



RETHINK – IT'S WORTH IT

SHORT PORTRAIT OF ENERGIEKONTOR AG

For the last 25 years, Energiekontor has stood for a sound approach to business and a wealth of experience in wind power. Formed in Bremerhaven in 1990, the Company was one of the pioneers in the industry and is now one of the leading German project developers. Its core business covers the planning, construction and operational management of wind farms in Germany and abroad, and was expanded to include solar power in 2010. Energiekontor also currently owns and operates 31 wind farms with a total rated power of around 238 megawatts.

In addition to its headquarters in Bremen, Energiekontor also maintains offices in Bremerhaven, Hagen im Bremischen, Aachen, Bernau (near Berlin) and Dortmund. The Company also has branch offices in England (Leeds), Scotland (Glasgow), Portugal (Lisbon) and the Netherlands (Nijmegen). The formation of additional branch offices in the US and France is currently in the making. Our track record speaks for itself: 111 wind farms completed, with around 600 turbines and total rated power of just under 900 megawatts. This corresponds to an investment volume of more than EUR 1.4 billion.

Energiekontor went public on 25 May 2000. Energiekontor AG (WKN 531350/ISIN DE0005313506) is listed in the General Standard segment of the Frankfurt Stock Exchange and the Energiekontor shares can be traded on all German stock exchanges.

INVESTOR INFORMATION (OVERVIEW)

Stock exchange listing:	Deutsche Börse, Frankfurt (traded on the Frankfurt Stock Exchange, Xetra and all other German trading venues)
Market segment:	General Standard
Class of shares:	Bearer shares
Sector:	Renewable Energy
Initial listing (IPO):	25 May 2000
WKN (German securities identification number):	531350
ISIN:	DE0005313506
Reuters:	EKT
Shareholder structure:	51.3% management and supervisory bodies; 48.2% freefloat; 0.5% Energiekontor AG
Research:	Dr Karsten von Blumenthal, First Berlin Arash Roshan Zamir, Warburg Research
Designated Sponsor:	Oddo Seydler Bank AG
Financial calendar:	31 August 2017: Publication of H1/2017 Interim Report 15 November 2017: Publication of Status Report on Q3/2017 27 November 2017: Presentation at the German Equity Forum, Frankfurt a. M.
Investor Relations:	Dr Stefan Eckhoff; phone: +49 (0)421 - 3304 - 0 e-mail: IR@energiekontor.de; website: www.energiekontor.de

Front cover: New turbines of the wind and solar park Debstedt repowered in 2016.

CONSOLIDATED KEY FIGURES

Income statement

In EUR million	01.01.– 30.06.2017	01.01.– 30.06.2016
Revenue	41.4	43.3
Total output	82.4	55.6
EBITDA (EBIT plus depreciation and amortisation)	21.3	23.6
EBIT (EBT plus financial result)	13.2	14.2
EBT (earnings before tax)	4.4	4.8
Consolidated net income	3.2	3.4
Earnings per share (EPS) in EUR	0.22	0.23

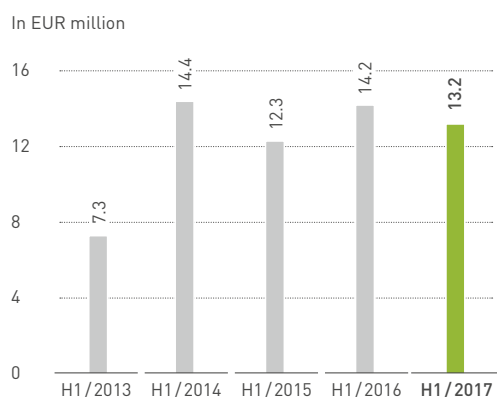
Balance sheet

In EUR million	30.06.2017	31.12.2016
Plant and equipment (wind farms)	163.7	171.7
Equity	63.2	69.5
Total assets	348.2	361.4
Equity ratio	18.2%	19.2%

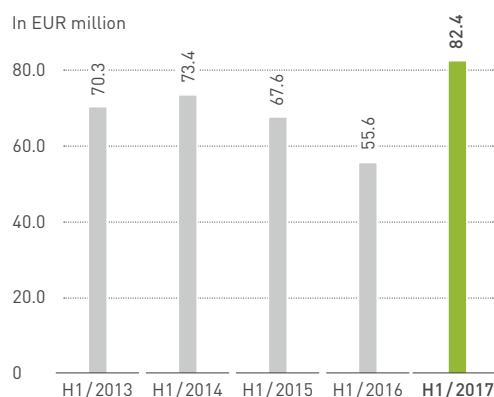
Cashflow

In EUR million	01.01.– 30.06.2017	01.01.– 30.06.2016
Cash flow from operating activities (operating cash flow)	-41.6	-14.7
Cash and cash equivalents at end of period	75.8	84.5

EBIT for the first half year



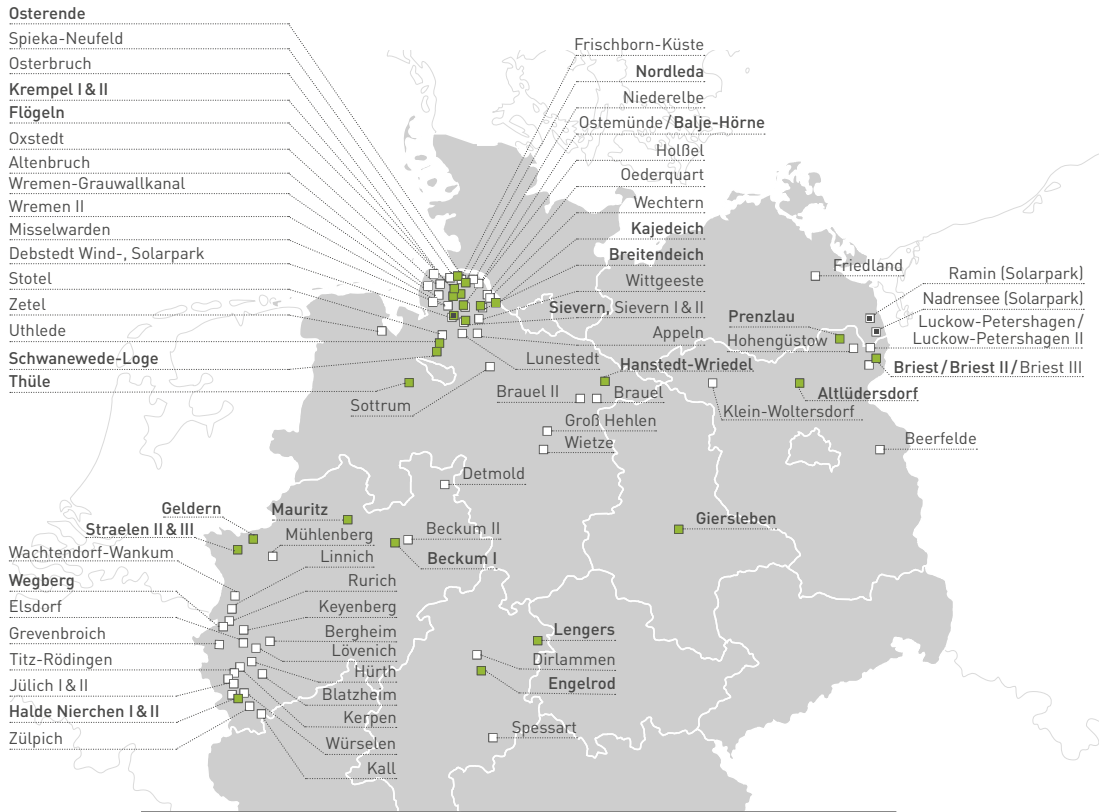
Total output for the first half year



Please see note on page 59 regarding pro-forma figures

REALISED WIND FARMS AND SOLAR PARKS

Germany



Great Britain



Portugal



Our mission statement

100% RENEWABLE ENERGY

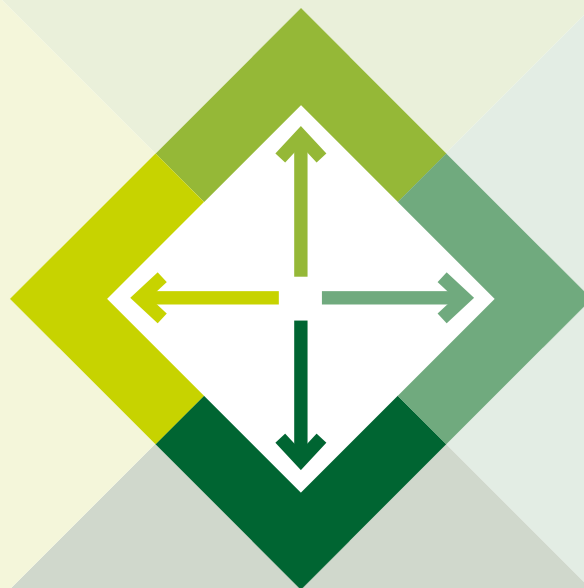
As a pioneer of renewable energy, Energiekontor is actively shaping the transition to 100% renewables. Concentration on our core competences and innovation will drive our business to a successful future.

INDIVIDUAL RESPONSIBILITY AND AUTONOMY

We support a high level of individual responsibility and create room for autonomy at all levels as they are the precondition for creativity, flexibility and achieving our goals.

TEAM SPIRIT AND COLLEGIALITY

We encourage team spirit and collegiality as they are the key to our success.



FINANCIAL STABILITY AND SUSTAINABLE GROWTH

The financial stability of our Company is the basis for sustainable growth and plays a key role in our long-term strategy.

THE ENERGIEKONTOR SHARES

For a summary of key investor information, please also see the table in the cover of the half-year report.

Share capital

The Company's subscribed capital (share capital) as entered in the commercial register amounts to EUR 14,653,160 as of 30 June 2017 and is divided into 14,653,160 bearer ordinary shares.

Authorised capital

Following expiration of the existing authorised capital on 24 May 2016, new authorised capital was created at the Annual General Meeting on 26 May 2016. This also enables the Company to issue preferred shares in the scope of future capital increases.

Subject to the consent of the Supervisory Board, the Management Board was authorised to increase the Company's share capital by up to EUR 7,326,580 on one or several occasions until 23 May 2021 by issuing up to 7,326,580 new bearer ordinary and /or preferred shares with or without voting rights for cash and /or contributions in kind (authorised capital 2016).

The authorisation includes the authority to, if preferred shares are issued on multiple occasions, issue additional preferred shares (with or without voting rights) that precede the previously issued preferred shares or rank equally to them in the distribution of profits or Company assets. Here, the shareholders must generally be granted a subscription right. However, subject to the consent of the Supervisory Board, the Management Board is authorised to exclude the shareholders' legal subscription right (for the exact terms and conditions, see resolution in the invitation to the Annual General Meeting on 26 May 2016 at www.energiekontor.de > Investor Relations > Hauptversammlung).

This authorisation has not been used to date.

Contingent capital

The General Meeting on 28 May 2014 resolved to grant options for a total of 500,000 new, bearer ordinary shares and to thus increase the Company's contingent share capital by a total of EUR 500,000.00 (contingent capital 2014 I). The contingent capital increase will only be realised to the extent that holders of subscription rights granted by the Company under the 2014 stock option plan actually exercise their subscription rights and the Company does not use treasury shares to fulfil such subscription rights. The new shares start participating in the Company's profits from the start of the financial year in which the corresponding option is exercised. Pursuant to the 2014 stock option plan, subscription rights for up to 500,000 Company shares may be issued exclusively to members of the Management Board until 31 December 2018. Subject to the subscription right conditions issued by the Supervisory Board, each subscription right entitles its holder to acquire one bearer ordinary share of Energiekontor AG.

100,000 subscription rights were issued to the Management Board under the stock option plan in 2014.

Share buy-back programme

In line with the resolution of the General Meeting on 25 May 2011, a total of 192,125 shares were repurchased by Energiekontor AG between the date the resolution was passed and 30 June 2017, 6,590 thereof in the 2017 financial year; the purpose was to retire treasury shares and thus reduce share capital. After the decrease of share capital in September 2014, Energiekontor AG held 67,675 shares as at 30 June 2017.

Directors' dealings

On 29 June 2017, the company founders and Supervisory Board members of Energiekontor AG, Dr Bodo Wilkens (Chairman of the Supervisory Board) and Günter Lammers, notified the Company pursuant to Art. 19 MAR (Market Abuse Regulation) that they have both sold part of their Energiekontor shares each equalling around 3 percent of

total share capital to institutional investors via private placement on 27 June 2017. They stated that the transaction was aimed at increasing the freefloat and potentially also the liquidity and attractiveness of the Energiekontor shares, while diversifying their private assets.

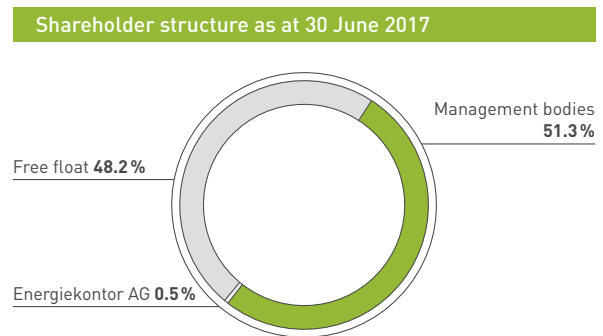
The member of the Supervisory Board, Darius Oliver Kianzad, and the members of the Management Board, Peter Szabo (Chairman) and Günter Eschen, did not hold any shares of the Company in the period under review.

Shareholder structure

The Management Board is not aware of any direct or indirect shareholdings (Sec. 315 (4) No. 3 German Commercial Code (HGB)) in excess of 10 percent, with the exception of the shareholdings stated below, which changed after the aforementioned transaction compared to the Financial Report 2016:

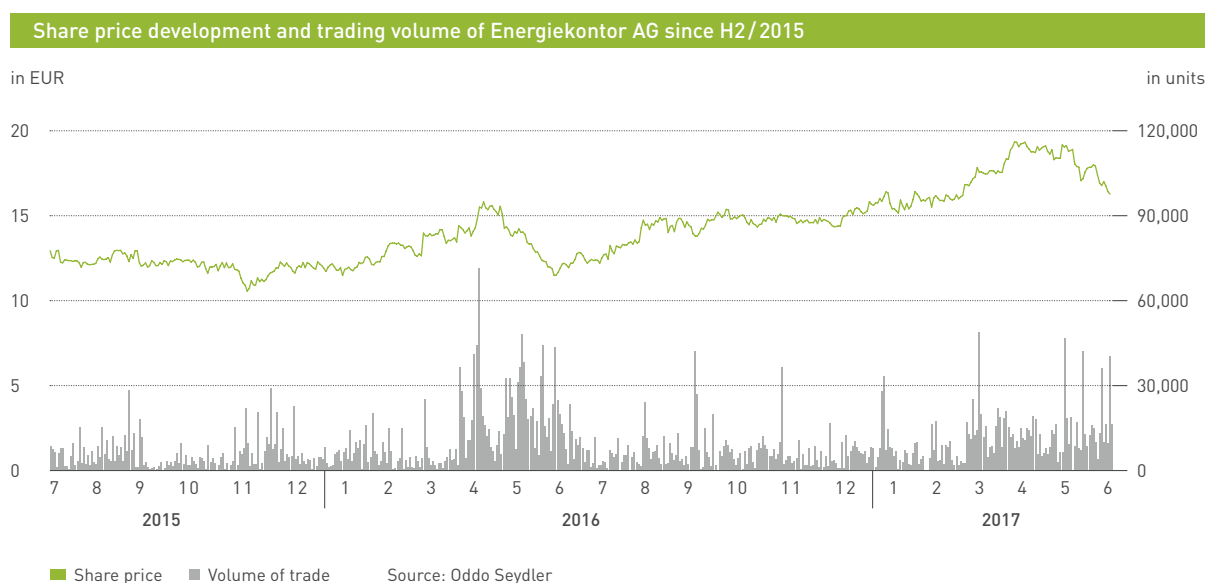
Dr Bodo Wilkens (Chairman of the Supervisory Board)	3,759,835 shares
Günter Lammers (Deputy Chairman of the Supervisory Board)	3,752,474 shares

Energiekontor AG therefore had the following shareholder structure as at 30 June 2017:



Share price development and trading volume of Energiekontor AG since July 2015

The following chart shows the development of the closing price of the shares in Frankfurt (green) as well as the total daily stock trading volume of Energiekontor AG at all German exchanges (grey) over a period of two years starting 1 July 2015 until 30 June 2017.





GROUP MANAGEMENT REPORT

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Pursuant to Section 315 (3) German Commercial Code (HGB) together with Section 298 (3) HGB, the Management Report of Energiekontor AG, Bremen, as the parent company of Energiekontor Group, and the Management Report of the Energiekontor Group have been combined. Provided that no further restrictive information is given, the following statements apply to both Energiekontor AG and the Group.

SECTOR AND MARKET TREND

Sector growth in the renewable energy market continues to vary considerably. China continues to be the frontrunner in the wind power as well as in the solar power markets. Together with the US, the People's Republic covers significantly more than half of annual new installations of wind farms and solar power plants. Cuts in the subsidy systems for renewable energy sources in some European industrial countries, in contrast, brought slight declines in the number of new installations, and uncertainty with regard to investments. More unanswered questions result from issues such as the Brexit in Europe and the announcement of the introduction of protective tariffs in the US.

The international goals for environmental protection and sustainable energy production continue to be the main drivers for the continued industry growth. The EU member states have undertaken to meet mandatory expansion targets. The international agreement resulting from the UN climate conference in Paris at the end of 2015 showed that climate protection and the corresponding containment of carbon emissions are meanwhile globally accepted, although this is called into question at times when there is a change in government.

The expansion of renewable energy sources also lowers the levelized cost of electricity. In Europe, the price of electricity from renewable energy sources is increasingly determined in auction processes. The objective is to converge the renewable energy market with free market conditions. In some regions, the leading renewable technologies, wind energy and PV, are already competing directly with electricity from conventional energy sources.

In the following, the core markets as well as the new markets of Energiekontor AG for wind and solar will be looked at in more detail.

Wind

Germany

Germany is – in the course of its energy transition scheme – planning to generate 40 – 45 percent of its required power from renewable energy sources by 2025; by 2035 this figure is supposed to reach 55 – 60 percent. By 2050, the share of

electricity generated from renewable energy sources in gross electricity consumption will even be increased to a minimum of 80 percent.¹

The German Renewable Energy Sources Act (EEG) forms the framework for the expansion of renewable energies. Since the introduction of the EEG, the share of renewable energies has increased from 6 percent of gross electricity consumption in 2000 to more than a third in 2016.

The new EEG 2017 became effective at the beginning of the current financial year. It prescribes that subsidies for renewable energy sources are granted via a market-based auction scheme for new permissions as from 1 January 2017. The first auctions for onshore wind projects with total rated power of 800 MW and 1,000 MW took place in May 2017 and August 2017. Another auction for 1,000 MW will be held in November 2017. The amount of subsidised onshore wind power has been capped at 2,800 MW p.a. This also applies to 2018 and 2019 (auctions for 700 MW each in February, May, August and October). From 2020, total capacity is to be increased to 2,900 MW.

The auction process will be based on a single-stage reference yield model. According to this, the subsidy rate will be constant for a period of 20 years. The bids will relate to a 100 percent reference site that is defined via the average expected wind speeds. Depending on the quality of the concrete project site (wind conditions), the actual remuneration amount is adjusted by means of several factors along the reference yield curve (a site with low wind levels receives higher remuneration than a location with strong wind). This makes locations with weaker winds more profitable, thereby accommodating the desire to expand wind energy all the way to southern Germany. For the first auction round in May 2017, the highest bid price for the 100 percent reference site has been limited to 7 euro cent / kWh.

Since the EEG was introduced in 2000, onshore wind power has been subsidised based on the two-stage reference yield model. The power generated in the wind farms was remunerated in two stages. A higher initial tariff reverted to the so-called basic subsidy after at least five years. The duration of the period in which the higher initial tariff is paid (max. 20 years) depended on the quality of the site; the weaker the wind at the site, the longer the period with a higher initial tariff. This rule still applies to all wind farms that obtained their permission before 31 December 2016 and will start operations before 31 December 2018.

¹) Website of the Federal Ministry for Economic Affairs and Energy (BMWi)

The amended EEG 2014 also stipulated a deployment corridor. This has since been determining the degression of the remuneration rate that is fixed as of commissioning and that was already included in the previous German Renewable Energy Sources Act (EEG). New installations of 2,500 MW p. a. was set as the target. The more this target amount is exceeded by actual installed wind turbine system capacity, the more drastic the degression of the remuneration rate (so-called "breathing cap"). In the case of repowering projects, only the gains that exceed the original capacity of the relevant site for the intended trajectory of 2,500 MW will be taken into account.

In 2017, state subsidies (basic remuneration and the higher initial tariff) for wind farms that obtained permission before 31 December 2016 are gradually reduced, depending on the date of commissioning, by 1.05 percent per month over a period of six months, starting from 1 March 2017. From 1 October 2017, the value to be used for the calculations will drop every quarter in accordance with the above-described flexible cap, depending on annual new onshore wind turbine installations (the highest degression would entail a reduction of 2.4 percent). In 2017, the degression cascade corresponds to a reduction in remuneration from 8.38 euro cent / kWh to 7.68 euro cent / kWh. The objective of this degression system over one year is rapid commissioning of projects that have already been given permission and the harmonisation of subsidies to the remuneration that is to be expected as a result of the auctions.

The results of the first auction round for onshore wind surprised the industry because 93 percent of the projects that were awarded a contract (65 out of 70) with bidding prices between 5.25 and 5.78 euro cent / kWh went to citizens' energy initiatives, while only five projects of traditional project developers were successful. This effect is connected to a special regulation (prequalification requirement) in the German Renewable Energy Sources Act (EEG): while project developers must provide financial collateral of EUR 30,000 / MW (bid bond) and may only participate in auctions for approved projects, citizens' energy initiatives need no approval and the bid bond they must provide is reduced by 50 percent. The German Renewable Energy Sources Act (EEG) foresees a 30-month deadline for realising the projects. Citizen cooperatives have a further 24 months to realise their projects.

Moreover, all projects awarded to citizen cooperatives are given the highest bidding price while project developers are given pay as bid.

Of course, citizens' energy initiatives are also exposed to bid price risks, i. e. if a bid for a project is too high, it will not be awarded. If on the other hand, too many bidders try to win a contract by bidding very low, the marginal price, i. e. the highest bid that is accepted, may also be very low, because the total auction volume in this round has been used up by projects with low bid prices. In this case, the project must be realised at this low marginal price. E. g. in the first auction round, some 50 percent of the citizen energy cooperative projects were not awarded a contract.

As the results of the first auction round were still extremely one-sided, the legislator reacted quickly and introduced the approval obligation as an admission requirement for citizen energy cooperative projects for auctions held in 2018; this is to ensure that we will return to seeing more diversity in terms of participants coming out of the auctions successfully. Energiekontor AG expressly welcomes this development.

As expected, the average price of bids accepted for onshore wind in the second auction round in August 2017 was again significantly lower at 4.28 euro cent / kWh. A first analysis of the results suggests that this auction was again dominated by citizens' energy initiatives. The new regulation means that this effect should be less significant from 2018.

Energiekontor AG believes that the special provision of citizens' energy initiatives being allowed to submit their application before receiving the required permission has led to a certain distortion of competition in the first two auction rounds. The management believes that it will not be until next year, when equal conditions apply to all market participants and the special provision for citizens' energy initiatives will be abolished, that the price structure should stabilise again at a low level. Prices are very low already, which will present the entire sector with major economic challenges in 2018 and thereafter at all value creation stages of project realisation. At the same time, such change processes will also generate market opportunities, which Energiekontor intends to use.

Even though 2017 and 2018 will see additional installed capacity on top of the auction volume of 2,800 MW per year, which stems from the completion of projects that had already obtained permission before 31 December 2016 (according to the German Wind Energy Association, BWE, around 8.4 GW), Energiekontor expects Germany will see a significant decline in new wind farm capacity as well as a rapid decrease in remuneration. Fixing a maximum bid price, which contradicts the objective of establishing open competition, and the attempt to introduce a drastic cap for new installations per year through tender quotas is viewed critically by Energiekontor.

The definition of so-called grid expansion areas has been added as a special feature of the amended EEG 2017. These include the northern federal states Lower Saxony (in parts), Bremen / Bremerhaven, Hamburg, Schleswig-Holstein and Mecklenburg-Western Pomerania, where the total volume of subsidised projects has been limited to 58 percent of the average capacity commissioned in the years 2013 to 2015. The impact of this on Energiekontor is marginal thanks to its high number of new projects in the key regions North Rhine-Westphalia and Brandenburg as well as the expansion into new national markets.

UK

Subsidies for renewable energy in the UK saw substantial cuts after the parliamentary elections in May 2015. A new remuneration system had originally been planned to be introduced in 2015 to 2017, which would have also been based on auctions, like in Germany. This would have been based on so-called contracts for difference (CFD), a structure that is similar to the German market bonus scheme and pays the delta between market price and a fixed cap (award price). The price differences are determined in an auctioning procedure. With the exception of the first auction round, however, onshore wind is excluded from the auctions, and it is doubtful whether there will be more auctions for onshore wind farms in the near future.

Onshore wind is now considered a "mature" technology by some government officials in the UK. The conservative government therefore strives to limit the expansion of onshore wind power. This only affects England, as Scotland insists on its own independent planning rights and can determine its own targets for the expansion of renewable

energies. In Scotland, wind energy is still being very much supported, despite the fact that the remuneration system for the whole of the UK is determined in London.

Realising wind farms in the UK is based on long-term power purchase agreements (PPAs), which are usually concluded between operators and energy suppliers. In the case of the Energiekontor projects, however, PPAs are negotiated directly by operators and end users, usually large industrial conglomerates. The PPA determines the basic remuneration for the electricity generated over a certain period of time.

In addition, the project companies receive so-called embedded benefits, which subsidise power plants that feed into the medium-voltage grid instead of the high-voltage grid.

In order to have a reliable contractual basis for planning and constructing wind farms in the UK and apart from selling the electricity on the electricity exchange at the respective market prices, the only remaining option is to conclude long-term PPAs (with a term of 15 years or more) directly with the end-users (so-called end-user PPAs). This business model requires companies to focus on large sites with strong winds – a strategy that Energiekontor has already been pursuing for several years with its sites in Scotland.

The decision of the UK to leave the EU (Brexit) is having an impact on Energiekontor AG's business to the extent that the potential reintroduction of customs duties and interest rate or currency fluctuations could increase costs for the construction of wind farms and the financing thereof. These kinds of effects are already priced in to the profitability calculations for Energiekontor's development projects. Currency fluctuations would mainly affect the dividends distributed by Group-owned wind farms in the UK generated in British pounds, if such dividends are to be transferred to Germany in euro. In sum, the short term will be plagued with a degree of uncertainty over the possible effects of Brexit on the domestic European market, and investments from other EU member states in the UK might be restrained for the time being. In the medium term, however, Energiekontor does not expect the Brexit to have any lasting effects on the UK project business in the field of renewable energy sources.

Portugal

According to the German Foreign Office, the economic crisis in Portugal already bottomed out in 2013. Nevertheless, the economy is recovering very slowly from the consequences of the economic and financial market crisis, which is also reflected in the expansion of renewable energy.

At the same time, Portugal is considered to be one of the most advanced European countries when it comes to environmental, climate and energy policies. The ambitious plans of the Portuguese government envisage that 31 percent of total energy consumption in Portugal is to be covered by renewable energy from 2020. In 2015, the share already amounted to around 25 percent². In 2016, hydro power, wind and solar energy as well as other renewable energy sources contributed far more than half of the overall power generation volume in Portugal³.

Nonetheless, Portugal is in danger of missing its targets for 2020, as the development of renewable energy sources has been stagnating for years. There are still no new auctioning procedures that would provide grid licenses and thus promote new project developments. As in Germany, energy suppliers in Portugal are legally obliged to purchase wind energy. While grid connections for wind farms and solar parks can be applied for, the electricity produced would be remunerated at general market prices. Investment activity continues to be hesitant, especially from abroad.

While the government wants to simplify the construction of new projects in the renewable energy markets, environmental and nature conservation requirements are getting stricter in many locations. A project developer wishing to connect to the grid therefore needs to meet two key requirements: sufficient grid connection capacity for the inclusion of an additional wind farm or solar park in the area, and a positive assessment of the environmental impact.

The Netherlands

The Dutch government is planning to expand onshore wind power to 6,000 MW by 2020. This means that the capacity available at the end of 2015 would be more or less doubled. By the end of 2020, 14 percent of total energy consumption is to be generated from renewable energy sources; the percentage is to be raised to 16 percent by 2023.

State subsidies for renewable energy in the Netherlands are currently regulated by the "Stimulerings Duurzame Energie-productie" (SDE+), which is based on an auctioning system, similar to the German EEG. Subsidies for onshore wind power have been differentiated according to wind speeds since 2015. Depending on the wind speed, the maximum remuneration (trading price of electricity + premium) ranges roughly between 6.2 euro cent/kWh and 8.5 euro cent/Wh. The subsidy period is 15 years, with an extension option of one year, depending on the extent to which the annual promotion fund for wind farms has been utilised.

Permission, feasibility study, wind resource assessment and option agreements must be produced to obtain subsidies. A fixed annual budget of EUR 8 billion is provided until 2020. The subsidies are granted in several phases, in which the developer can submit an application for each wind category. As soon as the subsidy cap has been reached, the project is tendered in a free auction, in which all of the technologies compete for the remaining subsidies and the lowest bid is processed first. The permissions are granted by the individual provinces and municipalities. Only projects larger than 100 MW need to be authorised by state and provinces together.

France

With the new legislation "Loi relative à la transition énergétique pour la croissance verte" (in short LTE), the French law on energy transition that was passed in August 2015, France has set itself ambitious goals for the expansion of renewable energy. The share of renewable energy sources in final energy consumption is to be raised to 23 percent by 2020 and to 32 percent by 2030 (at the end of 2015 it stood at 14.9 percent).⁴ In addition, the share of nuclear energy in the electricity mix is to be reduced to 50 percent by 2025 (currently still more than 70 percent). The new government under President Emmanuel Macron also expressly supports the expansion of renewable energy sources.

Based on nearly 12 GW at the end of 2016, onshore wind capacity in France is to be raised to 14.3 GW by 2018 and to 21.8 – 26 GW by 2023.

2) Sara Stefanini: "Portugal's clean-power problem", article published on 5 September 2016

3) Website of the Portuguese Renewable Energy Association, APREN (Associação Portuguesa de Energias Renováveis)

4) Ministère de l'Environnement, de l'Énergie et de la Mer: "Chiffres clés des énergies renouvelables – Édition 2016", February 2017

In the course of 2016, the remuneration terms for onshore wind power were defined in more detail. Based on the German blueprint, France introduced a mandatory direct marketing scheme for onshore wind farms, which is to replace the previous tariff model. This means that in addition to the respective market price, a wind farm operator receives a variable market premium, which corresponds to the delta between the technology-specific reference tariff and an average reference trading price, which is determined in retrospect⁵.

From 2017, direct marketing with a market premium is to apply to wind farms with up to six turbines and the auctioning system will be applied to larger wind farms.

United States

Regulations concerning the expansion of renewable energy sources in the US vary across states. Like in Europe, expansion targets for renewable energy sources have been defined. However, they are not binding and their definition varies across states. These so-called Renewable Portfolio Standards (RPSs) either state the absolute expansion targets in megawatts, or a percentage share of renewable energy sources in the energy mix for each of the 29 states and Washington D.C. In California and New York, the RPSs are set to 50 percent, for example, to be reached by 2030. Hawaii has set itself the most ambitious target with 100 percent by 2045.

Like in the UK, PPAs, i.e. contracts between a project company and an industrial customer or an energy supplier, determine the profitability of a project. The PPAs are usually issued in privately organised tender procedures or negotiated directly. The US does not have a centralised subsidy system like a feed-in tariff either. However, there is an option to be registered as a "qualified facility". In this case, the grid operator has to buy the electricity at cost (avoided cost). There are also subsidy systems at state, local and federal level. Local subsidy programmes do not play a major role for projects of energy supplier dimension.

However, indirect subsidies are granted at state level via tax benefits. The corresponding mechanisms are either Investment Tax Credit (ITC) or Production Tax Credit (PTC). They had originally been introduced at the beginning of the 1990s, were amended in 2009 by the Obama administration

with the "American Recovery and Reinvestment Act (ARRA)" and were extended in 2015 until 2020 via the "Consolidated Appropriations Act".

PTC takes effect in the first ten years of operation, i.e. tax credit is given on profits from the sale of electricity generated with wind turbine systems. This typically involves an agreement with a tax equity investor (TEI) who is able to use the PTCs for tax purposes as a partner or operator of the facility. Depending on the construction start of the wind farm, the PTC will gradually be reduced in the coming years (by 20 percent in 2017, 40 percent in 2018 and 60 percent in 2019)⁶.

In addition, an accelerated depreciation scheme is in place, the Modified Accelerated Cost Recovery System (MACRS). In the US, investing in a facility that uses renewable energy sources gives rise to a special depreciation entitlement over five years. In addition, 50 percent of eligible investment costs can be written off in the first year. The MACRS then only apply to the remaining 50 percent of the investment. While the MACRSs are supposed to be maintained, the special depreciation of 50 percent is gradually phased out: to 40 percent in 2018, 30 percent in 2019 and 0 percent in 2020.

Meeting the Renewable Portfolio Standards is ensured via so-called Renewable Energy Credits (RECs). The RECs are tradable, similar to emission certificates in Europe. One REC is granted for 1 MWh. However, the price of an REC is currently only 1 USD / MWh (voluntary market), and as a result its impact is minimal at the moment. In addition, significantly more expensive certificates are traded at the regional level, but the newly elected Trump administration is likely to abolish these.

Apart from this, the Energiekontor Group does not expect any further policy restrictions that would have a negative impact on the renewable energy market in the US. As in the UK, Energiekontor's profitability calculation for new projects in the US is exclusively based on the conclusion of PPAs. All of the other incentives such as the PTCs for projects with a construction start before December 2019 are therefore "nice to have", but not a necessary prerequisite for market entry in the US.

5) French-German Office for Renewable Energy: "Neuordnung der Fördermechanismen für erneuerbare Energien in Frankreich" (reorganisation of the subsidies for renewable energy sources in France, version: February 2017), March 2017

6) Website of the US Department of Energy (DoE)

Solar

Whereas the PV sector is growing globally, annual new installations of PV plants in Germany have been relatively low since 2013. The Fraunhofer Institute for Solar Energy Systems ISE states new installations of about 1.5 GW in 2016 (compared to 1.4 GW in 2015). This took total capacity of installed PV plants in Germany up to just under 41 GW at the end of 2016⁷.

In Energiekontor's core markets, the geographic conditions in southern Portugal are very good for the use of solar power, but here the current restrictions described in the "Wind" chapter apply. In the UK, the development of PV projects for Energiekontor is largely limited to potentially using the grid connection of a wind farm for a solar park on the same site. Other than that, the solar activities of the Energiekontor Group mainly focus on Germany, France and the US.

Germany

Since 2015, financial subsidies for electricity generated in new ground-mounted solar arrays can only be obtained by participating successfully in a centralised auction organised by the German Federal Network Agency. In a pilot phase with three auction rounds, the Federal Network Agency tendered 500 MW of solar PV capacity in 2015, followed by 410 MW in 2016. From the first auction in April 2015 to the auction in December 2016, the average subsidy amount was reduced gradually from 9.17 euro cent/kWh to 6.90 euro cent/kWh. In the two first auctions in 2017, the average price of bids accepted fell again from 6.58 euro cent/kWh to 5.66 euro cent/kWh.

As the EEG 2017 has entered into force, the subsidy amounts for all ground-mounted solar arrays with a size of over 750 kilowatt peak (kWp) are determined in a tendering procedure. The first auction took place in February 2017. Two more will take place in four-month intervals thereafter. For 2017, an annual total of 600 MW is set to be tendered in three auctions.

The potential locations are largely limited to conversion areas and strips of land (110 metre wide) alongside motorways and railway tracks. Another prerequisite for the acceptance of a bid in the auction is a decision to draw up a development plan and an initial security of EUR 5,000 per MW provided when placing the bid. If the bid is accepted, an interim security of EUR 45,000 per MW (EUR 20,000 if such resolution has been adopted) must be added, which is to ensure the bid is genuine; this process is comparable to wind power auctions.

Energiekontor's management is of the opinion that, unlike smaller developers, larger companies such as Energiekontor AG will benefit from the new auctioning system, as they have more flexibility. Maintaining the profitability of the projects despite increasing margin pressure rests on efficiency enhancements and price reductions along the entire value chain. In this context, the still remaining protective tariffs in Europe, such as on PV modules from China, are increasingly being questioned, especially since modules from other countries are already offered at significantly lower prices these days.

France

Compared to just over 7 GW of installed PV capacity at the end of 2016, the capacity for PV power in France is to be expanded to 10.2 GW by 2018 and to 18.2 – 20.2 GW by 2023.

Since 2016, remuneration for power generated with ground-mounted solar arrays in the size of 500 kWp to 17 MWp has been determined in auction processes in France. Six auction rounds with 500 MW each are planned for between 2017 to mid-2019. The auction volume has been divided into three plant categories: 300 MW for ground-mounted solar arrays with a capacity between 5 MWp and 17 MWp (Category 1), 135 MW for ground-mounted solar arrays with a capacity between 500 kWp and 5 MWp (Category 2) and 65 MW for roof-mounted solar arrays with a capacity between 500 kWp and 10 MWp (Category 3).

⁷) Website of Fraunhofer Institute for Solar Energy Systems (ISE): Energy Charts as at 2 February 2017

Direct marketing is also being introduced in the PV sector. Accordingly, each plant is granted a market premium in addition to the electricity exchange market price. A minimum and a maximum price is determined for each category. In March 2017, the French Ministry for Energy announced the results of the first auction round, in which 79 projects were tendered, most of them located in the south of France. The average bid price was 62.50 EUR/MWh for Category 1, 68.1 EUR/MWh for Category 2 and 105.6 EUR/MWh for Category 3⁸.

United States

At the end of 2016, total PV capacity in the US amounted to around 40 GW, which is nearly on par with Germany, a country 28 times smaller than the US.

Like for wind turbine systems, PPAs, i. e. a contract between a project company and an industrial customer or a grid operator, form the basis of the profitability of a solar park in the US.

Additional state subsidy measures are largely identical with those described in the "Wind" chapter. Instead of Production Tax Credits, tax incentives in the PV sector are granted via so-called Investment Tax Credits (ITC), however.

ITCs allow investors to deduct 30 percent of the invested system costs from their tax load. Depending on when the construction of PV projects is started, the ITC will be reduced to 26 percent in 2020 and 22 percent in 2021. From 2022, the plan is for just 20 percent to be deductible. In order to use the ITC for a project, either an investor is needed who is able to activate the ITCs, or, as is the case with wind farms, a tax equity investor (TEI) must be integrated. Such TEIs must stay in the project company operating the PV park for at least five years.

Given excellent global radiation levels of sometimes far more than 2,000 kWh/m² p. a. (kilowatt hours per square metre and year), roughly twice as much as for the best German sites, the expected levelized cost of electricity in the sunny areas of the US such as Arizona, New Mexico and Texas is much lower than in Europe.

8) Information of the French-German Office for Renewable Energy, March 2017

THE COMPANY

The Energiekontor AG business model

Energiekontor AG specialises in wind power project development and wind farm operation in both Germany and abroad. As one of the pioneers in this area, the Company can call on more than 25 years of experience and covers the entire value chain in the onshore wind farm segment, ranging from business and project development to financing and turbine installation up to the operational management of the completed facility.

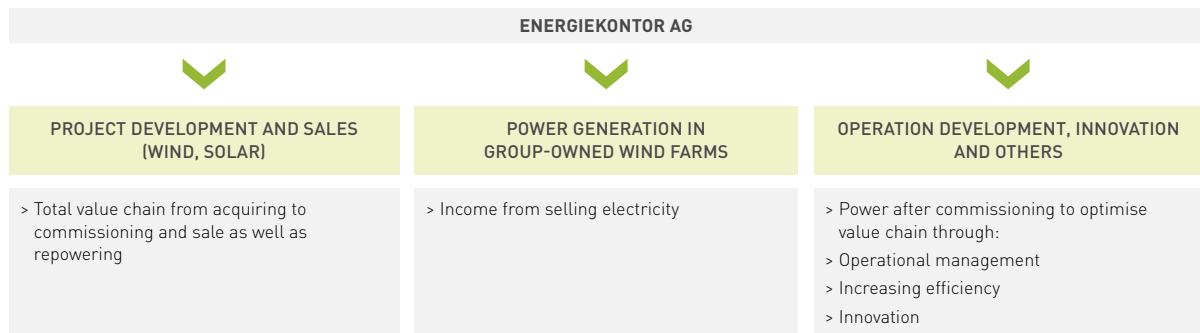
A few years ago, the Company's business model was also expanded to include the project development of solar parks. This area is to be scaled up considerably, especially in the new markets of France and the US.

At the time of publication of this half-year report, the Energiekontor Group had developed and installed around 600 wind turbines with a total rated power of just under 900 MW at 111 wind farms in Germany, the UK and Portugal as well as two ground-mounted solar arrays rated at around 20 MW in Germany. Total capital spending on these projects amounts to more than EUR 1.4 billion.

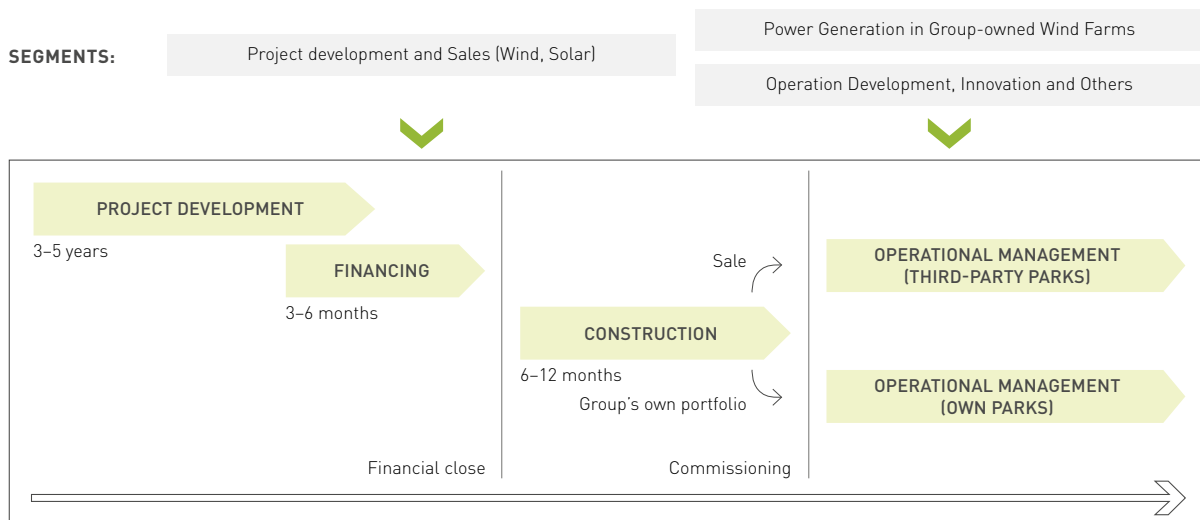
Complementing the sale of turnkey projects, the Energiekontor Group also operates a portfolio of Group-owned wind farms as an independent power producer. Owner-operated facilities currently amount to around 238 MW.

Business operations of the Energiekontor Group are handled by three divisions. Segment reporting also follows this same structural model:

- > a) Project Development and Sales (Wind, Solar)
- > b) Power Generation in Group-owned Wind Farms
- > c) Operation Development, Innovation and Others



Energiekontor's activities taking onshore wind farms as an example (simplified)



a) Project Development and Sales (Wind, Solar)

The Project Development and Sales (Wind, Solar) segment comprises project development for onshore wind farms and solar parks for sale outside the Group. This division handles the entire value chain from business development, planning and financing through to construction and /or repowering and the final sale of the plants. It also covers the solar power project development business. Buyers for wind farms and solar parks include domestic and international institutional investors, private turnkey system buyers and members of local communities. An independent project company is formed for each wind farm or solar park project.

The repowering of old sites – i.e. the replacement of old facilities with new, more powerful turbines – is a key part of the Energiekontor Group's business activities. The Group completed its first repowering projects as early as 2001 / 2002.

b) Power Generation in Group-owned Wind Farms

This segment comprises the generation of power in Group-owned wind farms. In expanding its portfolio of owner-operated wind farms, the Group is seeking to increase its independence from government policy and changes in interest rates or the prices of raw materials, while generating income to cover ongoing business costs if individual projects are delayed. The Group's owner-operated wind power plants also constitute hidden reserves. If required, these plants could be sold, thus releasing the respective tied-up financial resources plus the associated hidden reserves. Additional potential lies in the possibility of upgrading Group-owned wind farms, for example through repowering or efficiency increasing measures such as the rotor blade extension allocated to the Operation Development, Innovation and Others segment described under item c).

The first addition to the Energiekontor Group's wind farm portfolio was made in 2002. Since then, the portfolio has seen regular expansion. At present, this refers first and foremost to the assumption of final ownership of projects that the Group has developed itself. In the past, the Group also bought financially promising operational wind farms. Such wind farms may either be projects that Energiekontor developed itself and sold at an earlier point in time or projects developed and operated by other companies. The total rated power of the wind farms operated by Energiekontor in Germany, the UK and Portugal amounted to 238.2 MW at the end of the first half of 2017.

Group-owned wind farms (reference date: 30 June 2017)

Name of the wind farm	Total rated power / MW
Debstedt (Tandem I)	3.0
Breitendeich (Tandem I)	6.0
Sievern (Tandem II)	2.0
Briest (Tandem II)	7.5
Briest II	1.5
Geldern	3.0
Mauritz-Wegberg (88.52 %)	7.5
Halde Nierchen I	5.0
Halde Nierchen II	4.0
Osterende	3.0
Nordleda (51.32 %)	6.0
Kajedeich	4.1
Engelrod	5.2
Krempel	14.3
Schwanewede	3.0
Giersleben	11.3
Beckum	1.3
Balje-Hörne	3.9
Hanstedt-Wriedel	16.5
Lengers	4.5
Krempel II	6.5
Prenzlau	1.5
Flögeln	9.0
Altlüdersdorf	13.5
Thüle	14.0
<i>Wind farms in Germany</i>	<i>157.1</i>
Marão	10.4
Montemuro	10.4
Penedo Ruivo	13.0
Mafomedes (97.77 %)	4.2
<i>Wind farms in Portugal</i>	<i>38.0</i>
Hyndburn	24.6
Withernwick	18.5
<i>Wind farms in the UK</i>	<i>43.1</i>
Total	238.2

c) Operation Development, Innovation and Others

The Operation Development, Innovation and Others segment brings together all of the various activities aimed at improving the operating profit margin after commissioning of the wind farm or solar park. Such activities include in particular:

- › Operational management of wind farms (technical and commercial)
- › All activities aimed at reducing costs, extending service life and increasing yields, e. g.
 - › predictive, preventive maintenance,
 - › direct marketing of the generated power,
 - › rotor blade extension.

Regardless of whether the developed projects are sold or included in the Group's portfolio, Energiekontor typically assumes responsibility for commercial and technical operational management, thus generating an ongoing cash flow for the Company.

Commercial activities include in particular the settlement of accounts with the energy supplier, the service / maintenance companies and the facility lessors. Other activities include communicating with banks, insurance companies and investors.

Apart from wind turbine monitoring and data reporting and analysis, the technical services rendered by Energiekontor mostly involve the coordination of repairs and servicing teams working on-site, as well as the planning and implementation of preventive maintenance work. This preventive maintenance work can substantially extend the service life of both individual turbines and the overall site, while simultaneously achieving considerable savings in costs for repairs of primary components.

Technical innovations such as rotor blade extension also form part of the activities designed to optimise performance, yield and cost savings. This extension process invented and patented by Energiekontor is a technique for lengthening the rotor diameter that has now been tested and implemented successfully in the field for some years. Installation is carried out with the blade attached, i.e. without dismantling the blade. This concept allows crane costs and downtimes to be kept at a minimum. Currently, manufacturing of the rotor blade extension for serial operation is being prepared.

Goals and Strategy

In the more than 25 years since the formation of our Company, the renewable energy market has undergone ongoing change and continuous development. Back in 1990 when the first Electricity Feed-in Act (StrEG) was introduced, renewable energies were still widely regarded as a rather crazy eco-idealist idea. Especially the large power companies that now play a major role in renewable energies were initially highly critical of these modern technologies. Today, a quarter of a century later, renewable energies have evolved into sophisticated, established and recognised technologies, making a significant contribution to energy production in many industrial nations. In Germany alone, the share of renewable energies already accounted for about a third of the total energy produced in 2016. The higher the share of renewable energies in meeting demand, the more sustainable and environmentally friendly the entire energy supply.

New self-perception of the pioneering role

Energiekontor's vision is to generate all the energy we need from renewable resources. In order for this to become reality and for renewable energies to gradually and sustainably attain stronger market penetration, they have to be economically comparable with conventional energy production. This requires further developments concerning technology and efficiency. As was the case when renewable energies were launched in the predominately fossil technological landscape of the early 1990s, Energiekontor is once again aware of its pioneering role and wants to realise the most efficient projects in the area of wind and solar in its industry, thus making a substantial contribution on the path to 100% renewable energy.

A solid foundation for sustainable growth

The growth model of Energiekontor AG is closely linked to the Company's mission statement. The Company aims to strengthen its organic growth by intensifying the regional approach and diversifying into new markets and by thus actively accelerating the expansion of renewable energy sources despite fiercer competition. The management believes in employee involvement and development and creates the organisational framework required for achieving this goal. Basis and foundation of Energiekontor's growth strategy is its financial stability. This stability is predominately based on the steady surplus cash from Power Generation in Group-owned Wind Farms and from commercial and technical operation management activities.

Intensifying the regional approach

Energiekontor has always emphasised the importance of the regional approach. This allows close collaboration with local authorities and regions as well as a bespoke regional approach with a high level of local acceptance. At the same time, it generates a competitive advantage in each region and accelerates project development. In terms of organisation, the regional approach is implemented by local Energiekontor teams with far-reaching discretionary powers. This principle shall be further intensified by increasing the number of regions, in which Energiekontor is presented, both in Germany and abroad. Falling costs in the solar industry mean that solar power generation should soon be on an economic par with conventional energy sources.

Tapping into new foreign markets

One major element of the Energiekontor growth strategy is the gradual expansion of the existing portfolio of countries (Germany, UK, Portugal) through increased internationalisation and diversification to new foreign markets in order to develop additional growth potential for the coming years. Simultaneously, the expansion of the solar area is to be driven forward, especially in countries with favourable irradiation conditions and the correspondingly low electricity generation costs. Current target countries are:

- › the Netherlands (wind)
- › France (wind, solar)
- › and the US (wind, solar)

Energiekontor has started acquiring suitable sites and has begun preliminary project development activities in all three of these countries. In the course of developing new markets, Energiekontor may decide to extend the selection of countries or, if the management believes that a more intensive involvement in one or several of these countries is not promising, it may decide to discontinue activities in one or more countries. Additional national markets could also be added to this list.

This does not mean that the Company directly enters a market and starts the cost-intensive process of setting up project development whenever a new national market is added; instead, Energiekontor carries out a systematic review, analysis and selection process to analyse and evaluate the specific conditions for wind and solar projects in the individual countries (legal, political, subsidy systems, grid connection regulations, authorisation etc.). Furthermore, the intention is to identify and, if suitable, take under contract the first partners for site acquisitions and further market development in order to create the structural prerequisites for a possible market entry at an early stage. The aim of this gradual and inexpensive review process – which

A solid foundation for sustainable growth



can mainly be carried out by existing employees – is to identify the foreign markets that are best suited for market entry. Setting up local branches, employing own local staff and local project development will only begin once the final market entry decision has been made. This approach improves the chances of success for developing the market while reducing the risk of misallocating resources.

Innovation and efficiency measures

Energiekontor intends to realise the most economically viable projects in its industry, thus contributing to the 100% renewables vision. At the same time, this ensures the Company's competitive position in an increasingly market-oriented environment. Energiekontor will continue to strengthen its measures to increase innovation and efficiency in this environment. Innovation may refer to technical in-house developments such as rotor blade extension. However, innovation mostly refers to the fastest possible adaptation of new technologies and methods to benefit Energiekontor's projects. There are three approaches:

- increasing the economic viability of projects planned by Energiekontor;
- increasing profits of Group-owned wind farms;
- accelerating project development solution finding.

These measures play an important role in broadening the decentralised organisation, the project organisation led by employees and creating a "culture of development".

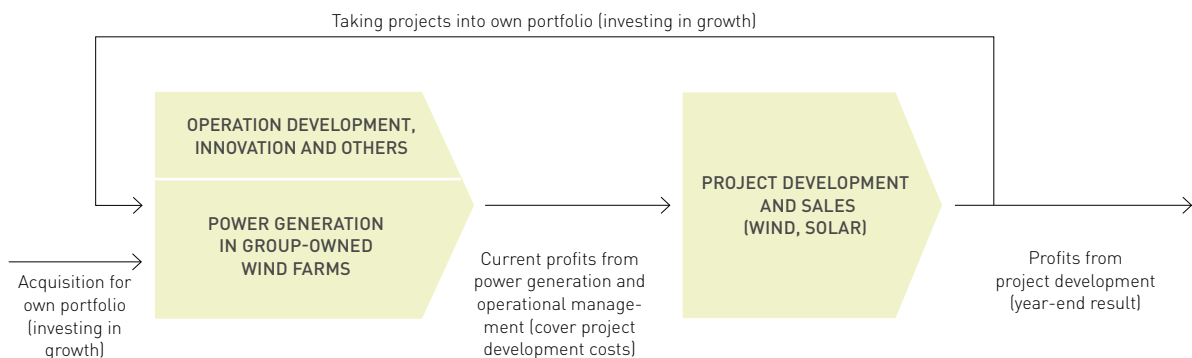
Room for initiative and organisational decentralisation

Innovation and efficiency are not necessarily restricted to technical innovations. For Energiekontor, broadening the decentralised organisational structure also contributes to increasing the Company's efficiency. Thus, the management deliberately focuses on a strong decentralisation of the working and decision-making processes with flat hierarchies in order to avoid unnecessary bureaucratisation and to ensure flexibility and fast decisions, even with a growing number of employees. At the same time, the Company creates room for creative and flexible problem-solving approaches and motivates each individual employee to act autonomously to establish an environment in which economic, legally compliant and technical innovations can evolve.

Owner-operated wind farms as a reliable growth driver

Expansion of power generation from Group-owned wind farms is the central element of the growth model. Steady income is generated by selling the power generated on our own wind farms. Another source of steady income is the provision of management services for completed and operational wind farms by specialised teams from the Energiekontor Group – possibly extending to solar parks in the future. This applies not only to the wind farms owned by the Group but also to turnkey facilities that have been

Growth model of Energiekontor AG



sold to energy suppliers, strategic investors or financial investors. The provision of operational management services to the Company's facility buyers ensures that Energiekontor AG can retain the majority as customers, thus securing regular income from these wind farms well beyond their project completion dates.

Together with the steady income from the operational management of own and third-party farms, the income from selling electricity ensures financial stability and builds the basis for the Company's sustainable growth. Energiekontor uses the surplus cash thus generated to cover most of the costs of project development including Group-wide personnel and overhead costs. Income from selling in-house developed wind farms and solar parks drives net income and is used to pay taxes and dividends as well as as liquidity reserve.

Our strategy of expanding power generation in Group-owned wind farms includes:

- › retaining projects we have developed and completed within the Group,
- › acquiring operational wind farms and solar parks,
- › repowering Group-owned facilities, and
- › optimising and increasing efficiency.

We intend to transfer around half of the projects that we develop to Group ownership; the other half is designated for sale. The management reserves the right to adjust this ratio depending on the Company's business situation.

Varying growth dynamics

Company growth varies in the individual segments. In the area of project development, Energiekontor drives growth by increasing site acquisitions and the regional approach as well as by expanding to new markets. In contrast, growth in the Power Generation in Group-owned Wind Farms division is based on the incorporation of projects from project development into Company ownership or acquisition of external operational wind farms. The more wind farms become Group-owned wind farms, the higher the surplus cash from the sale of electricity and operational management. Thus, more funds are available for project development in order to promote growth. Further growth is thus mainly supported by additional expansion of the Group-owned farm portfolio and the increase in surplus cash by the operation of own wind farms and operational management.

This organic growth process is supported by accompanying innovation and efficiency measures that lead to further rises in profits and that further increase the surplus cash from power generation in Group-owned wind farms.

One positive side effect of this growth strategy is the fact that it reduces dependency on project selling and proceeds from project sales. Even if it were not possible to generate income from project sales, the Group's liquidity and project development financing (including the Group-wide personnel and overhead costs) is covered by the surplus cash generated from power generation in Group-owned wind farms and operational management. Financial risk is thus minimised to the greatest possible extent. The Energiekontor growth model thus differs from many competitors' business models in the industry that do not have a comparable portfolio of Group-owned wind farms.

Business objectives

Energiekontor plans to use this strategy to increase project development EBT in a stable and sustainable manner to around EUR 30 million per year in the medium term. This figure already accounts for the elimination of profit from the construction of wind farms intended for Group ownership arising from Group consolidation; it is therefore not recognised in Group profit.

The intention behind expanding the portfolio of Group-owned wind farms is to establish Energiekontor as a medium-sized producer of renewable energy while effectively minimising dependency on general developments in the market. With the income from additional Group-owned wind farms and operation development, the Company intends to sustainably generate EBT of EUR 25 – 30 million p. a.

The expansion of the Group-owned wind farm portfolio will be sourced from the Company's own projects, the repowering of existing portfolio assets and, where appropriate, the acquisition of third-party facilities. The Company will finance this new tranche of capital spending with project financing loans, project-related bonds, equity capital and regular surplus cash from existing portfolio wind farm operations.

Energiekontor has spent the last few years creating an environment that favours a stable and sustainable growth trajectory, and is extremely well placed to face the challenges of the future in a highly competitive market.

BUSINESS DEVELOPMENT BY SEGMENT

a) Project Development and Sales (Wind, Solar)

Energiekontor made significant progress in the first half of 2017 in the area of project development and the sale of wind farms and solar parks. Of the projects with some 80 MW total rated power that were approved at the end of 2016 in **Germany**, just under 70 MW were under construction in the first half of 2017. These projects include three single turbines with a total of 8.5 MW that are already in operation.

Two projects in **Lower Saxony** with total rated power of 20.4 MW are under construction and progressing according to plan.

In the key region of **North Rhine-Westphalia**, the single turbine Wachtendonk-Wankum (2.5 MW) sold to a public utility went into operation at the end of June. Three further wind farms with total rated power of some 21 MW are still under construction. Due to the close season under environmental law, construction of another project with a total of 5.0 MW will probably not begin until late summer 2017.

The cooperation with Thüga Erneuerbare Energien in the key region of **northern North Rhine-Westphalia** ceased at the end of the first half of 2017. However, the planned project development will be continued by Energiekontor.

The two single turbines Briest III (3.2 MW) and Luckow-Petershagen II (2.75 MW) in the key region of **Brandenburg** went into operation at the end of May and June, respectively. Both projects were sold to an investor.

Furthermore, work on the Hohengüstow II project in the Uckermark district is underway. By autumn 2017, Energiekontor intends to erect six turbines with rated power of 3.2 MW each and a total height of 110 or 134 metres as well as a transformer station at this site where old turbines used to be. Three of the new wind turbine systems will be transferred to the operator of the old wind farm.

The Klein Woltersdorf wind turbine system (2.4 MW) that was already sold in 2016 went into operation at the end of the first quarter of 2017 and was transferred to the buyer.

In the **UK**, subsidies for onshore wind farms were basically cancelled since the government changed in May 2015. Following the end of the certificate-based ROC regime in April 2016, the Contracts for Difference auctioning system (CFD) now applies to renewable energy sources in the UK, but no auctions have since been scheduled for onshore wind.

At the end of June 2015, the Hyndburn II wind farm, i.e. an expansion of the already existing Hyndburn wind farm, received permission. Four wind turbine systems with rated power of 2 MW each are to be erected in Hyndburn II. Given the unanswered questions with the air traffic control authority, however, implementation of the project has been delayed. At the end of 2016, permission was obtained for the Witherwick II expansion project that has a similar scope.

Planning permission for the Pencarreg project (approx. 5 MW) in Wales was granted already in the first quarter of 2016. In order to improve the profitability of this project, new permission with improved parameters was applied for. The application is currently in the public consultation process.

Overall, the Energiekontor Group is concentrating, however, on the development of its product pipeline in Scotland. In the first half of 2017, applications were filed there for two further projects with a total of 73 MW. Another project with 8 MW total rated power is currently in the public consultation process in Scotland.

In the UK, acquisition activities secured sites for more than 250 MW (exclusivity/options) in the first half of 2017. Total rated power for the projects for which the Energiekontor Group secured exclusivity in England and Scotland has thus climbed to around 800 MW. The majority of these areas is in Scotland.

In **Portugal**, the activities of the Energiekontor Group are still mostly limited to the management of existing turbines as well as rotor blade extension (for further information see item c) Operation Development, Innovation and Others).

In the first auctioning round of the year, in February 2017, Energiekontor's **Solar** division was awarded its third photovoltaic project since the introduction of the auctioning procedure in 2015. The project is a solar park in Brandenburg with a capacity of 5.5 MWp.

Energiekontor had already been awarded a 10 MW project in 2016. Financing for this project is being prepared. Intensive expansion of solar projects in China and the US as well as the loss of large German manufacturers means that the market is currently characterised by a high demand for module manufacturers.

Furthermore, the activities to acquire and secure sites for ground-mounted solar arrays were enhanced to be able to submit more projects to upcoming auctions. In addition to the ongoing solar activities in Germany, the acquisition of projects in neighbouring countries that have already received permission has become an option.

Energiekontor Group has further extended its personnel resources in order to explore the new markets of the **Netherlands, France** and the **US**. An office was opened in the Dutch town of Nijmegen in the middle of 2016 with the aim of coordinating project development activities for wind farms with national experts there. Contracts for the first installation sites have already been signed. The team in the Netherlands is planned to be gradually expanded to secure these and other sites.

Freelance experts have been commissioned to acquire suitable sites in France. Sites for wind farms are wanted in the North and central areas of France, and in the southwest of France Energiekontor is concentrating on possible solar projects.

Both options of wind and solar are also being looked into in the US, where Energiekontor has already made a selection of suitable states and possible sites during 2016. Potential sites for wind are located in North and South Dakota, while the region of West Texas has been selected for solar projects. Negotiations are currently underway with landowners for a potential 300 to 400 MW. A separate company was founded in the first half of 2017 for activities in the US. A corresponding office is to be set up in Texas during the second half of 2017.

b) Power Generation in Group-owned Wind Farms

At the end of the first half of 2017, the number of Group-owned wind farms remained constant at 31 with total rated power of 238.2 MW. The portfolio of Group-owned wind farms is to be continuously expanded in coming years by keeping about half of all projects that the Group has developed itself as Group-owned projects.

The operational management of the Energiekontor Group has further developed a package of measures to cut costs, increase the yield and prolong the useful life of wind farms. These measures include:

- › **Repowering:** Wherever possible, Energiekontor intends to gradually replace old turbines with new, more powerful wind turbine systems and to thereby simultaneously extend the useful life of these sites.
- › **Efficiency enhancement by means of technical innovations:** this comprises yield-enhancing measures (up to 10 percent) like optimising the aerodynamics of blades and extending the length of rotor blades.
- › **Optimisation of operating expenses:** for this purpose, the operational management introduced an efficiency enhancement programme aimed at lowering operating expenses per kilowatt-hour generated by a number of measures.
- › **Extension of useful life:** the terms of the existing turbines are to be secured beyond the guaranteed state subsidisation period by means of suitable lease and loan agreements.
- › **Refinancing and repayment of loans:** liabilities are to be reduced via refinancing of existing farms and premature repayment of loans (deleveraging), thus reducing the interest burden considerably in the Power Generation in the Group-owned Wind Farms segment. The Company expects that the early redemption of loan liabilities at the end of March 2017 from the sale of Gayton le Marsh will significantly reduce the interest burden in the Power Generation in Group-owned Wind Farms segment in the current financial year.

Income from operating Group-owned wind farms fell slightly short of expectations in the first half of 2017 due to the below average wind year and was thus at a similar level as the first half of 2016. However, a reliable overall conclusion cannot be drawn before the end of the year as the autumn and winter months are typically the periods with the strongest winds.

c) Operation Development, Innovation and Others

Income from ongoing operational management has continuously increased in recent years thanks to the expansion of the Group-owned wind farm portfolio. Efficient market observation and the resulting agreements for direct power marketing under the German Renewable Energy Sources Act (EEG) contributed to improving the income situation. It was possible to place almost the entire German wind farm portfolio with reputable direct power marketers. Energiekontor has achieved attractive marketing conditions here so far. Direct power marketing and the corresponding remuneration regulations were introduced in the amended EEG as of 1 January 2012; the amendment of the EEG made direct marketing obligatory as from August 2014.

The innovative rotor blade extension method is gaining significance within the segment. To date, this technology is being used in the Debstedt wind farm (where one wind turbine has been repowered), as well as in Portuguese wind farms. In addition to the extension of the AN Bonus turbine model (1 MW), further development for the 1.3 MW class has meanwhile been completed and certified.

Permission for converting 26 wind turbines in Portugal was already granted in November 2013. Following a successful test and optimisation phase, the first wind farm consisting of ten turbines, Penedo Ruivo, was equipped with the rotor blade extension in the autumn of 2016.

At present, Energiekontor is developing two new prototypes that are intended for the rotor blade extension of other turbines.

FINANCIAL POSITION, FINANCIAL PERFORMANCE AND RESULTS OF GROUP OPERATIONS

Result of Group operations

(with notes to the key items of the statement of comprehensive income)

As usual for the wind energy sector, the majority of the profit contribution is realised in the second half of a financial year. This is when construction is completed for nearly all projects relevant to income, so the actual sale and thus the effect on income is first seen in the second half. Four projects with one turbine each did go into operation in the period under review, while for two of them the actual sale and the corresponding impact on earnings will only be realised in the second half of the year. As in the same period of the previous year, the Group is reporting the ensuing positive results in the first half of the financial year.

Group revenue of EUR 41,357 thousand (previous year EUR 43,326 thousand) is largely in line with the previous year's level. Revenue in the Project Development and Sales (Wind, Solar) segment increased, driven by the effective realisation of the Klein Woltersdorf and Briest III projects to EUR 15,291 thousand (previous year EUR 13,731 thousand). A major contribution to Group revenue was made in the first half-year by the Power Generation in Group-owned Wind Farms segment amounting to EUR 24,210 thousand (previous year EUR 28,038 thousand). The decrease in revenue compared to the prior-year period was mainly owed to the deconsolidation of the British Gayton le Marsh wind farm, which took place in the previous year. In summary, revenue fell short of expectations in the first half-year, as was the case in the year before, as the wind year has been below average so far. Revenue from the Operation Development, Innovation and Others segment, which mostly comprises proceeds from the operational management of external and Group-owned wind farm operators, rose marginally to a total of EUR 2,830 thousand (previous year EUR 2,529 thousand). This segment's contribution to Group revenue adjusted for consolidation effects comes out to EUR 1,856 thousand (previous year EUR 1,556 thousand).

Other operating income increased in the period under review, particularly as a result of income from the reversal of provisions and foreign currency translation, to EUR 3,284 thousand for the Group as a whole (previous year EUR 2,540 thousand).

German and foreign planning projects remained high, and the upturn in construction activity compared to the previous year thus led to changes in **inventory of finished goods and works in progress** of EUR 41,041 thousand (previous year EUR 12,321 thousand).

The **cost of raw materials and supplies** of EUR 50,162 thousand (previous year EUR 21,088 thousand) increased, especially in the Project Development and Sales (Wind, Solar) segment, in line with the project-related construction progress.

Personnel costs for the Group rose only marginally versus the first half of the previous year to EUR 5,344 thousand (previous year EUR 5,189 thousand).

Depreciation and amortisation of intangible assets and property, plant and equipment amounted to EUR 8,085 thousand (previous year EUR 9,439 thousand). The vast majority of this was a result of the scheduled depreciation and amortisation of the Group-owned wind farms in the Power Generation in Group-owned Wind Farms segment in the amount of EUR 8,064 thousand (previous year EUR 9,417 thousand). Again, the reduction of scheduled depreciation and amortisation compared to the prior-year period can predominantly be attributed to the deconsolidation of the British Gayton le Marsh wind farm in the previous year.

The Group's **Other operating expenses** increased to EUR 8,923 thousand (previous year EUR 8,281 thousand), mainly driven by expenses related to Group-owned wind farms in the **Power Generation in Group-owned Wind Farms segment**.

The **financial result** came out to EUR –8,743 thousand (previous year EUR –9,425 thousand). In addition to interest on the bonds issued, this was primarily influenced by the scheduled interest expenses for the long-term financing of Group-owned wind farm operators. Interest income for the Group is negligible in relation to interest expenses against the backdrop of historically low, and at times negative, capital market interest rates.

Financial performance of the Group

(with notes to the key financial positions of the abbreviated consolidated balance sheet)

Cash and cash equivalents for the Group fell in the period under review, primarily as a result of investments in ongoing projects and the distribution of dividends, and also due to tax payments on prior-year earnings and advance payments for the year under review.

The portfolio of **securities**, primarily German federal bonds, is nearly unchanged at EUR 10,211 thousand (31 December of the previous year EUR 10,305 thousand).

Non-current financial liabilities (incl. liabilities to non-Group minority interests) continued to be slightly below the prior-year level in the reporting period at EUR 177,251 thousand (31 December of the previous year EUR 185,175 thousand) and include the issued bond capital of Energiekontor AG as well as the financing companies in the course of step-up bonds being issued. A major portion, EUR 146,564 thousand (31 December of the previous year EUR 151,059 thousand), is a result of the financing of Group-owned wind farms in the Power Generation in Group-owned Wind Farms segment.

Current financial liabilities rose to EUR 61,549 thousand (31 December of the previous year EUR 45,735 thousand). The increase affects the Project Development and Sales (Wind, Solar) segment above all due to the financing of wind farm and solar park operators currently being built and those intended for sale in the short term. In the Power Generation in Group-owned Wind Farms segment, bond capital was repaid prematurely based on the proceeds from the sale of the British Gayton le Marsh wind farm.

Financial position of the Group

(with notes to the key financial positions of the abbreviated consolidated balance sheet)

Group equity fell to EUR 63,228 thousand (31 December of the previous year EUR 69,477 thousand), due in particular to the dividend paid from distributable profits of the 2016 financial year, offset against the positive consolidated income generated in the period under review and the other changes in the fair values of foreign exchange and forward transactions to be offset against capital reserves.

In relation to the slight reduction in total assets versus 31 December of the previous year (EUR 361,351 thousand) of EUR 348.174 thousand, the equity ratio dropped to 18.2 percent (31 December of the previous year 19.2 percent). Expenses from share buybacks (6,590 units) amounting to EUR 113 thousand accrued in the period under review (EUR 174 thousand in the first half of the previous year for 13,020 units).

Non-current assets decreased only marginally to EUR 171,253 thousand (31 December of the previous year EUR 179,591 thousand).

Other intangible assets came out to EUR 4 thousand (31 December of the previous year EUR 10 thousand) and included software to be amortised regularly.

Property, plant and equipment was primarily made up of Group-owned wind farms in operation (wind turbine systems, access, grid connection, wiring, etc.) in the amount of EUR 163,580 thousand (31 December of the previous year EUR 171,622 thousand). It is recognised at cost of acquisition or production less scheduled depreciation. Operational and office equipment in the amount of EUR 127 thousand (31 December of the previous year EUR 126 thousand) is limited and predominantly pertains to the Project Development and Sales (Wind, Solar) segment.

Non-current receivables and financial assets of EUR 62 thousand (31 December of the previous year EUR 60 thousand) mainly comprise receivables from affiliated companies of EUR 29 thousand (31 December of the previous year EUR 29 thousand) as well as security deposits and prepayments to be capitalised. Furthermore, deferred taxes in the amount of EUR 7,455 thousand were capitalised (31 December of the previous year EUR 7,721 thousand).

Current **assets** less cash and cash equivalents and other securities already explained in the report on the financial performance amount to EUR 90,869 thousand (31 December of the previous year EUR 52,926 thousand) due to the increase in inventory offset against lower accounts receivable).

Inventory recognised in current assets amounted to EUR 75,313 thousand (31 December of the previous year EUR 34,272 thousand) and primarily pertain to the Project Development and Sales (Wind, Solar) segment. The item includes expenses capitalised there for projects to be realised in Germany, the UK and Portugal. **Current receivables and financial assets** amounting to EUR 14,953 thousand (31 December of the previous year EUR 18,224 thousand) primarily include the ongoing receivables for power generation and sales recognised in the Power Generation in Group-owned Wind Farms segment in the amount of EUR 8,749 thousand (31 December of the previous year EUR 8,571 thousand), as well as prepaid expenses and accrued income and other financial assets.

Current **tax receivables** include VAT refunds, creditable capital gains tax and corporation tax refunds.

In addition to the **non-current financial liabilities** already described in the report on the financial performance, non-current liabilities amounted to EUR 21,639 thousand as at the reporting date (31 December of the previous year EUR 23,147 thousand). In the Power Generation in Group-owned Wind Farms segment, these include provisions for decommissioning and restoration of Group-owned wind farm operators amounting to EUR 12,274 thousand (31 December of the previous year EUR 12,099 thousand), deferred income items in the amount of EUR 2,644 thousand (31 December of the previous year EUR 2,698 thousand) and deferred tax liabilities in the amount of EUR 6,721 thousand (31 December of the previous year EUR 8,350 thousand).

Other provisions coming out to EUR 8,194 thousand (of the previous year EUR 12,656 thousand), accounts payable at EUR 9,525 thousand (31 December of the previous year EUR 6,241 thousand) and other liabilities and tax liabilities amounting to EUR 6,015 thousand (31 December of the previous year EUR 8,923 thousand) on the whole produce current liabilities (not including the financial liabilities already explained in the financial performance report) of EUR 24,507 thousand (31 December of the previous year EUR 37,816 thousand). On 30 June of the current year, limited or unlimited guarantees by Energiekontor Group companies to the benefit of third parties came out to EUR 6,269 thousand (30 June of the previous year EUR 597 thousand).

POST-CLOSING EVENTS

The contract with a strategic investor for the sale of the Hohengüstow II project (9.6 MW) was signed in August 2017. The project located in the key region of Brandenburg is currently under construction and should be completed in autumn 2017.

PERSONNEL CHANGES

With effect from 1 July 2017, the Supervisory Board of Energiekontor AG appointed Torben Möller as the third member of the Management Board. Having successfully built up the Repowering business as head of division, Mr Möller has also been successfully handling the coordination of innovation and competitive measures and the introduction of an agile project management system for more than a year. Due to his achievements, he was appointed managing director of several subsidiaries of Energiekontor AG last year.

In his capacity as a member of the Management Board, he will be in charge of project development in the northern part of North-Rhine Westphalia and the field of rotor blade extension in addition to more general tasks. The aim is to further expand and strengthen the repowering business in light of the increasing age of wind farms and to establish Energiekontor as a pioneer in reducing levelized cost of electricity from renewable energy sources.

CORPORATE GOVERNANCE STATEMENT

The Corporate Governance statement pursuant to the German Accounting Law Modernisation Act (BilMoG) is available on the www.energiekontor.de website under "Investor Relations".

REPORT ON OPPORTUNITIES AND RISKS

Energiekontor AG's opportunities

Basically, each risk stated in the second half of this chapter also offers an opportunity that results from the same circumstances as the risk. Energiekontor AG's opportunity management system is therefore closely aligned with the risk management system. The aim of the opportunity management is to recognise opportunities resulting from positive developments within the scope of business activities at an early stage and to implement suitable measures to make the most of these for the Company. Opportunity management considers opportunities to be such that are relevant and feasible but not yet included in planning.

Therefore, this part has been included before the risk report and shall show examples of some opportunities for Energiekontor AG that result from the industry-specific market and from the strategic positioning of the Company.

Market environment

Energiekontor AG operates in a market that is determined by natural boundaries (resource scarcity, environmental pollution) and policy objectives (preserving resources and the environment). The international consensus that meanwhile exists for energy policies together with the European climate objectives have created a growth market, which will gradually change in the coming years from a regulated market to a free competitive market.

Energiekontor has been present in this market since the very beginning and has established a strong position in it over the past 25 years. The Company established itself specifically in politically stable countries such as Germany, UK and Portugal and has collected extensive experience with specialised local teams.

In addition to Portugal, an auctioning procedure is also being introduced in Germany and the UK, thus initiating the transition to more flexibility and competition. The previous competition for areas where wind farms and PV

installations can be constructed will therefore give way to a competition based on electricity prices. Energiekontor's company size and past experience (Portugal also awarded grid connection permissions via auctioning procedures) could become an advantage in this new competition phase.

Strategic orientation

In addition to expanding the successful project development of Group-owned wind farms while permanently optimising the added value, Energiekontor AG's strategy includes the opportunity to maintain the personnel and infrastructure capacities made possible by the steady cash flow from the Group-owned farms, even in times when the market environment is difficult for project development, with the aim of reaching a certain degree of independence from economic influences and changes in the regulatory market environment.

The geographic distribution of the Group-owned wind farms to three different countries also means that the Company's income is diversified in a natural way, thus reducing the cluster risk of a poor wind year at one geographical site.

The new orientation towards France, the Netherlands and the US as well as the exploration of other markets give Energiekontor the opportunity to further expand its diversification and to enter attractive markets with considerable development potential.

Extending the long-term activities in the UK to Scotland and possibly Wales brings special potential as the wind conditions are extremely good there and the projects are comparably large. Due to the fact that Energiekontor has already secured sites for several hundred megawatts, it should be possible to earn sustained income in this region in coming years.

Contractual partners/Financing

Particularly in the UK, Energiekontor has been concluding PPAs directly with industrial customers for years. We assume that such concepts will increasingly be used in other countries, even for PV. The experience that Energiekontor has in preparing and negotiating such PPAs could become a competitive advantage.

Over the past 25 years, Energiekontor has not only positioned itself well in national markets and key regions but has also established trustful relationships with suppliers, banks and investors. As financing plays a major role in project business before, during and after the construction of a wind farm or solar park, Energiekontor has thus developed a certain flexibility, which presents an advantage compared to other competitors. The different financing possibilities for projects include the opportunity to be able to implement projects successfully even under high competitive pressure.

Energiekontor AG's risks

Energiekontor has developed an extensive risk management system that is based on the detailed internal reporting and controlling processes. This management system is checked on a regular basis and adjusted to fit any new situations.

Role and functions of the risk management

Regarding the main risks jeopardising the Company, the risk management system is embedded in Energiekontor Group's value-oriented management and planning system. It is an integral part of the entire planning, controlling and reporting processes in the legal units, business fields and Group-wide functions. The risk management system shall systematically and continuously identify, analyse, control, monitor and document major risks and risks jeopardising the Company in order to ensure the Company targets are reached and to increase the Company's risk awareness.

Within the scope of operational planning, the respective current legal situation for a typical planning period of two years are taken into consideration when identifying and analysing risks and opportunities. Furthermore, risks and opportunities concerning longer periods are also identified and evaluated in discussions on deriving the medium-term and long-term strategic targets within the scope of strategic planning. In addition to reporting at certain dates and referring to the dates described, the risk and opportunity management is firmly established in the Group as an on-going task. As described in the "Organisation of Energiekontor AG's risk management" chapter, the risks identified are reported regularly to the Management Board and Supervisory Board in a systematic information cascade.

The risk assessment is based on the probability of occurrence and the possible extent of the risk, classified as low, medium or high. The probability of occurrence is not taken into consideration for this classification. The assessment of the extent is generally based on the potential impact on EBT.

Risk management process

Basically, there are four phases: risk identification, risk analysis, risk management and risk control, accompanied by a risk policy and process monitoring. Ideally this process can be presented as follows (cf. "Risk management cycle" figure).

The starting point of risk management is wording the company-specific risk policy. This risk policy takes into consideration the security aspects in the Company by prescribing the guidelines in dealing with risks and opportunities, and in determining what risks and opportunities, at both divisional level and corporate level, may be entered into and what maximum risk characteristics should be accepted.

In order to ensure a uniform risk understanding within the scope of operating business, Energiekontor Group has defined the following guidelines for dealing with risks in its risk policy:

- › Companies must use any opportunities which arise. The "no opportunity without risk" tenet applies here - risks cannot always be avoided.
- › Opportunities and risks are communicated openly.
- › Risks are analysed and evaluated regularly.
- › Adequate measures must be taken to mitigate risks to the extent possible.
- › Business that poses an immediate danger for the Company's going concern shall be avoided.

The risk identification phase comprises collecting current and future (potential and latent) risks. It represents the most important step within the scope of risk management because the result is crucial for the activities in all subsequent process steps. Instruments that can be used to identify risks primarily include early clarification as well as analyses (business analyses, environment analyses) and forecasts. In addition to revealing already existing risks at an early stage, early clarification also means latent opportunities are discovered early and the corresponding measures to manage

risks and opportunities can be introduced. Early clarification can be based on operational figures (key figures, extrapolations and indicators) as well as strategic indicators ("weak signals").

Risk identification at Energiekontor takes place at various organisational levels in a closely integrated process. Risks are identified and assessed based primarily on regular environment, market and competition analyses in regular or incident-related meetings and workshops. A risk portfolio is prepared at least once a year within the scope of the risk analysis and risk assessment. It evaluates and visualises the risks identified by probability of occurrence and amount of (potential) damage. The aim is to mainly filter out material risks that may even jeopardise the going concern of the company and introduce measures to avoid or reduce the probability of occurrence.

Within the scope of risk management, options must then be identified that allow a reaction to the identified and evaluated risk spectrum that are, at the same time, in line with the risk policy in place. Different strategies and measures are introduced to proactively balance out the ratio of opportunities and risks, and to bring the risk strategy in line with the overall Company strategy. Companies basically have four different ways to manage this: Avoid the risk while at the same time missing out on business, reducing or transferring the risk, e.g. to an insurance, or carrying it itself.

Energiekontor focuses its risk management mainly on

- › measures to reduce and compensate risks (e.g. develop plan B measures or special measure programmes (German Renewable Energy Sources Act (EEG), CFD measures) to reduce regulatory risks).
- › measures to transfer the risk to third parties (e.g. by entering into insurance policies or integrating external partners who take on liability)
- › as well as avoiding existential risks jeopardising the Company.

Internal risk regulations play a particular role in the latter, predominantly in order to exclude from the outset or mitigate as far as possible potential financial risks and liability risks arising from own acts.

Risk control is to ensure that the Company's actual risk situation complies with the planned risk profile situation. In order to support these controls, it is necessary to implement reporting in the Company that points out risk situations, shows risks in the course of time and enables a complete overview. For the purpose of avoiding redundancies and to ensure no parallel processes and structures are established in the Company, risk reporting and risk control at Energiekontor are integrated to the greatest extent possible in the existing Controlling and Reporting structures.

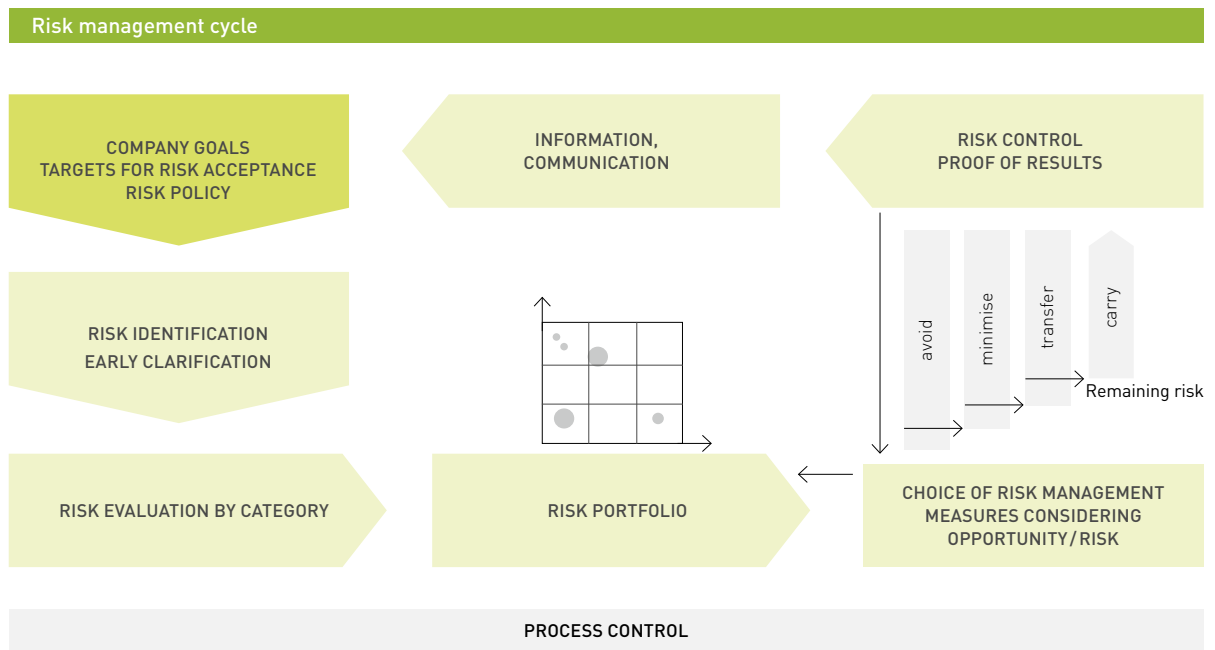
This process must be accompanied by risk communication to ensure the relevant information is passed on to the correct responsible person in due time, thus increasing risk awareness in the Company.

Accounting and risk management

Risk management also has a certain importance in accounting even if the processes in accounting do not explicitly form a part of the risk management system. Regarding the accounting process, the internal control system shall ensure that information is transmitted and processed fully,

properly and in a timely manner. This shall prevent materially false statements in accounting and external reporting when preparing the financial statements of Energiekontor, the management report, consolidated financial statements and Group management report. One main characteristic of the internal control system within the Energiekontor Group is the decentralised accounting organisation. Efficient structures are in place for Company crucial processes and core processes in all units that are relevant in size and are legally independent. Management pays attention to separating implementation, approval and control functions while taking into consideration the available resources and economic and efficiency aspects.

Group accounting supports all companies in Germany and abroad in the entire Group accounting process. Accounting and auditors work together to ensure that – especially in the case of changes – the requirements on external reporting needs are met in full concerning type and scope of disclosure requirements. Annual and half-year reports are based on relevant valuation and accounting standards as well as the depiction of specific matters.



The separate financial statements of Energiekontor AG and its subsidiaries are compiled locally in accordance with the respective national laws and transferred to an IFRS-compliant financial statement. For the purpose of managing and controlling, the accounting data in the financial statements are analysed centrally at Energiekontor AG and compared with the information in Company planning, as well as internal, intrayear reporting in order to determine if the forecast parameters and key figures have been achieved.

The opportunity and risk assessment and development, the investment budget, the headcount, the progress of major development projects, the scope of assets pledged as security and compliance with key figures are also monitored. Consolidation including documentation and analysis of the reporting data is carried out using standard software customary in the trade. In the event of unusual and complex matters, in-house developed spreadsheet solutions also exist.

In order to meet the strict requirements, the management pays close attention to complying with all documentation obligations. Changes from underlying transactions that can result from regular business activities are consistently monitored. Various control mechanisms are used for this, such as dual control principle, using checklists, dual signature procedure for obligatory correspondence, a gradual approval system for ordering processes, obligation to obtain alternative offers before placing orders with suppliers, an authorisation concept that regulates access rights to individual IT systems and system transactions as well as electronic storage media. Process-independent monitoring measures are carried out by the Supervisory Board.

The development of individual risks that have a major influence on the annual accounts are reported regularly, both in writing and in person. These include, amongst others, the evaluation of provisions and contingent liabilities, intrinsic values of fixed assets and inventories, the assessment of doubtful receivables, capital management or the development of costs for ongoing orders. Current finance planning, drawdown of credit lines and guarantee lines and open items are reported to the Management Board on a monthly basis. Deviations are commented on and followed up.

Knowledge gained from the financial reporting feeds into an annual plan, taking into consideration the Management Board's risk strategy and other major influencing factors. Employees involved in the accounting process receive ongoing training, e.g. in the form of regular training courses and workshops. This ensures that the ever-increasing professional requirements are met in the long term.

The training measures include supervising and processing tax matters, credit assessments and determining fair values of derivative financial instruments.

All measures initiated by the Management Board aim to ensure the financial statements are completed and audited in a well coordinated, proper and timely manner as well as to reduce possibilities for dishonest acts. Despite constant further development of the accounting-related internal control and risk management system, we cannot entirely rule out the possibility of material false statements being made in the financial reporting.

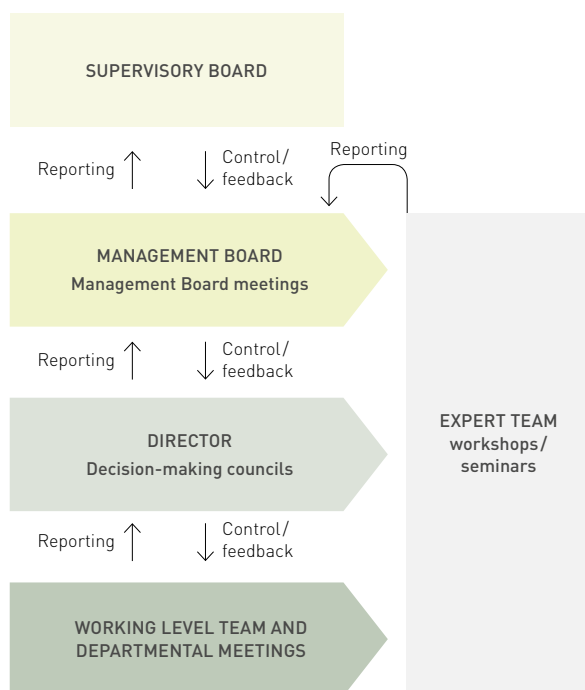
Organisation of Energiekontor AG's risk management

Energiekontor AG's risk management is mainly integrated in the existing process and organisational structure in order to avoid redundancies and parallel organisation, decision and reporting structures and to ensure that the central business risks are dealt with regularly in the management bodies. Thus, we have dispensed with a separate risk organisation consisting of risk managers, risk coordinators and separate risk bodies. Furthermore, the majority of the risks are project risks and / or risks pertaining to a specific region that are mainly dealt with decentrally in the individual divisions and segments; therefore, the existing implicit risk management organisation at Energiekontor has in the past proven to be an efficient organisation model.

The risk management is generally integrated in the Company's routine work processes. Reporting takes place as a bottom-up structure from the employee level up to the highest decision-making bodies. Possible risks are identified already at individual project groups' working level and are

discussed in the weekly, team and departmental meetings as well as in the decision council meetings. If necessary, measures to deal with the respective risks, which may already be regulated in the internal guidelines and policies, are decided upon in these meetings. If required, questions regarding risk treatment are presented to the Management Board meeting or Supervisory Board meeting. Work groups consisting of Company internal experts are set up for fundamental or cross-functional topics in order to work on solutions for specific issues at regular meetings or at workshops that take place as required.

Prozess des Risikomanagements



Main risks of Energiekontor Group

The risk analyses carried out identified the following current main risks for Energiekontor, which are briefly described below. These (and other) risks were classified in a risk portfolio within the scope of the risk assessment in order for a programme to be compiled dealing with concrete measures against central risks.

Category	Probability	Extent
Regulatory scope	high	high
Market position	medium	high
Repayment of funds	medium/low	high
Sales	very low	high
Business development	medium/high	medium/high
Interest/currency	medium	medium/high
Suppliers/deadlines	medium/high	medium
Financing	medium	medium
Legal action	medium	medium
Organisation	low	medium
Contracts	very low	medium
Project development	medium/high	low/medium
Reporting	low	low/medium
Technology	medium/low	low
Buyback	low	low

The risks from all groups may be equally high, but their economic effect and controllability may differ. All risks bear the possibility of being dealt with constructively in the face of radical changes, particularly when detected early and the relevant measures for risk governance are introduced at an early stage. Therefore, corresponding indicators are recorded and analysed in Energiekontor Group's reporting. Intensive interaction with associations, banks, manufacturers and customers enable risks to be detected at an early stage and alternatives to be developed in line with market requirements.

In the following, the risks are divided into strategic and operational risks and into different groups within these categories.

Strategic risks

Regulatory risks

The economic situation of a project continues to depend mainly on the feed-in tariffs. A clear trend is visible across Europe whereby legal conditions are changed to align renewable energy sources to the competitive conditions of the electricity market. In Germany, remuneration continues to be regulated by the law giving precedence to renewable energies, the German Renewable Energy Sources Act (EEG), that was revised radically in recent years. The current German Renewable Energy Sources Act (EEG) 2017 was resolved in August 2016 and entered into force on 1 January 2017. One central aspect of the revised German Renewable Energy Sources Act (EEG) is the introduction of an auctioning procedure to determine the amount of subsidies that will be granted. Whilst the first auction for wind in Germany was set for May 2017, the first auction round for PV took place in Germany as early as in 2015. Amendments to the German Renewable Energy Sources Act (EEG) 2017 (limited annual expansion, single-stage reference yield model with fixed highest bidder price etc.) mean that the expansion of renewable energies could slow down. In addition to the fixed tariff amount, the transition deadlines, terms and caps and the introduction of an auctioning procedure are important for Energiekontor Group. This should not affect, however, the right of continuance of old turbines.

Portugal and the UK also have legal regulations concerning the remuneration of wind and solar energy. Whilst operator licenses are still issued subject to certain procedures in Portugal, an auction scheme (CFD) was also developed in the UK that strongly resembles the German system. However, this model has not been used for onshore wind under the Conservative government in the UK since 2015. Energiekontor Group has thus geared itself to use market prices when calculating wind energy projects in the UK and to concentrate on sites with particularly strong winds.

These laws can generally be amended retroactively or repealed. Another risk that cannot be ruled out is the fact that political reasons may cause project approvals from authorities to be delayed. The yield and earning risk is reduced by Energiekontor Group's international diversification and by working together with experts.

Market position risks

Energiekontor AG is confronted by strong competition in its core markets of Germany and the UK; the size of and the resources available to some of these competitors mean they have a competitive advantage in certain business fields. Competition is particularly fierce with regard to the acquisition of attractive turbine sites, procurement and purchasing of wind turbine systems as well as attracting equity on the capital market. The competitive situation can cause unreasonable price increases and a strong reduction in the supply of existing resources or, due to severe time pressure, could lead to wrong decisions being made in the Company. Furthermore, the general market environment can worsen through sub-optimal communication or, in the worst case, through insolvency of competitors, thus damaging the industry's reputation. Individual problem cases may lead investors to decide against planned investments in the area of renewable energies. Energiekontor Group is trying to gain competitive advantage and thus strengthen its market position by being well positioned both in Germany and abroad and being diversified with onshore and PV project development. This bears the risk that Energiekontor AG may misjudge the market situation in the new markets, such as the Netherlands or the US or France, and that the planned market entry may not take place at the speed or in the scope as planned by the management.

Growth risk

The two above-stated risks are connected to the growth risk. Energiekontor AG has clear targets for medium-term growth of the entire Group. Changes in the regulatory environment and some protectionist measures, such as import taxes, e.g. in the UK or the US, mean that it is possible that these targets may not be reached at the growth rates envisaged, i.e. that growth of Energiekontor AG could be slower than expected and the growth targets cannot be achieved in the intended period.

Risks from the repayment of bond financing

Overall, Energiekontor Group has, after deducting the bonds already repaid, attracted some EUR 98 million from private investors by issuing bonds or partial bearer bonds. There is a risk that the repayment of tranches will be due at times when the Group's liquidity situation does not permit a repayment and further borrowing is not possible. Furthermore,

a risk exists that the market interest level at repayment dates could hamper and delay follow-on financing, if it is required. It is possible that such refinancing may only be implemented with considerable risk premiums. E.g. time delays in the permitting process of planned technical optimisation and repowering measures could result in delays for wind farms financed through bonds, which could, in turn, have timely and economic repercussions on the refinancing capability of this wind farm. If bonds cannot be paid back on time, claims and legal disputes with investors may result and, in the worst case, the Company's financial flow could be blocked. This may make it necessary for Energiekontor AG to use existing liquidity reserves and/or to sell Group-owned wind farms in order to raise the means for bond repayments in time. However, premature terminations by bondholders before the contractual end of the bond term are not possible according to the statute; therefore, unplanned repayments, necessary emergency sales for such and similar scenarios are excluded. All internal programmes of measures as well as short-term and long-term liquidity planning are geared to ensuring full and timely repayment of the bonds based on the contractual determined due dates in due time and in a proper manner.

To date, all bonds issued by Energiekontor Group have been served in the full amount and in due time with interest and redemption. Similarly, all due bonds and profit participation certificates have been repaid as agreed and in the full amount to the creditor.

Sales risks

Basically, the sale of wind energy projects or placing bonds may be delayed or prove impossible. Market prices and manufacturing costs for approved projects may diverge so that the sale of wind farms may not make economic sense for the Company. Hampered refinancing by investors could result in delays in the project processes that impact the cash flow of Energiekontor Group, thus jeopardising the implementation of new projects. Against this backdrop, various sales channels have been established over recent years.

Organisational risks

The lack of available staff or qualifications may constitute a bottleneck for the business. There is a risk that it may not be possible to employ staff in time due to existing shortages on the market. This could result in cost risks because additional external experts and consultants would have to be commissioned to carry out the services. Yet sufficiently qualified staff is also needed in other business areas, depending on company internal processes. Highly qualified staff is a major requirement in order to minimize wrong decisions being made or time delays. At the same time, the personnel structure must ensure that there is sufficient potential for innovation and creativity in the Company. Energiekontor Group's personnel structure is thus based on a balanced mix of long-term and new members of staff.

Risks from reporting

It is possible that estimates made may not be met in the future if they are based on incorrect calculations, reporting or forecasts. False expectations may be raised that cannot be reached. This could cause shareholders to turn their back on us and thus lead to a disproportionate drop in the share price. This risk is mitigated by the Energiekontor Group's longstanding experience.

Buyback risks

Energiekontor AG's investment offers are basically designed for a term of 20 years. Notwithstanding this, when they joined the Company, Energiekontor offered the limited partners of various wind farm operators to buy back their investment after a term of ten or fifteen years. The buyback prices that were diligently calculated when submitting the offer guarantee the buyback of the shares or the entire business operations at conditions that are economically viable for Energiekontor AG. It has been possible to gradually exercise these optional buyback obligations since 2007. Individual or all limited partner shares, wholly or in part, or the entire business operations shall be transferred for a defined purchase price if the limited partners decide to sell.

The risk that is posed here is that the calculated buyback price at the buyback point of time may not correspond to the actual market value, thus making it necessary to perform valuation adjustments. Another risk could arise from unfavourable developments on the capital market that may

negatively affect the conditions (interest, term) of the buy-back financing. If additional buybacks must be transacted at a point in time when banks are restrictive in granting necessary external funds, this could lead to legal risks as well as financial bottlenecks at Energiekontor Group.

In order to minimize these risks, all buybacks are planned systematically and alternative financing solutions are developed at an early stage. Furthermore, projects are backed by the corresponding values that secure the future financing.

Operational risks

Business-environment risks

Acquisition risks

The planned company development significantly depends on new, potential wind farm sites being won, as well as the development/acquisition of new projects for the Group-owned portfolio. Increased competition for sites and the associated possible above-average lease prices could be detrimental to the economic conditions for future projects. This could have a negative impact on the planned Company development.

Interest and currency risks

The interest and currency movements on international markets may have an effect on loan conditions for new projects which could in turn limit their economic viability. In order to offset the interest risk, Energiekontor AG sometimes uses interest hedging instruments, particularly for projects abroad, that enable reliable planning in the long term and compensate for fluctuations. Currency risks only exist in connection with project development and project realisation in the UK. Project-related contracts are usually concluded in British pounds in order to minimize currency risks. Furthermore, currency risks are usually hedged when new loans are drawn.

Financing risks

The situation on the financial markets can delay or even completely prevent external financing of wind farms. An increase in bank risk margins and the high financing costs involved may jeopardise the economic viability of approved projects and thus the realisation of such projects. Possible

increased bank security requirements, trends towards syndicated financing, claims asserted by banks for shorter loan terms and higher equity ratios or other changes not yet foreseen for financing practices may delay or prevent project financing. Against the backdrop of the current banking crisis, we cannot completely rule out takeovers of banks or bank insolvencies. Banks becoming insolvent or fundamental changes to their business policy may have an effect on payments, loans (e.g. operating loans) or lending conditions and thus on liquidity.

In order to offset such risks, we have in the past used different banks for project financing. Predominately smaller and medium-sized institutions were used that have sufficient liquidity on the one hand, yet whose size and regional focus means they are not particularly exposed to effects of the financial market crisis. Furthermore, Energiekontor Group tries to reduce its dependency on banks for short, medium and long-term financing of projects by issuing bonds and partial bearer bonds.

Process risks

Risks from wind conditions

The wind conditions at the specific sites is the deciding factor for a wind farm's results of operations. In addition to the known seasonal fluctuations, fluctuations can also vary between years. We have seen fluctuations of up to 30 percent in the past. Multiple poor wind years or an unexpected low wind situation upon commissioning with a long-term negative impact on a project's economic viability cannot be ruled out. This risk is particularly relevant for the Group-owned wind farm segment. Shortfalls in output caused by poor wind years have an immediate effect on income and earnings. In turn, this results in a specific risk for Energiekontor AG as shortfalls in output at Group-owned wind farms would have a detrimental effect on the ability of these affiliates to repay the long-term bonds granted by Energiekontor AG and thus could result in value adjustments, accordingly. Concerning new projects, the risk of wind conditions is countered by respective safety discounts and worst case scenarios, so that the repayment of loans is not jeopardised in years where winds are poor.

Risks from legal actions

There is a risk throughout all project development phases that legal action / appeals may lead to delays or refusal of permissions. This risk cannot be ruled out even if permissions have already been granted or wind turbine systems already built. It is basically possible that legal action and appeals may lead to delays, or may result in wind farms having to be dismantled due to incorrect planning / permissions or that downtimes and reduced operations may result from regulatory intervention. In order to offset such risks, Energiekontor plans projects with the appropriate diligence and with renowned and experienced partners. Within the scope of bond issues, it is also not possible to rule out legal action by bondholders. This risk is offset by strict internal controls and collaboration with external experts.

Contractual and planning risks

Contractual provisions are a central component of project development of wind farms. Contracts are concluded both in the scope of project development, e. g. with turbine manufacturers or land owners, as well as with investors or institutional investors. Risks lie on the one hand in incorrect contracts, on the other hand in fundamental process risks even if the contractual provisions are correct. In order to avoid errors, experienced experts are involved in all project development phases. In addition, insurances are in place to exclude or at least minimize all major risks.

Risks from project development and time delays

There is an imminent risk of time delays throughout all planning projects that could impact the economic viability of the projects. Time delays are conceivable in all project phases. Most unforeseen events take place during the permitting process or in the construction phase. There is also a risk that projects are cancelled completely because permissions are refused or revoked or because changes in the parameters make it impossible to realise the project in an economically viable way. These risks can only be countered through targeted site acquisitions in suitable areas, a geographically diverse project pipeline, professional project management and optimised contract and claim management.

Supplier risks

Prices and delivery times for wind turbine systems are a central factor in project planning and the economic viability of such. Both parameters have evolved positively in recent years compared to the past due to the financial crisis (shorter delivery times, reduced turbine purchase prices). It cannot be ruled out that the conditions may deteriorate in coming years, thus increasing the economic pressure on project profitability again. Long delivery times, price increases and competition for scarce construction machinery may worsen the economic viability which could in turn result in time delays for project realisation. In order to ensure the economic predictability of projects, these risks are offset by entering into contracts with all project partners involved at an early stage and by implementing an efficient project management. With the consolidations in the wind energy sector, the supplier structure is also changing. Energiekontor Group is offsetting this risk by not binding itself to just one manufacturer, but using a wide range of different manufacturers depending on the specific project conditions. Nevertheless, it cannot be ruled out that the consolidation may lead to prolonged construction phases.

Technical risks

Despite testing and measuring the wind turbine systems, it is not always guaranteed that they are technically mature and will function properly. There is a risk that wind turbine systems may not be able to meet the contractually agreed features, such as performance curves, availability or noise levels. Energiekontor tries to offset this risk through selecting wind turbine systems from various well-known manufacturers as well as concluding respective warranty and service contracts. Contractual penalties and liability clauses are also agreed. Furthermore, safety discounts are included in the planning to minimize these risks.

FORECAST REPORT

The forecast for the current financial year takes into account Energiekontor AG's growth plans based on a sound business model, with a view to the regulatory changes in the remuneration of electricity from renewable sources. In principle, nothing major has changed concerning the expectations for the current financial year with regard to the statements in the 2016 annual report. As is typical in project business, the largest profit contribution is expected in the second half of the year. The significance of the first-half figures is thus limited and cannot be extrapolated for the full year. The outlook for the current year is as follows:

a) Project Development and Sales (Wind, Solar)

The most significant development in 2017 for Energiekontor is the introduction of the auctioning system in Germany. The individual business units have been thoroughly preparing this for a long time. Nevertheless, only the end of the current 2017 financial year will show the strength with which the Company will enter the auctions in 2018. One great advantage is certainly the fact that at the end of 2016, the Energiekontor Group had already obtained permission for projects with a total capacity of 80 MW in Germany alone, and these can be realised on the basis of the terms and conditions stipulated by the old German Renewable Energy Sources Act (EEG). This is particularly important, because we cannot expect that projects awarded in this auction round will go into operation in 2018, given the delivery and realisation times that usually apply in this market.

The results of the first auction round in May 2017 showed that citizens' energy initiatives are given an advantage over project developers under the currently valid German Renewable Energy Sources Act (EEG), despite high uncertainty whether these projects will be realised, as the cooperatives do not need to present permissions. The results of the second auction confirmed this trend. The necessary amendment to the German Renewable Energy Sources Act (EEG) to maintain the diversity of successful participants does not enter into force until the beginning of 2018. Until then, the bid prices in the auctioning procedures should also have stabilised at a low level.

Energiekontor has also declared its intention to offer support to citizens' energy initiatives that have been awarded a project in the form of cooperation for wind farm project development and construction. We assume that, particularly in Germany, 2017 and 2018 will be a transitional phase until Energiekontor will see a constant flow of projects again. Overall nothing changes regarding Energiekontor's objective to be able to offer the most economic projects as "price leader" in order to one day be independent of subsidies, not only abroad but also in Germany.

In 2017, the management anticipates the following:

At the end of 2016, projects with a total output of 32 MW had been approved in **Lower Saxony**. The management assumes that the majority of these projects can be built and commissioned in the current 2017 financial year.

At the end of 2016, we had received permission for five projects with a total capacity of nearly 2016 MW in the key region of **North Rhine-Westphalia**. After one wind farm has already been finished, management assumes that the remaining four projects will be finished by the end of FY 2017.

In the key region of **northern North Rhine-Westphalia**, projects of about 50 MW are expected to be realised. About 36 MW thereof in the district of Lippe are in various planning phases including the permitting process. Nevertheless, we do not expect to complete the first projects in this region before 2018.

Commissioning of the Klein Woltersdorf turbine (2.4 MW) in the key region of **Brandenburg** postponed in 2016 took place in March 2017. The Briest III (3.2 MW) and Luckow-Petershagen II (2.75 MW) are now also in operation. The completion of Hohengüstow II (19.2 MW total rated power, 50 percent sold to an investor) is expected in autumn 2017.

Energiekontor has entered into a cooperation agreement with a renowned partner in the energy sector to tap into another key region, **Thuringia**. The aim is to generate additional project potential. Implementation of a first project is, however, not expected until 2020, due to legal requirements for construction.

Energiekontor Group has a total pipeline for projects in Germany and the UK covering nearly 2,000 MW in various project phases. All these projects have at least passed the stage of concluding option agreements. Some of the projects have already entered the planning permission or permitting process, while others have already been

approved or are under construction. Gradual realisation of the projects in this pipeline with, depending on the progress, different likelihoods of realisation, should secure the Company's growth targets in the medium term.

In the **UK**, subsidies for onshore wind farms have been on the back burner since the conservative government was elected in May 2015. Following the expiry of the certificate-based ROC system, the Contracts for Difference auctioning system should officially apply; however, to date this is not yet employed for onshore wind technology.

At present, we assume that all UK wind projects currently in the development stage will have to do without state subsidies and must be realised on the basis of market prices or long-term end-user power purchase agreements (PPA). Therefore, project development concentrates on large and windy locations in Scotland where politics expressly welcome and support the further expansion of renewable energy sources. In the last two or three years, the Energiekontor Group has secured sites here for wind farms comprising more than 800 MW. However, the first turbines from this project pipeline will not be commissioned before 2018/19. Two projects totalling 73 MW would be approved still in 2017. Construction of one project that is already at the post-approval stage with total rated power of 8 MW should begin in 2017. It would be the first Energiekontor project without any state subsidy. In addition, the UK team is constantly surveying the market in order to possibly take over projects that have already been developed and/or approved and to thus increase the pipeline of projects that can be realised in the near future.

Despite which, planning permission for three projects in England and Wales existed already in 2016, however there are project-specific problems to be solved before the realisation phase can begin.

The situation in **Portugal** has not changed materially. There are first signs of an improvement in the capital market situation and general business environment, but the government has not announced any new procedures for tendering grid capacities as yet. Therefore, Energiekontor's activities in Portugal are currently concentrating on managing the existing wind farm portfolio and rotor blade extension.

In the **Solar** market, both Germany and the UK introduced an auctioning system in 2015. In **Germany**, Energiekontor is concentrating on the key regions of Brandenburg and Mecklenburg-Western Pomerania. Areas in Schleswig-Holstein, Saxony-Anhalt, Saxony and Thuringia are also being acquired. Bavaria and Baden-Württemberg are new acquisition regions. Following Energiekontor's successful entry in the first solar auction round in Germany with a project, another two projects were awarded in the August 2016 and February 2017 auctions. On the one hand, this demonstrates Energiekontor's experience when participating in such auctions and, on the other hand, it shows that the Company has a competitive edge despite the market environment of falling prices.

The second solar project that Energiekontor was awarded is currently in the planning and financing phase. This is scheduled for completion in 2017. However, all renowned module manufacturers currently have a supply bottleneck due to increased demand in China and the US leading to a considerable delay risk that could jeopardise the full commissioning of the solar park in 2017. Concerning further auctions, Energiekontor intends to enter additional projects and thus expand the solar business as announced.

This is to be complemented by activities in the new markets of **France** and the **US**. Meanwhile, Energiekontor has identified suitable areas in both countries. In the US, the Company is trying to secure sites for 300 to 400 MW before the end of 2017. Furthermore, the Company is locally pushing the development and possible acquisition of developed projects. Given the shorter lead times in comparison with wind projects, the management believes that these markets might make the first sales contributions in 2018.

In the **Netherlands**, the Energiekontor Group is focusing on onshore wind in line with the government promotion plans for renewable energy sources. By setting up a national office and hiring a Dutch project manager, Energiekontor has managed to identify suitable sites and has already signed the first option agreements. However, given the relatively long project development periods for wind farms, we do not expect this market to contribute to sales in the next two years.

b) Power Generation in Group-owned Wind Farms

The Power Generation in the Group-owned Wind Farms segment generates continuous income, thereby providing financial stability and the basis of sustainable Company growth. For this reason, the Group intends to systematically strengthen and expand this segment, which does not necessarily mean the growth curve has to be linear. Repowering measures and the subsequent sale of such projects as well as the sale of the Gayton le Marsh wind farm in order to prematurely repay existing loans, for instance, led to a temporary dip in total Group-owned capacity. In the future, the management will also decide year by year, subject to the business development, how many of the new projects to retain and how many to sell. In the medium term, however, nothing has changed in Energiekontor AG's overall strategy to take about half the projects it develops into its portfolio of Group-owned wind farms. Thus it is planned for several projects to become Group-owned projects already in 2017.

The efficiency measures described under c) in the "Business development by segment" chapter (repowering, technical innovation, optimisation of operating expenses, extension of useful life, and refinancing and repayment of loans) are to also help improve income in this segment and reduce costs over the coming years.

c) Operation Development, Innovation and Others

Despite fluctuating income due to changing wind years, the segment should see a rising liquidity and earnings trend in coming years. This is supported by the continuously climbing number of wind farms under operational management. Operations of all of the wind farms sold are still managed by the Energiekontor Group. It is also conceivable that this will be expanded by taking over operational management of external wind farms.

One focus area in innovation continues to be the rotor blade extension. Based on the successful development for 1 MW wind turbine systems, the 1.3 MW class was certified. After the successful test on Group-owned 1 MW turbines, the first wind farm with 1.3 MW turbines was recently equipped with rotor blade extensions in Portugal. Planning for the development of this technology for additional turbine types has already been initiated.

With performance enhancements of more than 7 percent, rotor blade extensions are not only an important efficiency measure for the Group's own wind farms but also a promising product for the international market. The technology is marketed by the Energiekontor branch office in Portugal. The Iberian Peninsula is considered to be a potentially important market for this technology.

One example for a non-exclusive technical innovation measure is to optimise the wind farms for operation beyond the legally regulated period of 20 years. The newly founded team "Continued Operation – 20 years plus" has taken on a pioneering role and, through targeted application of innovation and efficiency measures, it has been successful in obtaining permissions for wind farms until 2025. Energiekontor generally strives for a total operating life of 30 to 35 years.

Group-level

Energiekontor has set itself the objective of helping renewable energy achieve greater market penetration in order to be able to compete with electricity generated from conventional energy sources. Here, Energiekontor intends to assume a pioneering role in realising the most economic wind and solar projects. It has therefore been introducing various efficiency measures over the years in different departments to prepare for increased competition and higher pricing pressure.

The fact that the UK has stopped onshore wind subsidies and the new auctioning procedure regulated by the EEG 2017, which was introduced at the beginning of 2017, underline the general intention to converge renewable energy with free market conditions.

Investment security in Germany continues to be given in 2017, as all projects approved until the end of 2016 will still be remunerated according to the terms stipulated in the old EEG 2014, albeit with gradual discounts. In this context and considering most of these projects will be completed in 2017, Energiekontor successfully laid the groundwork in 2016 with planning permissions for projects with total rated power of more than 80 MW in Germany. As things currently stand, the management expects to obtain additional permissions in 2017 for projects that will at least match the volume of 2016. However, there is still some uncertainty, regarding the number of projects that will be won in the auctions and the respective feed-in tariffs.

Given the experiences with auctioning procedures in Portugal as well as three tenders for solar projects having been won in auctions in Germany since 2015, the Energiekontor Group is very optimistic that it will also be successful in the onshore wind power auctions.

As the conservative government in the UK virtually abolished all subsidies for onshore wind in mid-2015, Energiekontor is now focusing even more on large locations with strong wind, especially in Scotland. This shift of business development and project activities from England to Scotland prepares Energiekontor for a future scenario in which the Group will continue to plan and construct wind farms in the UK in a profitable manner that will purely be remunerated at market prices on the electricity exchange or prices determined in long-term PPAs.

Thanks to many years of diversification of its activities across different countries, key regions and energy carriers as well as the portfolio of Group-owned wind farms, the Energiekontor Group has a solid base for continued success in coming years, despite changes in the regulatory environment and the downward feed-in tariff trend.

The continuation of the Group's integrated and proven structures and work processes such as flat hierarchies and cost-conscious management as well as the utilisation of diverse banks, financial instruments, turbine manufacturers, service providers and consultants contribute to the Group's sustainable and long-term future success. In addition, the strong liquidity position of the Group creates room for flexible actions in order to operate successfully in the market.

Wide-ranging project-pipelines have been established in recent years in order to generate stable and sustainable future company growth. In addition to regulatory uncertainty, project-specific or situation-specific issues can lead to delays, however – as has been the case in the past – with regard to permissions, financing of already approved projects and commissioning. The main risks and critical external factors are delays in permitting processes and in project implementation (e.g. for weather reasons, delays in supply or insufficient availability of erection devices). These types of external developments cannot be ruled out for the future either.

In the Solar division, in-house development and turnkey implementation of projects in Germany has considerably lost appeal in recent years due to decreasing feed-in tariffs and fixed module prices in the Far East because of punitive tariffs. The introduction of the auctioning procedure

provides for new opportunities. Energiekontor has already won three tenders for solar projects in Germany since 2015. Moreover, the management intends to expand its scope for the future implementation of PV projects by tapping into the French and the US markets. In both countries, Energiekontor managed to identify suitable regions, in which the Group is now working together with local partners to buy suitable land or acquire project rights. A potential collaboration with cooperation partners is also currently under review. In the US, the management believes planning permissions for the first projects can be obtained from 2018.

The Power Generation in Group-owned Wind Farms segment is of crucial importance for the further growth path of the Energiekontor Group. Despite wind-related fluctuations in income, revenue generated in this segment is easier to forecast than revenue generated in project development. In the 2016 financial year, the negative combination of wind output and currency effect had an unusually strong impact on the segment result, but generally the income from the sale of energy is a stable foundation for liquidity planning in the Group. Power Generation in Group-owned Wind Farms is therefore the strategic core segment of the Energiekontor AG. Liquidity surpluses generated from the operation of own wind farms are to be increased in the coming years by continuously expanding the Group-owned wind farm portfolio; the expansion will primarily be based on taking over turnkey wind farm projects from Energiekontor's own project development activities. The decision to take over wind farms into the Group's own portfolio always depends on the specific situation and project parameters. However, several projects that are currently under construction are due to be included in the Group-owned portfolio in 2017.

The management's objective is to continue improving the basis for sustainable company growth by gradually and sustainably increasing total output and Group EBT in the coming years. The planned measures include intensifying the acquisition efforts in all planning areas (Germany, Solar, Repowering, UK and new foreign markets) and increasing efficiency by implementing commercial and technical optimisation measures, especially in the field of electricity generation in Group-owned wind farms and operational management. This is to be supplemented by a gradual and controlled increase in the headcount in the key growth areas. Even though the growth process may still not necessarily follow a straight line in the next few years due to policy changes and the conversion of the remuneration systems in all the relevant target markets, and income fluctuations cannot be ruled out either, Energiekontor is pursuing a growth

strategy that enables the Company to gradually and sustainably reach its growth targets, thereby maintaining a solid financial basis.

All in all, the Management Board continues to expect a positive business performance in the 2017 financial year, at the AG level as well as for the Group. Assuming that most of the projects that were granted permission in 2016 will be built according to plan and commissioned at the latest by the end of 2017, we believe Group EBT could be in a similar range to the two previous years. This is also based on the assumption that all of the projects commissioned in 2017 will really be sold to investors. However, it is planned that 50 percent of the projects realised in the current financial year will not be sold. They will be added to the Group-owned portfolio to reinforce further Company growth in line with the organic growth model depicted on page 18 ff. Accordingly, Group EBT 2017 will be considerably lower than in the prior two years, as the projects included in the Group-owned portfolio are not recognised at their fair market values; instead, only the external manufacturing costs are considered in the consolidated balance sheet. This leads to a significant increase in the hidden reserves included in the balance sheet, as development and project development margins at Energiekontor AG and its subsidiaries are not shown in Group P&L for these projects; instead they are eliminated in the scope of Group consolidation. As most of the projects relevant for the 2017 results are still under construction, the management has not reached its final decision as to which projects will join the Group-owned portfolio and which will be sold. These decisions will be made depending on the construction progress of the individual projects, the expected commissioning dates as well as the current market price and financing conditions and further economic parameters. Notwithstanding the above, there is still a risk that there may be project delays e.g. due to weather conditions or other reasons, that may have a negative impact on the commissioning and sale of the projects planned for the 2017 annual results.

Expectations for the individual segments can be summarised as follows:

In the Project Development and Sales (Wind, Solar) segment, total output and EBT at the previous year's level would be possible if all of the projects completed in 2017 were to be sold. As the plan is to integrate approx. 50 percent of the projects realised in 2017 in the Group-owned portfolio, segment EBT will be much lower than in the prior two years.

For the Power Generation in the Group-owned Wind Farms segment, the Company expects an increase in segment EBT versus the previous year, provided that the wind output is more or less normal. Furthermore, the premature deleveraging of some wind farms in spring 2017 will contribute to this. The early loan repayment will significantly lower the interest burden of the entire Group-owned portfolio while increasing cash flow accordingly.

The Operation Development, Innovation and Others segment is now expected to show a slight increase in revenue and EBT. This is driven by various efficiency measures as well as an increase in wind farm operation activities compared to the previous year. As the operational management remuneration is linked to the electricity production in all wind farms, positive earnings effects of the planned portfolio expansion could however be offset by negative effects of a below-average wind year.



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (IFRS)

EUR thousand	01.01.2017– 30.06.2017	01.01.2016– 30.06.2016
Revenue	41,357	43,326
Changes in inventories and other work performed and capitalised	41,041	12,321
Total output	82,397	55,647
Other operating income	3,284	2,540
Total operating output	85,682	58,187
Cost of raw materials and supplies and purchased services	-50,162	-21,088
Personnel expenses	-5,344	-5,189
Other operating expenses	-8,923	-8,281
EBITDA	21,252	23,629
Depreciation and amortisation	-8,085	-9,439
EBIT	13,168	14,190
Interest and similar income	54	24
Interest and similar expenses	-8,797	-9,449
Earnings from ordinary activities before tax (EBT)	4,425	4,765
Income tax expense	-1,248	-1,350
Interim consolidated income	3,177	3,415
Other income (changes in value not affecting income net of tax)	582	3,073
Total comprehensive income	3,760	6,489
Both consolidated comprehensive income and total comprehensive income are attributed in full to shareholders of the parent company.		
Earnings per share in EUR	0.22	0.23
Shares outstanding in units as at 30 June	14,585,485	14,599,220
Average shares outstanding in units in H1	14,588,857	14,605,941

CONDENSED CONSOLIDATED BALANCE SHEET (IFRS)

as of 30 June 2017

ASSETS	30.06.2017 EUR thousand	31.12.2016 EUR thousand
Non-current assets		
Other intangible assets	4	10
Property, plant and equipment	163,707	171,747
Investments	25	53
Non-current receivables and financial assets	62	60
Deferred tax liabilities	7,455	7,721
Total non-current assets	171,253	179,591
Current assets		
Inventory	75,313	34,272
Current receivables and financial assets	14,953	18,224
Tax receivables	603	430
Securities	10,211	10,305
Cash and cash equivalents	75,841	118,528
Total current assets	176,921	181,759
Total assets	348,174	361,351
EQUITY AND LIABILITIES	30.06.2017 EUR thousand	31.12.2016 EUR thousand
Equity		
Issued capital (nominal)	14,585	14,592
Capital reserves	40,330	40,323
Other reserves (not affecting earnings)	-2,542	-3,124
Retained earnings	30,058	30,164
Accumulated income	-19,203	-12,477
Total equity	63,228	69,477
Non-current liabilities		
Other provisions	12,274	12,099
Financial liabilities	177,251	185,175
Other liabilities	2,644	2,698
Deferred tax liabilities	6,721	8,350
Total non-current liabilities	198,889	208,322
Current liabilities		
Provisions for taxes	773	9,996
Other provisions	8,194	12,656
Financial liabilities	61,549	45,735
Accounts payable	9,525	6,241
Other liabilities	6,009	8,852
Tax liabilities	6	71
Total current liabilities	86,056	83,551
Total equity and liabilities	348,174	361,351
Equity ratio in %	18.2	19.2

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (IFRS)

EUR thousand	01.01.2017– 30.06.2017	01.01.2016– 30.06.2016
Consolidated income	3,177	3,415
Net proceeds from disposal of assets	0	36
Depreciation and amortisation	8,085	9,439
Adjustment of non-cash currency result	-997	-1,788
Change in provisions (including deferred taxes)	-15,139	-11,021
Change in inventories and payments made	-41,041	-12,321
Change in receivables (offset against payments received on account) and other assets	3,361	5,960
Change in liabilities	321	-11,528
Other non-cash expenses/income	590	3,081
Cash flow from operating activities	-41,643	-14,727
Payments for investments in fixed assets	-38	-7,156
Proceeds from disposal of fixed assets	28	0
Cash receipts and cash payments from the sale and purchase of securities	94	-60
Cash flow from investing (divesting) activities	84	-7,216
Change in non-current external funds	-7,924	-4,482
Change in current external funds	15,814	17,005
Payouts/dividends	-9,903	-11,682
Expenses for repurchase of treasury shares	-113	-174
Cash flow from financing activities	-2,126	667
Total cash flow	-43,684	-21,276
Currency-related changes to cash and cash equivalents (valuation)	997	1,788
Financial resources as of 1 January	118,528	103,957
Cash and cash equivalents as of 30 June	75,841	84,470

This value equals the balance sheet item "cash and cash equivalents" as at 30 June.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(IFRS) 2017

01.01.2017–30.06.2017 EUR thousand	Subscribed capital	Capital reserves	Reserve for changes recognised directly in equity
as of 01.01.2017	14,592	40,323	-3,124
Repurchase of treasury shares	-7		
Differences from fair value measurement			582
Differences from stock option plan measurement		8	
Dividend payment			
Consolidated income in H1			
as of 30.06.2017	14,585	40,330	-2,542

01.01.2016–30.06.2016 EUR thousand	Subscribed capital	Capital reserves	Reserve for changes recognised directly in equity
as at 01.01.2016	14,612	40,308	-8,751
Repurchase of treasury shares	-13		
Differences from fair value measurement			3,073
Differences from stock option plan measurement		8	
Dividend payment			
Consolidated income in H1			
as at 30.06.2016	14,599	40,315	-5,678

	Retained earnings	Accumulated income	Total	Number of shares (in thousand units)
	30,164	-12,477	69,477	14,592
	-106		-113	-7
			582	
			8	
		-9,903	-9,903	
		3,177	3,177	
	30,058	-19,203	63,228	14,585

	Retained earnings	Accumulated income	Total	Number of shares (in thousand units)
	16,421	-12,130	50,460	14,612
	-161		-174	-13
			3,073	
			8	
		-11,682	-11,682	
		3,415	3,415	
	16,260	-20,396	45,100	14,599

CONDENSED NOTES

to the consolidated interim report
as of 30 June 2017 (IFRS)

General information

These unaudited half-year financial statements of the Energiekontor Group, which consists of Energiekontor AG and its subsidiaries, for the period of 1 January 2017 to 30 June 2017 are based on the single-entity financial statements of all companies included in the consolidation, converted to IFRS. They comply with the provisions of IAS 34.

Pursuant to Section 315a HGB (German Commercial Code), the financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), London in force on the reporting date and adopted by the European Union.

The first-time application of IFRSs that entered into force after the last reporting date has no material impact on the representation of financial position, financial performance and results of operations.

The single-entity financial statements used as a basis for the consolidated interim report are prepared in euro or have been converted to euro at the official exchange rate. The consolidated financial statements of the Energiekontor Group have been prepared with Energiekontor AG as parent company.

Accounting and valuation

The explanations provided in the notes to the consolidated financial statements of the Energiekontor Group as of 31 December 2016 are still valid, in particular with respect to accounting and valuation principles. To the extent that these accounting and valuation principles have an effect on the comparable figures stated in the half-year report of the previous year, the comparable figures have been adjusted accordingly.

Explanations to the abbreviated consolidated balance sheet and the abbreviated statement of comprehensive income of the Group.

The individual values of the Group abbreviated consolidated balance sheet and Group abbreviated statement of comprehensive income are explained in the aforementioned statements in the condensed interim management report, in which the development and composition of the most significant items in assets and liabilities as well as income and expenses have already been explained in detail.

Group of consolidated companies

The group of consolidated companies comprises the following principal national and foreign companies, most of which are included within the scope of full-scale consolidation.

Direct and indirect shareholdings of Energiekontor AG

Name, registered office of the Company	Shares in %
Construtora da nova Energiekontor – Parquet Eólicos, Unipessoal Lda., Lissabon, Portugal	100.00 %
EER GbR, Worpswede ¹⁾	28.60 %
EK HDN Projektentwicklung GmbH & Co. KG, Bremen	100.00 %
Energiekontor UK WI EXT GmbH, Bremerhaven	100.00 %
Energiekontor – WSB – GmbH, Bremerhaven	100.00 %
Energiekontor Anlagen GmbH & Co. Offshore KG, Bremerhaven	100.00 %
Energiekontor Aufwind 1 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 10 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 11 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 12 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 13 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 14 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 15 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 2 GmbH & Co. KG, Bremerhaven	100.00 %

1) consolidated using the equity method
2) joint operation

Name, registered office of the Company	Shares in %
Energiekontor Aufwind 3 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 4 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 5 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 6 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 7 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 8 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind 9 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Aufwind GmbH, Bremerhaven	100.00 %
Energiekontor Finanzanlagen GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Finanzanlagen II GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Finanzanlagen III GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Finanzanlagen IV GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Finanzanlagen V GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Finanzierungsdienste GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Finanzierungsdienste II GmbH, Bremerhaven	100.00 %
Energiekontor Finanzierungsdienste III GmbH, Bremerhaven	100.00 %
Energiekontor Finanzierungsdienste IV GmbH, Bremerhaven	100.00 %
Energiekontor Finanzierungsdienste V GmbH, Bremerhaven	100.00 %
Energiekontor Finanzierungsdienste VI GmbH, Bremerhaven	100.00 %
Energiekontor Finanzierungsdienste-Verwaltungs GmbH, Bremerhaven	100.00 %
Energiekontor Guardao GmbH, Bremerhaven	100.00 %
Energiekontor Guardao GmbH & Co. WP GU KG, Bremerhaven	100.00 %
Energiekontor III Energias Alternativas, Unipessoal Lda., Lisbon, Portugal	100.00 %
Energiekontor Infrastruktur Solar GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Infrastruktur und Anlagen GmbH, Bremerhaven	100.00 %
Energiekontor Innovations GmbH, Bremerhaven	100.00 %
Energiekontor Mafomedes GmbH, Bremerhaven	100.00 %
Energiekontor Mafomedes GmbH & Co. WP MF KG, Bremerhaven	97.77 %
Energiekontor Mafomedes ÜWP MF GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Management 1 GmbH, Bremerhaven	100.00 %
Energiekontor Management GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Management Hagen 1 GmbH, Hagen	100.00 %
Energiekontor Management Hagen GmbH & Co. KG, Hagen	100.00 %
Energiekontor Montemuro GmbH, Bremerhaven	100.00 %
Energiekontor Montemuro GmbH & Co. WP MONT KG, Bremerhaven	100.00 %
Energiekontor NL B.V., Nijmegen, Netherlands	100.00 %
Energiekontor Ocean Wind AG, Bremen	100.00 %
Energiekontor Ocean Wind GmbH & Co. Projektentwicklungs KG, Bremerhaven	100.00 %
Energiekontor Ocean Wind Verwaltungs GmbH, Bremerhaven	100.00 %
Energiekontor Offshore Anlagen GmbH, Bremerhaven	100.00 %
Energiekontor Offshore Bau GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Offshore GmbH, Bremerhaven	100.00 %
Energiekontor Ökofonds GmbH, Bremerhaven	100.00 %
Energiekontor Ökofonds GmbH & Co. Tandem I KG, Bremerhaven	100.00 %
Energiekontor Ökofonds GmbH & Co. Tandem II KG, Bremerhaven	100.00 %

1) consolidated using the equity method

2) joint operation

Name, registered office of the Company	Shares in %
Energiekontor Ökofonds GmbH & Co. WP 4 KG, Bremerhaven	100.00 %
Energiekontor Ökofonds GmbH & Co. WP BD KG, Bremerhaven	100.00 %
Energiekontor Ökofonds GmbH & Co. WP Elni KG, Bremerhaven	100.00 %
Energiekontor Ökofonds GmbH & Co. WP GEL KG, Hagen	100.00 %
Energiekontor Ökofonds GmbH & Co. WP MA KG, Bremerhaven	88.52 %
Energiekontor Ökofonds GmbH & Co. WP Nordergründe KG, Bremerhaven	100.00 %
Energiekontor Ökowitz 11 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Ökowitz 7 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Ökowitz 8 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Ökowitz 9 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Ökowitz GmbH, Bremerhaven	100.00 %
Energiekontor Penedo Ruivo GmbH, Bremerhaven	100.00 %
Energiekontor Penedo Ruivo GmbH & Co. WP PR KG, Bremerhaven	100.00 %
Energiekontor Portugal – Energia Eólica Lda., Lisbon, Portugal	99.00 %
Energiekontor Portugal Marao GmbH, Bremerhaven	100.00 %
Energiekontor Portugal Marao GmbH & Co. WP MA KG, Bremerhaven	100.00 %
Energiekontor Portugal Trandeiras GmbH, Bremerhaven	100.00 %
Energiekontor Schönberg GmbH, Bremerhaven	100.00 %
Energiekontor Seewind GmbH, Bremerhaven	100.00 %
Energiekontor Sobrado GmbH, Bremerhaven	100.00 %
Energiekontor Solar 1 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Solar 2 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Solar 3 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Solar 4 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Solar 5 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Solar Bau GmbH, Bremerhaven	100.00 %
Energiekontor Solar GmbH, Bremerhaven	100.00 %
Energiekontor UK BU GmbH, Bremerhaven	100.00 %
Energiekontor UK Construction Ltd., Leeds, UK	100.00 %
Energiekontor UK FM GmbH, Bremerhaven	100.00 %
Energiekontor UK GmbH, Bremerhaven	100.00 %
Energiekontor UK HY 2 GmbH, Bremerhaven	100.00 %
Energiekontor UK HY GmbH, Bremerhaven	100.00 %
Energiekontor UK HY GmbH & Co. WP Hyndburn KG, Bremerhaven	100.00 %
Energiekontor UK LI GmbH, Bremerhaven	100.00 %
Energiekontor UK Ltd., Leeds, UK	100.00 %
Energiekontor UK NR GmbH, Hagen	100.00 %
Energiekontor UK PE GmbH, Bremerhaven	100.00 %
Energiekontor UK WI GmbH, Bremerhaven	100.00 %
Energiekontor UK WI GmbH & Co. Witherwick KG, Bremerhaven	100.00 %
Energiekontor Umwelt GmbH, Bremerhaven	100.00 %
Energiekontor Umwelt GmbH & Co. WP BRI KG, Bremerhaven	100.00 %
Energiekontor Umwelt GmbH & Co. WP DE KG, Bremerhaven	100.00 %
Energiekontor Umwelt GmbH & Co. WP GRE II KG, Bremerhaven	96.19 %
Energiekontor Umwelt GmbH & Co. WP SCHLO KG, Hagen	100.00 %

1) consolidated using the equity method

2) joint operation

Name, registered office of the Company	Shares in %
Energiekontor Umwelt GmbH & Co. WP SIE X KG, Bremerhaven	100.00 %
Energiekontor US Dakota WP 1 LLC, Delaware, US	100.00 %
Energiekontor US Holding Inc. Delaware, US	100.00 %
Energiekontor US Inc., Delaware, US	100.00 %
Energiekontor US Texas SP 1 LLC, Delaware, US	100.00 %
Energiekontor US Texas SP 2 LLC, Delaware, US	100.00 %
Energiekontor US Texas SP 3 LLC, Delaware, US	100.00 %
Energiekontor US Texas SP 4 LLC, Delaware, US	100.00 %
Energiekontor US Texas SP 5 LLC, Delaware, US	100.00 %
Energiekontor Windfarm GmbH, Bremerhaven	100.00 %
Energiekontor Windfarm GmbH & Co. WP 1 KG, Bremerhaven	100.00 %
Energiekontor Windfarm GmbH & Co. WP 15 KG, Bremerhaven	100.00 %
Energiekontor Windfarm GmbH & Co. WP 2 KG, Bremerhaven	100.00 %
Energiekontor Windfarm GmbH & Co. WP 5 KG, Bremerhaven	100.00 %
Energiekontor Windfarm ÜWP ALU GmbH & Co. KG, Hagen	100.00 %
Energiekontor Windfarm ÜWP SCHLUE GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Windfarm ZWP THÜ GmbH & Co. KG, Hagen	100.00 %
Energiekontor Windinvest 22 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Windinvest 24 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Windinvest 25 GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Windinvest GmbH, Bremerhaven	100.00 %
Energiekontor Windinvest GmbH & Co. ÜWP KRE KG, Hagen	100.00 %
Energiekontor Windinvest GmbH & Co. ÜWP LE KG, Hagen	100.00 %
Energiekontor Windinvest GmbH & Co. ZWP BE KG, Hagen	100.00 %
Energiekontor Windinvest GmbH & Co. ZWP Langendorf KG, Bremerhaven	100.00 %
Energiekontor Windkraft GmbH, Bremerhaven	100.00 %
Energiekontor Windkraft GmbH & Co. WP NL KG, Bremerhaven	51.32 %
Energiekontor Windpark BRW 1 GmbH & Co. WP I KG, Bremerhaven	100.00 %
Energiekontor Windpark GmbH & Co. Giersleben KG, Hagen	100.00 %
Energiekontor Windpower GmbH, Bremerhaven	100.00 %
Energiekontor Windpower GmbH & Co. ÜWP 5 KG, Bremerhaven	100.00 %
Energiekontor Windpower GmbH & Co. ÜWP B KG, Bremerhaven	100.00 %
Energiekontor Windpower GmbH & Co. ÜWP ENG KG, Hagen	100.00 %
Energiekontor Windpower GmbH & Co. ÜWP GRE II KG, Bremerhaven	100.00 %
Energiekontor Windpower GmbH & Co. ÜWP HN II KG, Hagen	100.00 %
Energiekontor Windpower GmbH & Co. ÜWP HN KG, Bremerhaven	100.00 %
Energiekontor Windpower GmbH & Co. ÜWP OE-Osterende KG, Hagen	100.00 %
Energiekontor Windpower GmbH & Co. WP 20 KG, Bremerhaven	100.00 %
Energiekontor Windpower GmbH & Co. WP 5 KG, Bremerhaven	100.00 %
Energiekontor Windpower GmbH & Co. WP BRIEST II KG, Bremerhaven	100.00 %
Energiekontor Windpower GmbH & Co. WP KJ KG, Hagen	100.00 %
Energiekontor Windpower Improvement GmbH & Co. KG, Bremerhaven	100.00 %
Energiekontor Windregion GmbH, Hagen	100.00 %
Energiekontor Windstrom GmbH, Bremerhaven	100.00 %
Energiekontor Windstrom GmbH & Co. UW Uthlede-Süd KG, Bremerhaven	100.00 %

1) consolidated using the equity method

2) joint operation

Name, registered office of the Company	Shares in %
Energiekontor Windstrom GmbH & Co. ÜWP HW KG, Hagen	100.00 %
Energiekontor Windstrom GmbH & Co. ÜWP KRE II KG, Hagen	100.00 %
Energiekontor Windstrom GmbH & Co. WP 15 KG, Bremerhaven	100.00 %
Energiekontor Windstrom GmbH & Co. WP 2 KG, Bremerhaven ²⁾	100.00 %
Energiekontor Windstrom GmbH & Co. WP 5 KG, Bremerhaven	100.00 %
Energiekontor Windstrom GmbH & Co. ZWP HÖ KG, Hagen	100.00 %
Energiekontor Windstrom ÜWP SCHWA GmbH & Co. KG, Hagen	100.00 %
Energiekontor Windstrom ZWP PR GmbH & Co. KG, Hagen	100.00 %
Energiekontor WPI GmbH, Bremerhaven	100.00 %
Energiepark Beerfelde GmbH & Co. WP BF II KG, Bremerhaven	100.00 %
Energiepark Bramstedt GmbH & Co. WP BRA KG, Bremerhaven	100.00 %
Energiepark Bultensee WP BULT GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Casekow WP LUPE II GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Debstedt 2 RE WP DE GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Eggersdorf GmbH & Co. WP EGG KG, Bremerhaven	100.00 %
Energiepark Erfstadt-Erp I GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Erfstadt-Erp II GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Flögeln Stüh GmbH & Co. WP FLÖ KG, Bremerhaven	100.00 %
Energiepark Garzau-Garzin SP GG GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Hammelwarder Moor BGWP HAM GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Hammelwarder Moor WP HAM GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Hemelingen WP HEM GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Hürth-Barbarahof WP HB GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Jacobsdorf WP Jaco GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Karstädt SP KA GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Krempel GmbH & Co. RE WP KRE KG, Bremerhaven	100.00 %
Energiepark Kreuzau WP ST GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Niederzier WP ST I GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Odisheim GmbH & Co. WP ODI KG, Bremerhaven	100.00 %
Energiepark Solar GmbH & Co. SP Berlin KG, Bremerhaven	100.00 %
Energiepark Solar GmbH & Co. SP Worms KG, Bremerhaven	100.00 %
Energiepark Stinstedt WP STIN GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Uckerfelde WP HOGÜ II GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark UK GA GmbH, Bremerhaven	100.00 %
Energiepark UK NR GmbH & Co. KG, Hagen	100.00 %
Energiepark UK PE GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark UK WI EXT GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark UK WP HY II GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Waldenrath WP HE GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark Winterberg-Altenfeld WP WA GmbH & Co. KG, Bremerhaven	100.00 %
Energiepark WP Bützfleth GmbH & Co. KG	100.00 %
Energiepark WP Völkersen GmbH & Co. KG	100.00 %
Hafen Wind Hamburg GmbH & Co. KG	100.00 %
Infrastrukturgemeinschaft Flögeln GbR, Bremerhaven ²⁾	50.00 %
Infrastrukturgesellschaft Hohengüstow GbR, Bremerhaven	100.00 %

1) consolidated using the equity method

2) joint operation

Name, registered office of the Company	Shares in %
Netzanschluss Badingen GbR, Bremerhaven ¹⁾	37.29 %
Netzanschluss Mürow Oberdorf GbR, Bremerhaven ¹⁾	30.19 %
Netzanschluß Stadorf GbR, Cuxhaven ¹⁾	50.00 %
Nordergründe Treuhand GmbH, Bremerhaven	100.00 %
Windpark Flögeln GmbH, Bremerhaven	100.00 %
Windpark Wachtendonk-Wankum WP WAW GmbH & Co. KG, Bremerhaven	100.00 %
WPS-Windkraft GmbH, Bremerhaven	100.00 %

1) consolidated using the equity method

2) joint operation

Segment report

The following provides information on the result, assets, liabilities and investments for the individual segments described previously.

The Energiekontor Group's segment reporting follows the provisions of IFRS 8 "Business segments", whereby the Management.

Approach is used once the structure and contents of the segment reporting have been adapted to the reports regularly presented to internal decision-makers. The Management Approach is intended to give the target audience of the external accounting a glimpse into the Company from the perspective of the Management Board ("chief operating decision-maker").

In accordance with the IFRS 8 criteria, there are three business segments, namely Project Development and Sales (Wind, Solar); Power Generation; and Operation Development, Innovation and Others.

The evaluation complies with the provisions on external accounting. Reconciliation of the indicated segment information to the figures in the consolidated financial statements is therefore not necessary.

Prices, which are also agreed upon with third parties, are essentially based on the business relationships between the Group's companies.

Segment assets and liabilities that are broken down in the following segment report relate to gross assets and liabilities as follows:

EUR thousand	30.06.2017	31.12.2016
Gross assets as per the balance sheet	348,174	361,351
Deferred and current tax assets	-8,058	-8,151
Segment assets	340,116	353,199
Gross liabilities as per the balance sheet	284,945	291,874
Neutralisation of cash flow hedges from wind farm financing (interest and interest/currency hedges)	-4,132	-5,023
Deferred and current tax liabilities	-7,500	-18,417
Segment liabilities	273,314	268,434
Gross net assets as per the balance sheet	63,228	69,477
Neutralisation of cash flow hedges from wind farm financing (interest and interest/currency hedges)	4,132	5,023
Deferred and current net taxes	-558	10,265
Net segment assets	66,802	84,765

Segment result

EUR thousand	Project development and Sales (Wind, Solar)		Power Generation in Group-owned Wind Farms	
	H1/2017	H1/2016	H1/2017	H1/2016
Revenue				
Revenue	15,291	13,731	24,210	28,038
Revenue with other segments	0	0	76	80
Total revenue	15,291	13,731	24,285	28,118
Changes in inventories and other work performed and capitalised	40,977	12,231	0	0
Total output	56,268	25,962	24,285	28,118
Other operating income	2,166	2,143	1,118	394
Total operating output	58,434	28,105	25,404	28,512
Cost of raw materials and supplies and purchased services	-49,900	-20,855	-63	-130
Personnel expenses	-4,209	-4,256	-586	-488
Other operating expenses	-1,493	-1,439	-7,743	-7,212
EBITDA	2,832	1,555	17,011	20,682
Depreciation and amortisation of intangible assets and property, plant and equipment	-21	-21	-8,064	-9,417
EBIT	2,811	1,534	8,947	11,265
Interest and similar income	16	20	38	4
Interest and similar expenses	-3,307	-2,344	-5,490	-7,101
EBT	-480	-790	3,495	4,168

Operation Development, Innovation and Others		Total before reconciliation/ consolidation		Reconciliation		Energiekontor Group	
H1/2017	H1/2016	H1/2017	H1/2016	H1/2017	H1/2016	H1/2017	H1/2016
1,856	1,556	41,357	43,326	0	0	41,357	43,326
974	973	1,049	1,053	-1,049	-1,053	0	0
2,830	2,529	42,406	44,378	-1,049	-1,053	41,357	43,326
63	90	41,041	12,321	0	0	41,041	12,321
2,893	2,619	83,447	56,699	-1,049	-1,053	82,397	55,647
0	3	3,284	2,540	0	0	3,284	2,540
2,893	2,622	86,731	59,239	-1,049	-1,053	85,682	58,187
-199	-102	-50,162	-21,088	0	0	-50,162	-21,088
-549	-445	-5,344	-5,189	0	0	-5,344	-5,189
-736	-682	-9,972	-9,333	1,049	1,053	-8,923	-8,281
1,410	1,393	21,252	23,629	0	0	21,252	23,629
0	-1	-8,085	-9,439	0	0	-8,085	-9,439
1,410	1,391	13,168	14,190	0	0	13,168	14,190
0	0	54	24	0	0	54	24
0	-4	-8,797	-9,449	0	0	-8,797	-9,449
1,410	1,387	4,425	4,765	0	0	4,425	4,765

Segment assets

EUR thousand	Project Development and Sales (Wind, Solar)		Power Generation in Group-owned Wind Farms		Operation Development, Innovation and Others		Energiekontor Group	
	30.06. 2017	31.12. 2016	30.06. 2017	31.12. 2016	30.06. 2017	31.12. 2016	30.06. 2017	31.12. 2016
Non-current segment assets								
Other intangible assets	4	10	0	0	0	0	4	10
Property, plant and equipment	127	125	163,580	171,622	0	0	163,707	171,747
Investments	25	53	0	0	0	0	25	53
Non-current receivables and financial assets	48	48	15	12	0	0	62	60
Total non-current segment assets	203	236	163,595	171,634	0	0	163,798	171,870
Total non-current segment assets								
Inventory	74,649	33,672	135	135	528	465	75,313	34,272
Current receivables and financial assets	6,104	9,623	8,749	8,571	100	30	14,953	18,224
Securities	10,211	10,305	0	0	0	0	10,211	10,305
Cash and cash equivalents	64,688	93,894	9,990	23,605	1,163	1,029	75,841	118,528
Total current segment assets	155,652	147,494	18,874	32,311	1,792	1,523	176,318	181,329
Total segment assets	155,855	147,730	182,468	203,946	1,792	1,523	340,116	353,199

Segment liabilities

EUR thousand	Project Development and Sales (Wind, Solar)		Power Generation in Group-owned Wind Farms		Operation Development, Innovation and Others		Energiekontor Group	
	30.06. 2017	31.12. 2016	30.06. 2017	31.12. 2016	30.06. 2017	31.12. 2016	30.06. 2017	31.12. 2016
Non-current segment liabilities								
Other provisions	0	0	12,274	12,099	0	0	12,274	12,099
Financial liabilities	27,065	29,093	146,054	151,059	0	0	173,119	180,152
Other liabilities	0	0	2,644	2,698	0	0	2,644	2,698
Total non-current segment liabilities	27,065	29,093	160,972	165,857	0	0	188,037	194,949
Current segment liabilities								
Provisions	6,420	11,182	1,766	1,469	8	4	8,194	12,656
Financial liabilities	51,273	19,928	10,276	25,807	0	0	61,549	45,735
Accounts payable	8,357	5,180	1,157	1,033	10	28	9,525	6,241
Other liabilities	5,913	8,799	38	0	58	53	6,009	8,852
Total current segment liabilities	71,963	45,089	13,237	28,310	77	85	85,277	73,485
Total segment liabilities	99,028	74,182	174,209	194,167	77	85	273,314	268,434
Net segment assets	56,828	73,548	8,259	9,779	1,715	1,438	66,802	84,765

Capital expenditure by segment

EUR thousand	Onshore Project Development and Sales (Wind, Solar)		Power Generation		Operation Development, Innovation and Others		Energiekontor Group	
	H1/2017	H1/2016	H1/2017	H1/2016	H1/2017	H1/2016	H1/2017	H1/2016
Segment capital expenditure	15	3	23	7,153	0	0	38	7,156

RESPONSIBILITY STATEMENT

We hereby declare to the best of our knowledge that the consolidated financial statements prepared in accordance with the applicable accounting principles provide a true and fair view of the financial position, financial performance and results of operations of the Group and the management report presents a true picture of the business development including results of operations and the situation of the Group, and that the major opportunities and risks for the probable development of the Group are described.

Bremen, August 2017

Management Board



Peter Szabo
Chairman of the Management Board



Günter Eschen
Member of the Management Board



Torben Möller
Member of the Management Board

LEGAL INFORMATION

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Energiekontor AG

Concept, layout, text and typesetting

IR-ONE AG & Co., Hamburg
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Note on pro-forma key figures (EBIT, EBITDA, cash flow)

The EBIT and EBITDA figures used in this report as well as the cash flow figures are examples of so-called pro-forma key figures. Pro-forma key figures are not governed by national accounting rules, the German Commercial Code (HGB) or the international financial reporting requirements pursuant to the International Financial Reporting Standards (IFRS). As this terminology is not legally defined, other companies may not calculate pro-forma key figures in the same way as the Energiekontor Group; therefore, the Energiekontor Group's pro-forma key figures are only comparable to a limited extent with such or similarly named information from other companies. The pro-forma key figures stated in the Annual Report should, therefore, not be considered in isolation or as an alternative to operating profit, net income, consolidated net income or other Energiekontor Group figures presented in the financial statements.

Disclaimer

This report contains forward-looking statements. These statements, including information regarding the expectations and views of the management of Energiekontor AG, do not constitute historical facts. They are based on current plans, assessments and forecasts of the Company management. Investors should not place unqualified trust in these statements. Forward-looking statements must be interpreted in connection with the time and the environment in which they were made. The Company does not assume any obligation to update the forward-looking statements in this report to account for new information or future events. This does not affect the Company's obligation to comply with its legal disclosure and reporting duties. Forward-looking statements always carry a certain degree of risk and uncertainty. Numerous factors may cause actual or future events to differ significantly from the forward-looking statements in this report.



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