rights) directly, while 3.11 percent (862,916 voting rights) is attributed to it pursuant to Section 22 (1) sentence 1 no. 6 WpHG. Attributed voting rights are held by CASO Asset Management S.A. via the following shareholders whose voting rights in CHORUS Clean Energy AG amount to 3 percent or more: Farringdon I-SICAV.

CHORUS received the following voting right notifications pursuant to Section 21 (1) WpHG on October 21, 2015:

1. H&J Energieportfolio Verwaltungs GmbH, Neubiberg, Germany, informed us pursuant to Section 21 (1) WpHG that its voting rights in CHORUS Clean Energy AG exceeded the threshold of 5 percent on October 19, 2015, and amounted to 9.15 percent (2,534,880 voting rights). Of these, H&J Energieportfolio Verwaltungs GmbH holds 0 percent (0 voting rights) directly; 9.15 percent (2,534,880 voting rights) is attributed to H&J Energieportfolio Verwaltungs GmbH pursuant to Section 22 (1) no. 1 WpHG via shareholders whose voting rights in CHORUS Clean Energy AG all amount to less than 3 percent.

2. PELABA Ökofinanz GmbH, Neubiberg, Germany, informed us pursuant to Section 21 (1) WpHG that its voting rights in CHORUS Clean Energy AG exceeded the threshold of 5 percent on October 19, 2015, and amounted to 9.25 percent (2,563,477 voting rights). Of these, PELABA Ökofinanz GmbH holds 0.10 percent (28,597 voting rights) directly; 9.15 percent (2,534,880 voting rights) is attributed to it pursuant to Section 22 (1) no. 1 WpHG. Attributed voting rights are held by PELABA Ökofinanz GmbH via the following companies controlled by it, whose voting rights in CHORUS Clean Energy AG amount to 3 percent or more: H&J Energieportfolio Verwaltungs GmbH.

3. PELABA Vermögensverwaltungs GmbH & Co. KG, Neubiberg, Germany, informed us pursuant to Section 21 (1) WpHG that its voting rights in CHORUS Clean Energy AG exceeded the threshold of 20 percent on October 19, 2015, and amounted to 22.24 percent (6,161,865 voting rights). Of these, PELABA Vermögensverwaltungs GmbH & Co. KG holds 0 percent (0 voting rights) directly; 22.24 percent (6,161,865 voting rights) is attributed to it pursuant to Section 22 (1) no. 1 WpHG. Attributed voting rights are held by PELABA Vermögensverwaltungs GmbH & Co. KG via the following companies controlled by it, whose voting rights in CHORUS Clean Energy AG amount to 3 percent or more: H&J Energieportfolio Verwaltungs GmbH, PELABA Ökofinanz GmbH, PELABA Anlagenverwaltungs GmbH & Co. KG, PELABA Consult GmbH.

4. Peter Heidecker, Germany, informed us pursuant to Section 21 (1) WpHG that his voting rights in CHORUS Clean Energy AG exceeded the threshold of 20 percent on October 19, 2015, and amounted to 22.24 percent (6,161,865 voting rights). Of these, Peter Heidecker holds 0 percent (0 voting rights) directly; 22.24 percent (6,161,865 voting rights) is attributed to him pursuant to Section 22 (1) no. 1 WpHG. Attributed voting rights are held by Peter Heidecker via the following companies controlled by him, whose voting rights in CHORUS Clean Energy AG amount to 3 percent or more: H&J Energieportfolio Verwaltungs GmbH, PELABA Ökofinanz GmbH, PELABA Anlagenverwaltungs GmbH & Co. KG, PELABA Consult GmbH, PELABA Vermögensverwaltungs GmbH & Co. KG.

CHORUS received the following voting right notifications pursuant to Section 21 (1) WpHG on October 15, 2015:

1. Barralina Asset Management GmbH, Hamburg, Germany, informed us pursuant to Section 21 (1) WpHG that its voting rights in CHORUS Clean Energy AG exceeded the threshold of 3 percent on October 9, 2015, and amounted to 4.98 percent (1,380,000 voting rights). Of these, Barralina Asset Management GmbH holds 4.98 percent (1,380,000 voting rights) directly.

2. Daniel Crasemann, Germany, informed us pursuant to Section 21 (1) WpHG that his voting rights in CHORUS Clean Energy AG exceeded the threshold of 3 percent on October 9, 2015, and amounted to 4.98 percent (1,380,000 voting rights). Of these, Daniel Crasemann holds 0 percent (0 voting rights) directly; 4.98 percent (1,380,000 voting rights) is attributed to him pursuant to Section 22 (1) no. 1 WpHG. Attributed voting rights are held by Daniel Crasemann via the following companies controlled by him, whose voting rights in CHORUS Clean Energy AG amount to 3 percent or more: Barralina Asset Management GmbH.

CHORUS received the following voting right notifications pursuant to Section 21 (1a) WpHG on October 14, 2015:

1. Joh. Berenberg Gossler & Co. KG, Hamburg, Germany, informed us pursuant to Section 21 (1a) WpHG that its voting rights in CHORUS Clean Energy AG amounted to 37.02 percent (10,256,411 voting rights) on October 6, 2015, the date on which shares in CHORUS Clean Energy AG were approved for trading on an organized market for the first time. Of these, Joh. Berenberg Gossler & Co. KG holds 37.02 percent (10,256,411 voting rights) directly. Joh. Berenberg Gossler & Co. KG, Hamburg, Germany, informed us pursuant to Section 21 (1) WpHG that its voting rights in CHORUS Clean Energy AG fell below the threshold of 3 percent, 5 percent, 10 percent, 15 percent, 20 percent, 25 percent and 30 percent on October 8, 2015, and amounted to 0 percent (0 voting rights) as of this date.

CHORUS received the following voting right notifications pursuant to Section 21 (1) WpHG on October 8, 2015:

1. H&J Energieportfolio Verwaltungs GmbH, Neubiberg, Germany, informed us pursuant to Section 21 (1) WpHG that its voting rights in CHORUS Clean Energy AG fell below the threshold of 10 percent and 5 percent on October 7, 2015, the date of implementation for the share placement from CHORUS Clean Energy AG's IPO, and amounted to 3.61 percent (998,931 voting rights) on this date. Of these, H&J Energieportfolio Verwaltungs GmbH holds 0 percent (0 voting rights) directly; 3.61 percent (998,931 voting rights) is attributed to H&J Energieportfolio Verwaltungs GmbH pursuant to Section 22 (1) no. 1 WpHG via shareholders whose voting rights in CHORUS Clean Energy AG all amount to less than 3 percent.

2. PELABA Ökofinanz GmbH, Neubiberg, Germany, informed us pursuant to Section 21 (1) WpHG that its voting rights in CHORUS Clean Energy AG fell below the threshold of 10 and 5 percent on October 7, 2015, the date of implementation for the share placement from CHORUS Clean Energy AG's IPO, and amounted to 3.67 percent (1,017,528 voting rights) on this date. Of these, PELABA Ökofinanz GmbH holds 0.07 percent (18,597 voting rights) directly; 3.61 percent (998,931 voting rights) is attributed to it pursuant to Section 22 (1) no. 1 WpHG. Attributed voting rights are held by PELABA Ökofinanz GmbH via the following companies controlled by it, whose voting rights in CHORUS Clean Energy AG amount to 3 percent or more: H&J Energieportfolio Verwaltungs GmbH.

3. PELABA Vermögensverwaltungs GmbH & Co. KG, Neubiberg, Germany, informed us pursuant to Section 21 (1) WpHG that its voting rights in CHORUS Clean Energy AG fell below the threshold of 20 percent on October 7, 2015, the date of implementation for the share placement from CHORUS Clean Energy AG's IPO, and amounted to 16.66 percent (4,615,916 voting rights) on this date. Of these, PELABA Vermögensverwaltungs GmbH & Co. KG holds 0 percent (0 voting rights) directly; 16.66 percent (4,615,916 voting rights) is attributed to it pursuant to Section 22 (1) no. 1 WpHG. Attributed voting rights are held by PELABA Vermögensverwaltungs GmbH & Co. KG via the following companies controlled by it, whose voting rights in CHORUS Clean Energy AG amount to 3 percent or more: H&J Energieportfolio Verwaltungs GmbH, PELABA Ökofinanz GmbH, PELABA Anlagenverwaltungs GmbH & Co. KG, PELABA Consult GmbH.

4. Peter Heidecker, Germany, informed us pursuant to Section 21 (1) WpHG that his voting rights in CHORUS Clean Energy AG fell below the threshold of 20 percent on October 7, 2015, the date of implementation for the share placement from CHORUS Clean Energy AG's IPO, and amounted to 16.66 percent (4,615,916 voting rights) on this date. Of these, Peter Heidecker holds 0 percent (0 voting rights) directly; 16.66 percent (4,615,916 voting rights) is attributed to him pursuant to Section 22 (1) no. 1 WpHG. Attributed voting rights are held via the following companies controlled by him, whose voting rights in CHORUS Clean Energy AG amount to 3 percent or more: H&J Energieportfolio Verwaltungs GmbH, PELABA Ökofinanz GmbH, PELABA Anlagenverwaltungs GmbH & Co. KG, PELABA Consult GmbH, PELABA Vermögensverwaltungs GmbH & Co. KG.

CHORUS received the following voting right notifications pursuant to Section 21 (1a) WpHG on October 7, 2015:

1. PELABA Anlagenverwaltungs GmbH & Co. KG, Neubiberg, Germany, informed us pursuant to Section 21 (1a) WpHG that its voting rights in CHORUS Clean Energy AG amounted to 12.99 percent (3,598,388 voting rights) on October 6, 2015, the date on which shares in CHORUS Clean Energy AG were approved for trading on an organized market for the first time. Of these, PELABA Anlagenverwaltungs GmbH & Co. KG holds 12.99 percent (3,598,388 voting rights) directly.

2. H&J Energieportfolio Verwaltungs GmbH, Neubiberg, Germany, informed us pursuant to Section 21 (1a) WpHG that its voting rights in CHORUS Clean Energy AG amounted to 10.47 percent (2,899,540 voting rights) on October 6, 2015, the date on which shares in CHORUS Clean Energy AG were approved for trading on an organized market for the first time. Of these, H&J Energieportfolio Verwaltungs GmbH holds 0 percent (0 voting rights) directly; 10.47 percent (2,899,540 voting rights) is attributed to H&J Energieportfolio Verwaltungs GmbH pursuant to Section 22 (1) no. 1 WpHG via shareholders whose voting rights in CHORUS Clean Energy AG all amount to less than 3 percent.

3. PELABA Ökofinanz GmbH, Neubiberg, Germany, informed us pursuant to Section 21 (1a) WpHG that its voting rights in CHORUS Clean Energy AG amounted to 10.53 percent (2,918,137 voting rights) on October 6, 2015, the date on which shares in CHORUS Clean Energy AG were approved for trading on an organized market for the first time. Of these, PELABA Ökofinanz GmbH holds 0.07 percent (18,597 voting rights) directly; 10.47 percent (2,899,540 voting rights) is attributed to it pursuant to Section 22 (1) no. 1 WpHG. Attributed voting rights are held by PELABA Ökofinanz GmbH via the following companies controlled by it, whose voting rights in CHORUS Clean Energy AG amount to 3 percent or more: H&J Energieportfolio Verwaltungs GmbH.

4. PELABA Vermögensverwaltungs GmbH & Co. KG, Neubiberg, Germany, informed us pursuant to Section 21 (1a) WpHG that its voting rights in CHORUS Clean Energy AG amounted to 23.52 percent (6,516,525 voting rights) on October 6, 2015, the date on which shares in CHORUS Clean Energy AG were approved for trading on an organized market for the first time. Of these, PELABA Vermögensverwaltungs GmbH & Co. KG holds 0 percent (0 voting rights) directly;. 23.52 percent (6,516,525 voting rights) is attributed to it pursuant to Section 22 (1) no. 1 WpHG. Attributed voting rights are held by PELABA Vermögensverwaltungs GmbH & Co. KG via the following companies controlled by it, whose voting rights in CHORUS Clean Energy AG amount to 3 percent or more: H&J Energieportfolio Verwaltungs GmbH, PELABA Ökofinanz GmbH, PELABA Anlagenverwaltungs GmbH & Co. KG, PELABA Consult GmbH.

5. PELABA Consult GmbH, Neubiberg, Germany, informed us pursuant to Section 21 (1a) WpHG that its voting rights in CHORUS Clean Energy AG amounted to 12.99 percent (3,598,388 voting rights) on October 6, 2015, the date on which shares in CHORUS Clean Energy AG were approved for trading on an organized market for the first time. Of these, PELABA Consult GmbH holds 0 percent (0 voting rights) directly; 12.99 percent (3,598,388 voting rights) is attributed to it pursuant to Section 22 (1) no. 1 WpHG. Attributed voting rights are held by PELABA Consult GmbH via the following companies controlled by it, whose voting rights in CHORUS Clean Energy AG amount to 3 percent or more: PELABA Anlagenverwaltungs GmbH & Co. KG.

6. Peter Heidecker, Germany, informed us pursuant to Section 21 (1a) WpHG that his voting rights in CHORUS Clean Energy AG amounted to 23.52 percent (6,516,525 voting rights) on October 6, 2015, the date on which shares in CHORUS Clean Energy AG were approved for trading on an organized market for the first time. Of these, Peter Heidecker holds 0 percent (0 voting rights) directly; 23.52 percent (6,516,525 voting rights) is attributed to him pursuant to Section 22 (1) no. 1 WpHG. Attributed voting rights are held by Peter Heidecker via the following companies controlled by him, whose voting rights in CHORUS Clean Energy AG amount to 3 percent or more: H&J Energieportfolio Verwaltungs GmbH, PELABA Ökofinanz GmbH, PELABA Anlagenverwaltungs GmbH & Co. KG, PELABA Consult GmbH, PELABA Vermögensverwaltungs GmbH & Co. KG.

CHORUS received the following voting right notifications pursuant to Section 20 (1) and (4) AktG on March 9, 2015:

1. In a letter dated March 9, 2015, we were informed pursuant to Section 20 (1) and (4) AktG that the majority stake in the Company was indirectly held by Peter Heidecker, Neubiberg.

CHORUS received the following voting right notifications pursuant to Section 20 (1) and (4) AktG on March 6, 2015:

1. In a letter dated March 6, 2015, we were informed pursuant to Section 20 (1) and (4) AktG that the majority stake in the Company was indirectly held by the following companies/persons:

H&J Energieportfolio Verwaltungs GmbH, Neubiberg
REGIS Treuhand & Verwaltung GmbH für Beteiligungen, Neubiberg

CHORUS received the following voting right notifications pursuant to Section 20 (1), (4) and (5) AktG on February 27, 2015:

1. In a letter dated February 27, 2015, we were informed pursuant to Section 20 (1) and (4) AktG that the majority stake in the Company was indirectly held by the following companies/persons:

PELABA Vermögensverwaltungs GmbH & Co. KG, Neubiberg
PELABA Ökofinanz GmbH, Neubiberg
PELABA Consult GmbH, Neubiberg
F&F Treuhand & Verwaltung für Beteiligungen UG (haftungsbeschränkt), Neubiberg

2. In a letter dated February 27, 2015, we were informed pursuant to Section 20 (5) AktG that PELABA Anlagenverwaltung GmbH & Co. KG, Neubiberg, no longer holds a majority stake in the Company.

## 12.9 EVENTS AFTER THE REPORTING DATE

As presented in note 8.10: Assets Held for Sale, the solar parks Idea Energy SAS di Chorus Solar Toscana 5. Srl & C. and Rasena Solare SAS di Chorus Solar Toscana 5. Srl & C. were sold in January 2016 to two German pension funds, whose portfolios are managed by CHORUS as part of its Asset Management activities. The preliminary resulting deconsolidation gains amount to EUR 184 thousand.

CHORUS finalized contracts on the purchase of the wind parks Amöneburg and Zellertal on March 30, 2016. The wind parks are located in the Marburg-Biedenkopf district in Hessen (Amöneburg) and Donnersbergkreis district in Rhineland-Palatinate (Zellertal). The investment volume was over EUR 40 million and includes project financing from Deutsche Kreditbank, which CHORUS assumed. The purchase price for all of the limited partner shares in the operative companies amounted to a total of EUR 5 thousand.

Four of the seven turbines were already in operation at the time the contract was finalized. The others are slated to begin operations soon. The 20-year fixed feed-in tariff averages out to about EUR 88 per MWh. Together, the wind parks are expected to produce over 50,000 MWh of electricity in their first full year of operation and therefore contribute more than EUR 4.5 million to the Group's revenue. The purchase is still subject to the customary conditions precedent. Currently, all signs point to a successful culmination of the transaction in the near future.

With the acquisition of the two wind parks, CHORUS continues to quickly implement its investment strategy for the proceeds from the Company's IPO.

Both acquisitions will presumably be accounted for as business combinations pursuant to IFRS 3. Due to the lack of information, no further disclosures (goodwill/badwill, value of the main categories of assets and liabilities purchased) could be made and no purchase price allocation established for the two wind parks as of the publication date of these consolidated financial statements. CHORUS anticipates an increase in total assets and in earnings as a result of these purchases. A quantification of these effects is, however, not yet possible.

CHORUS is not aware of any further events after the reporting date that had an impact on its performance.

## AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the CHORUS Clean Energy AG, Neubiberg, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements and its report on the position of the Company and the Group for the business year from 1 January to 31 December 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] 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 § 317 HGB [Handelsgesetzbuch „German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [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 applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, March 31, 2016

KPMG AG

Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Möhring | Bergler |
| Wirtschaftsprüferin | Wirtschaftsprüfer |

## RESPONSIBILITY STATEMENT

We hereby confirm that, to the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements of 2015 give a true and fair view of the net assets, financial position and results of operations of the Group, and that the combined management report includes a fair review of the development and performance of the business and the position of the Group as well as an accurate description of the principal opportunities and risks associated with the expected development of the Group.

Neubiberg/Munich, March 31, 2016

The Management Board

Holger Götze | Helmut Horst | Heinz Jarothe

## MANAGEMENT BOARD

Holger Götze, born 1969 in Hameln
Chairman of the Management Board/CEO

Heinz Jarothe, born 1962 in Scheßlitz
Member of the Management Board/COO

Helmut Horst, born 1982 in Munich
Member of the Management Board/CFO

## SUPERVISORY BOARD

Peter Heidecker
Chairman of the Supervisory Board,
Business Administration

Dr Heinrich Riederer
Vice Chairman of the Supervisory Board,
Physicist

Christine Scheel
Member of the Supervisory Board,
Corporate consultant

## MEMBERSHIPS IN SUPERVISORY BOARDS AND OTHER SUPERVISORY COMMITTEES

Christine Scheel
NATURSTROM AG, member of the Supervisory Board

Barmenia Versicherungsgruppe, member of the Advisory Board

# IMPRINT

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Note to the Annual Report
This Annual Report is the English translation of the original German version; in case of deviations between these two, the German version prevails.

Note regarding the rounding of figures
Due to the commercial rounding of figures and percentages, small deviations may occur.

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