CAPITAL STAGE
RENEWABLE ENERGIES

2015

Annual Financial Statement Capital Stage AG

Management report and Group management report for the 2015 financial year

General information

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

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

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

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

Operating principles of the Group

Business model

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

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

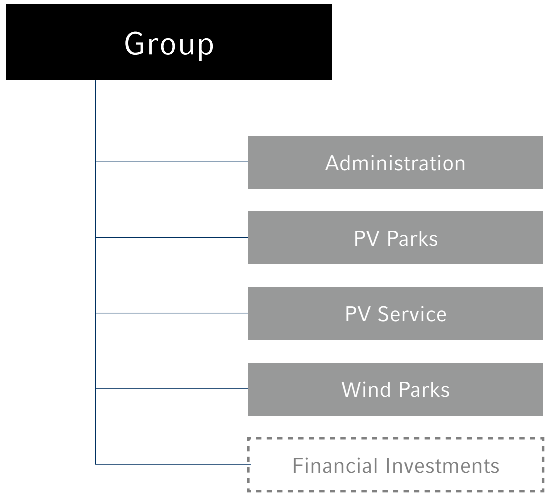
Since 2009, Capital Stage has continually expanded its portfolio of solar parks and wind parks. Today, Capital Stage operates 80 solar parks and eight wind parks with an output in excess of 570 MW in Germany, Italy, France and the UK. This means that, in 2015, Capital Stage fed a total of nearly 600,000,000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

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

Group structure

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

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



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

Internal management system at Capital Stage

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

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

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

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

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

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

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

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

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

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

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

Operating EBITDA = IFRS EBITDA less the following effects:

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

Operating EBIT = IFRS EBIT less the following effects:

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

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

Macroeconomic framework

Global economic development remains below expectations

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

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

Expansive monetary policy

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

The euro aims for parity with the US dollar

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

Acceptable close to the 2015 trading year

In 2015, investors in stock markets once again experienced mixed and even partially stormy results. The main German index, the DAX, was characterised by high volatility in 2015. While expectations of positive growth worldwide and good indicators from the United States in particular initially supported the DAX at the beginning of the year, geopolitical crises, weak data from the global economy, the interest rate changes in the United States and the concern about the breakthrough of the Chinese economy brought down the mood on the exchange floor from the middle of the year onwards. In addition, the Volkswagen emissions scandal – and the resulting crash in the share price on the DAX – caused a further downturn in prices in September 2015. In total, the DAX was still able to close 2015 at an acceptable 10,743 points – an increase of around 9.5 per cent over the year. The small-cap segment proved once again to be significantly more dynamic. Over the year, the SDAX small-cap index showed growth of around 26.6% cent and closed 2015 at 9,099 points.

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

Renewable energies: A megatrend

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

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

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

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

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

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

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

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

Development in the core regions

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

Germany – introduction of tendering models

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

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

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

The switch to a tendering model in the ground-mounted PV park sector is intended to bring the German subsidy system into compliance with the Guidelines on State aid for environmental protection and energy 2014–2020 published by the European Commission in 2014. These guidelines stipulate that, beginning in 2017, all renewable energy subsidies for projects larger than a certain size in the European Union must be determined on the basis of tenders. The tendering process for ground-mounted PV parks served as a pilot project for the German government which provided data that will be incorporated in the development of tendering models for other renewable energies such as wind power.

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

France: ringing in the energy revolution

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

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

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

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

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

United Kingdom – Low-carbon economy

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

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

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

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

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

Promotion of renewable energies in Italy

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

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

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

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

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

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

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

Course of business

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

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

Entry into the UK market

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

Expansion of the Italian solar park portfolio

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

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

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

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

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

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

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

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

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

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

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

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

Segment development

PV Parks segment

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

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

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

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

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

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

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

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

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

Solar park portfolio Stumpf, Group share: 100 per cent

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

Solarpark Golpa, Group share: 100 per cent

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

Solarpark Hall Farm, Group share: 100 per cent

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

Solar park Tonedale, Group share: 100 per cent

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

Solar park Sowerby, Group share: 100 per cent

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

Wind Parks segment

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

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

Wind Parks acquired in 2015:

Windpark Dahme-Wahlsdorf, Group share: 100 per cent

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

Wind park portfolio Lunestedt, Group share: 100 per cent

On 13 November 2015, Capital Stage signed a contract to acquire a German onshore wind park in Lower Saxony near Bremerhaven with a total capacity of 38.5 MW. The wind park's seller is the exchange-listed Energiekontor AG, based in Bremen, which has been active in the field of project development and operation of wind parks for around 25 years. The park consists of 14 GE 2.75 series wind turbines produced by the US manufacturer General Electric. The park went into full operation in December 2015. In addition, the wind park benefits from a guaranteed feed-in tariff of EUR 0.0890 per kilowatt-hour over a period of 20 years. Capital Stage expects the new wind park to make revenue contributions of nearly EUR 8 million from its first full year of operation onwards. The total investment volume for the acquisition, including debt, is approximately EUR 70 million. The existing financing for the project is being retained. The transaction was completed on 14 December 2015.

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

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

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

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

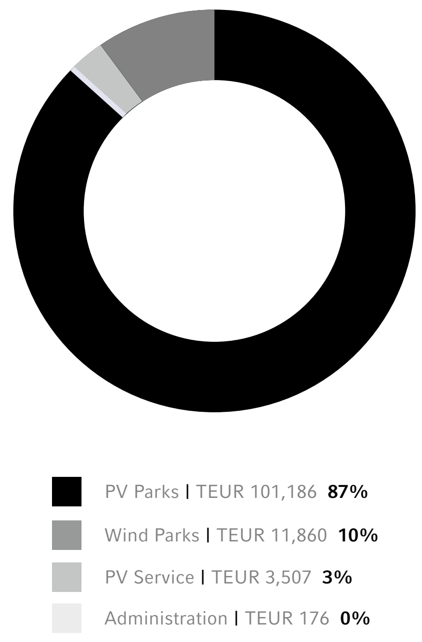
The sale was completed on 20 October 2015. The sale price was CHF 1.

Earnings, net assets and financial position Capital Stage Group

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

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

Revenue by segment is as follows:



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Determining the operating KPIs (adjusted for IFRS effects)

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

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

Financial position and cash flow

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

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

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

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

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

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

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

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

Assets position

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

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

As of 31 December 2015, the Group held intangible assets worth TEUR 176,250 (31 December 2014: TEUR 145,425). During the (partially still ongoing) preliminary purchase price allocation process for the solar parks and wind parks acquired or consolidated for the first time in 2015, the electricity feed-in contracts between the parks and the energy supply companies and the exclusive licenses were valued, leading to the capitalisation of intangible assets amounting to TEUR 45,710 (31 December 2014: TEUR 66,759). These assets will be amortised over the term of the electricity feed-in contract (which is typically 20 years).

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

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

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

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

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

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

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

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

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

Segment reporting

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

Administration

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

PV Parks

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

PV Service

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

Wind Parks

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

Financial Investments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Events after the reporting date

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Solarpark Manor Farm

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

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

Personnel

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

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

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

Supervisory Board

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

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

Remuneration report

To create long-term incentives, Dr Husmann (Management Board member) is granted share options under the share option programme. These were adopted in 2007 and 2012 by the Annual General Meeting. The AOP 2007 share option programme was completely satisfied in the 2012 financial year. Since 2013, options have been granted as part of the share option programme AOP 2012. The subscription rights attached to the share options may only be exercised after a waiting period of four years. The subscription price (exercise price) is the arithmetic mean of the closing price of Capital Stage AG shares in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) on the last five trading days preceding the date on which the options are granted. A condition for the exercise of subscription rights is that the performance target has been met. To reach the performance target for AOP 2012, the price of shares in Capital Stage AG in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange must exceed the exercise price by at least 30 per cent during the ten trading days preceding the date on which the subscription rights are exercised. The applicable exercise period is deemed to be the period in which the relevant subscription rights may first be exercised, the performance target having been reached or exceeded.
Full details of the share option programmes and the valuation process can be found in the notes to the consolidated financial statements.

Management Board members receive a gross annual salary for their services. Dr Husmann also receives an annual performance-related bonus. The annual bonus for the previous financial year is determined by the Supervisory Board, taking the Company's earnings and financial position as well as Dr Husmann's personal performance into account. The annual bonus becomes due for payment immediately after the Supervisory Board meeting in which the corresponding annual financial statements are approved and the bonus is fixed. The annual bonus for Mr Felix Goedhart, who withdrew from the Company in the 2015 financial year, was three per cent of the consolidated profit for the year. Gross annual salary and annual bonus together (excluding other benefits) should not exceed TEUR 800. Since 1 November 2015, Professor Klaus-Dieter Maubach has been the new chief executive officer.

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

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

Total provisions for remuneration for the Supervisory Board's activities during the reporting year amounted to TEUR 258. Pursuant to section 15, paragraph 1 of the Articles of Association, the remuneration paid to Supervisory Board members will be set by the Annual General Meeting at amounts not less than TEUR 15 for each member, TEUR 30 for the chairperson and TEUR 22.5 for the deputy chairperson. The provisions are based on the remuneration defined by the Annual General Meeting for the financial years since 2011. The total deferred remuneration also includes the total remuneration for the staff committee and for the audit committee, which was newly formed in the 2015 financial year, in the amount of TEUR 35 per committee.

Other information

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

- On 31 December 2015, the Company's subscribed capital was EUR 75,483,512 (in words: seventy-five million four hundred and eighty-three thousand five hundred and twelve), divided into 75,483,512 no-par-value bearer shares.

- There are no restrictions on voting rights or carry-overs.

- Pursuant to section 21, paragraph 1 or paragraph 1a of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG), Capital Stage AG has been notified of the following direct or indirect capital shares which exceed ten per cent of the voting rights:

  Pursuant to section 21, paragraph 1 of the WpHG, Capital Stage AG, Hamburg, Germany, was notified in a letter dated 25 June 2015 that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by Dr. Liedtke Vermögensverwaltung GmbH, Hamburg, Germany, on 23 June 2015 exceeded the threshold of ten per cent, on that date amounting to 10.10 per cent (7,467,351 voting rights).

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

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

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

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

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

- There are no shares with special rights

- There are no voting right controls of any kind whatsoever.

- The Management Board is appointed and dismissed in accordance with the provisions of the German Stock Corporation Act (Aktiengesetz – AktG) (section 84 ff.).

- All changes to the Articles of Association require a resolution of the Annual General Meeting. Rights to make changes which only concern the wording may be granted to the extent laid down in the Articles of Association.
- Any authorisation to increase the share capital and issue shares granted to the Management Board by the Annual General Meeting is governed by the provisions of sections 4 and 6 of the Articles of Association. For further details, the reader is referred to the detailed account of the share capital set out in the notes to the financial statements.

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

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

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

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

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

The accounting for all fully consolidated companies, with the exception of the companies in Italy, France, the UK and Switzerland and eight wind parks, is carried out centrally, as are the consolidation activities. Systemic controls are monitored by our employees and supplemented by manual checks. The consolidation measures are carried out with the aid of a standardised consolidation system.

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

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

Opportunity report

Conservative investment strategy with balanced risk–return ratio

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

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

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

Opportunities from economic environment

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

Opportunities from low interest rates

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

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

Opportunities from meteorological developments

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

Regulatory opportunities

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

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

Opportunities from innovation

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

Opportunities from business relations and partnerships

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

Capital Stage Solar Service GmbH in Halle, Germany, a wholly owned subsidiary of Capital Stage, is responsible for the technical management, especially of solar parks in Germany, and also offers this service to third parties. Capital Stage Solar Services currently manages a generation portfolio of more than 200 MWp. The establishment and expansion of other business relationships and a network are also taking place as a part of this service. Capital Stage has partners abroad which are responsible for operating the solar parks and wind parks. As these service companies are established in their respective regions and have good networks, this may give rise to additional business opportunities.

Opportunities from new financing options

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

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

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

Opportunities from geographic diversification

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

Opportunities from large portfolio volumes in the core regions

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

Risk management system

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

Risk measurement

The risks identified are measured according to their probability of occurrence and significance and then assigned to risk classes (1 to 4). Risk classes 1 (high probability and significant impact on the Group) and 2 (lower probability but significant impact on the Group) are given particular attention. Accordingly, the bandwidth of risk classes 1 and 2 is very narrow, and the basic principle applied is to assign the risks involved to a higher risk class rather than a lower one.

Risk management

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

Risk controlling

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

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

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

Risk report

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

Risk class 1

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

Risk class 2

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

Risk class 3

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

Risk class 4

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

Disclosures on significant changes in risk

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

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

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

There were changes for the following risks:

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

Risks in risk class 1:

Risks associated with raising capital to finance projects

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

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

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

Risks in risk class 2:

Solar park and wind park planning and construction risks

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

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

Dependence on national programmes to subsidise renewable energy

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

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

Germany

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

The consequences for the acquisition of new parks that will receive lower tariffs can readily be calculated by the Group when it invests in existing facilities or projects. In addition, the system costs of installations have fallen markedly, and this trend is set to continue over the medium to long term. Because of this, the dependence of photovoltaic parks and wind parks on subsidies will continue to diminish until they are fully competitive (grid parity). All in all, then, the impact of these changes on the Group is of minor importance.

France

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

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

Italy

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

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

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

United Kingdom

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

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

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

Risks associated with the Group's capital procurement

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

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

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

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

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

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

Technical risks and loss of capacity

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

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

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

Furthermore, capital is set aside in a project reserve for the solar parks and wind parks, and this can be drawn on if components need to be replaced. The project reserves are saved out of the parks' ongoing cash flow and maintained at amounts based on long-term experience.

Downtime

Solar parks and wind parks may break down due to technical faults in the park's installations or in the power substation, or may be disconnected from the grid temporarily by the energy provider to enable maintenance work. There is a risk that this downtime may be prolonged if the faults are not noticed and the accompanying technical defects eliminated promptly.

We are able to take prompt countermeasures in relation to the risk of solar park and wind power plant downtime thanks to the fact that the installations are operated and monitored either by the Capital Stage Group itself or by reputable partners, and any downtime or technical problems are detected or identified promptly via a real-time online monitoring system. In addition to these measures, all our installations are insured against the risk of operational interruptions, and the Group also has appropriate insurance against risks arising from third-party operations – for instance, faulty maintenance or repair work – and is covered for any loss, damage or consequential loss suffered as a result. Manufacturers generally give an availability guarantee for the wind turbines. There is also insurance cover against other damage to the installations.

Erroneous investment and income calculations

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

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

Meteorological risk (solar)

The output of regenerative solar parks is dependent in the short to medium term on meteorological circumstances that could have an adverse impact on results. A regional concentration of parks, either in Germany, France, Italy or the United Kingdom, could be disadvantageous if forecast sunshine figures turn out to be incorrect or if climatic changes mean that the expected weather conditions fail to materialise. However, long-term statistical evidence shows that, in the long run, years in which sunshine is in short supply and years of above-average sunshine will balance out. In addition, the Company once again increased its geographical diversification during the reporting period and is thus less exposed to weather conditions in individual regions.

Credit risk

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

To avoid credit risk, the Group ensures that the financing banks do not have any recourse to companies other than the respective borrowers and generally opt exclusively for non-recourse financing. As a rule, the bank's collateral is therefore limited to the assets of the operating companies for the individual projects.

Tax risk

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

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

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

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

Currency risk

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

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

Risks from existing covenant agreements

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

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

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

Risks in risk class 3:

Meteorological risk (wind)

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

Dependence on qualified personnel

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

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

Risks in risk class 4:

Interest rate risk

The solar parks and wind parks are financed by debt at fixed and variable rates of interest and with terms ranging from 10 to 17 years. Our calculations allow for sharp rises in interest rates when fixed interest rate periods come to an end. However, if interest rates rise after such periods by greater amounts than allowed for in the calculations, this could be detrimental to the parks' profitability and/or the performance of the Group's portfolio of assets and the potential distributions payable by the individual projects to Capital Stage AG.

In the case of variable-interest loans, the Group considers the use of interest rate hedging instruments to permit reliable long-term calculations and planning. Interest rate swaps are the only instruments used and they are used only for hedging. The Company represents corresponding interest rate hedges through a cash flow hedge. A majority of the existing interest rate hedges meet the conditions for hedge accounting pursuant to IAS 39. Changes in the effective portion of the market values are therefore recognised in equity without effect on profit or loss.

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

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

Economic and sectoral risk

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

To nevertheless respond swiftly and appropriately to economic and sectoral risk, the Group keeps the relevant markets under observation. This entails studying a variety of trade publications and attending congresses, trade fairs and specialist conferences, as well as membership in trade associations. In addition, the Company stays in close and regular contact with business partners, experts and industry representatives from its network.

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

Overall risk

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

Forecast

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

Macroeconomic developments

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

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

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

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

Renewable energies: a megatrend

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

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

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

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

Capital Stage on a growth track

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

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

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

General statement of expected development

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

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

This outlook is based on the following assumptions:

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

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

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

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

Corporate governance statement pursuant to section 289a of the HGB

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

Hamburg, 31 March 2016

Capital Stage AG
The Management Board

Prof Dr Klaus-Dieter Maubach
CEO

Dr Christoph Husmann

Capital Stage AG Balance Sheet

as of 31 December 2015

Assets	31.12.2015 TEUR	31.12.2014 TEUR
A. Fixed Assets		
I. Intangible assets		
Purchased software and industrial property rights	149	132
II. Property, plant and equipment		
Other equipment and office equipment	89	91
III. Financial assets		
1. Shares in affiliates	33,445	32,196
2. Loans to affiliates	169,934	128,522
	203,379	**160,718**
	203,617	**160,941**
B. Current assets		
I. Accounts receivable and other assets		
1. Trade receivables	0	0
2. Receivables from affiliates	21,665	11,282
3. Other assets	5,113	2,948
	26,778	**14,230**
II. Cash and deposits	**8,463**	**21,476**
	35,241	**35,706**
C. Prepaid expenses	**13**	**20**
D. Deferred tax assets	**1,814**	**1,937**
Total assets	**240,685**	**198,604**

Equity and liabilities	31.12.2015 TEUR	31.12.2014 TEUR
A. Equity		
I. Subscribed Capital	**75,484**	**73,834**
II. Capital reserves	**112,337**	**104,420**
III. Distributable profits	**27,359**	**18,444**
	215,180	**196,698**
B. Provisions		
1. Tax provisions	191	28
2. Other provisions	1,929	1,547
	2,120	**1,575**
C. Liabilities		
1. Liabilities due to banks	23,030	0
2. Trade liabilities of which with a remaining term of less than one year TEUR 235 (previous year: TEUR 96)"	235	96
3. Other liabilities of which with a remaining term of less than one year TEUR 120 (previous year: TEUR 235); - of which taxes TEUR 111 (previous year: TEUR 121); - of which relating to social security TEUR 0 (previous year: TEUR 4)	120	235
	23,385	**331**
Total equity and liabilities	**240,685**	**198,604**

Income statement

for the financial year from 1 January to 31 December 2015

	2015 TEUR	2014 TEUR
1. Revenues	1,187	661
2. Other operatinng income - of which from currency translation: TEUR 0 (previous year: TEUR 0)	259	940
3. Personnel expenses		
a) Wages and salaries	4,441	3,322
b) Social security and pension costs	334	261
	4,775	**3,583**
4. Amortization of intangible fixed assets and depreciation of property, plant and equipment	100	97
5. Other operating expenses - of which from currency translations TEUR 0 (previous year: TEUR 3)	3,059	2,706
6. Income from financial investments	19,654	18,353
7. Profits transferred under profit transfer agreements	1,167	1,113
8. Income from long term loans - of which from affiliates: TEUR 7.263 (previous year: TEUR 4.343)	7,263	4,343
9. Other interest and similar income - of which from affiliates: TEUR 608 (previous year: TEUR 235)	32	630
10. Depreciation of financial assets	1,084	3,594
11. Interest and similar expenses	86	180
12. Result from ordinary activities	**20,458**	**15,880**
13. Taxes on income	-451	1,884
14. Other taxes	-2	-1
15. Net profit/loss	**20,005**	**17,763**
16. Withdrawal from retained earnings	0	0
17. Profit carried forward from previous year	7,354	681
18. Distributable profit/loss	**27,359**	**18,444**

Notes to the financial statements

as of 31 December 2015

A. Introduction

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

B. Notes concerning accounting policies

The purchased intangible assets and tangible assets are carried at amortised cost less scheduled straight-line depreciation pro rata temporis on the basis of their useful economic lives. During the financial year, we exercised the option of writing off low-value assets costing up to EUR 410 in their year of acquisition on the assumption that they will be disposed of during that year.

Shares in and loans to affiliates and other loans are carried at amortised cost. However, in the event of a temporary loss of value, or one likely to be permanent, corresponding impairment charges will be recognised.

Receivables and other assets as well as liquid assets are carried at their nominal values as adjusted by any individual write-downs which may have proven necessary.

The provisions cover all discernible risks and uncertain liabilities. The settlement value is set at the amount that would, in our prudent commercial judgement, be sufficient to cover any future payment obligations. The provisions recognised are exclusively those required under commercial law.

The valuation of liabilities is carried at their settlement values.

Receivables and liabilities in foreign currencies are translated as of the date first recognised at the rate on the transaction date, and thereafter at the mean spot rate on the reporting date.

To the extent that this is allowable in accordance with section 274 of the HGB, deferred taxes are formed from expected reversals in differences between balance sheet recognition under trade law and tax law. The tax rates for calculating deferred taxes were 15.83 per cent (corporation tax and solidarity surcharge) and 16.45 percent (trade tax). As of 31 December 2014, the Company made use of its right for the first time to capitalise deferred taxes pursuant to section 274, paragraph 1, sentence 2 of the HGB.

The income statement has been drawn up according to the nature-of-expense method.

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C. Notes concerning individual balance sheet items and entries

1. Fixed assets

Developments of fixed assets are set out in the attached statement of changes in fixed assets. Intangible assets went up largely due to the purchase and extension of new licences for the Group management and planning software. Additions to property, plant and equipment mainly relate to purchases of office and business equipment due to the higher number of employees in the reporting period.

The year-on-year increase in shares in affiliates stems from the direct acquisition by Capital Stage AG of six French solar park project companies and four British solar parks, as well as the contractually agreed subsequent purchase price adjustment of one of the holding companies involved.

The decrease in shares in affiliates stems from the sale of a participating interest in Calmatopo Holding AG, Flurlingen (Switzerland), as of 20 October 2015. Income from the sale was CHF 1.00. The resulting disposal loss of some TEUR 129 was recognised in other operating expenses.

As part of the sale, loans to Calmatopo Holding

AG in the amount of TCHF 4,889 (approx. TEUR 3,594) and TEUR 400 as well as the current loan and interest already accrued vis-à-vis Helvetic Energy GmbH, Flurlingen (Switzerland), in the amount of some TEUR 62, were written off. Depreciation of financial investments in the amount of TEUR 3,594 from loans to Calmatopo Holding AG was already recognised in the previous financial year. The resulting receivables loss of some TEUR 462 was recognised in other operating expenses.

Furthermore, Capital Stage AG financed the acquisition of solar parks and wind parks by Group companies via lending and investment loans. As a result, the loans increased to TEUR 169,934 as of the reporting date (previous year: TEUR 128,522). The increase stems mainly from the new long-term loans made to affiliates. The loans have remaining maturities of up to 25 years and pay interest of up to 6.5 per cent p.a.

2. Receivables and other assets and liquid funds

Receivables are chiefly comprised of receivables from affiliates resulting from trade receivables in the amount of TEUR 293 (previous year: TEUR 778) as well as other receivables from affiliated companies of TEUR 21,372 (previous year: TEUR 10,504). Other receivables from affiliates are comprised of short- and medium-term loans and the resulting interest receivables as well as receivables from distributions, of which TEUR 414 has a remaining term of more than one year (previous year: TEUR 390). The year-on-year increase is due to payments made in the interim.

Other assets consist primarily of tax receivables from capital gains tax (TEUR 4,643), solidarity surcharge (TEUR 255), value added tax (TEUR 27) and foreign withholding tax (TEUR 5). Additionally, this item contains funds held in escrow for the sale of the participating interest in BlueTec GmbH & Co. KG in the amount of TEUR 183. The remaining amount is due to be disbursed by April 2016 at the latest.

The balance sheet items cash in hand and bank balances mainly consist of cash for future investment.

3. Accruals and deferred income

These chiefly consist of payments made in 2015 for BaFin apportionment contributions, insurance policies and magazine subscriptions that relate to subsequent periods.

4. Deferred tax assets

Due to the capitalisation of tax loss carry-forwards which, in accordance with the Company's tax plan, can be utilised within the next five financial years, deferred tax assets on the reporting date pursuant to section 274, paragraph 1 of the HGB amount to TEUR 1,814 (previous year: TEUR 1,937).

5. Equity

Subscribed capital

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

The option once again offered by Capital Stage AG of taking the dividend either all in cash or partly in the form of shares at a subscription price of EUR 6.30 was very popular with shareholders. Shareholders representing approximately 80 per cent of outstanding share capital chose to receive shares. In total, 1,409,368 new bearer shares were issued. The new shares have dividend rights from 1 January 2015 onwards. The capital increase was entered in the commercial register of the Hamburg district court on 31 July 2015. Subscribed capital increased as a result to EUR 75,343,536.00.

The exercise of share options increased share capital by 240,000 shares with a nominal value of EUR 1.00 on the basis of a contingent increase in share capital (contingent capital I) adopted by the Annual General Meeting on 31 May 2007.

Altogether, the Company received gross proceeds of some EUR 9.57 million from the issue.

As a result of capital increases, the capital reserves rose from EUR 104,420,171.45 to EUR 112,337,421.85.

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

Authorised capital

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

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

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

Contingent capital

In 2015, subscription rights were exercised for 240,000 company shares. Share capital is therefore now conditionally increased by up to EUR 1,015,000.00 from the issue of up to 1,015,000 no-par-value bearer shares (contingent capital I). However, the contingent capital increase will only be carried out to the extent that holders of the share options granted by Capital Stage AG in the period up to 30 May 2012 pursuant to the resolution passed by the Annual General Meeting on 31 May 2007 in connection with the 2007 share option programme exercise their options to acquire Company shares, and the Company does not issue treasury shares in fulfilment of the subscription rights. New Company shares resulting from the exercise of these subscription rights participate in profits from the beginning of the financial year for which the Annual General Meeting has not decided how to use the annual net profit when the subscription rights are exercised. The Supervisory Board is authorised to amend the wording of section 4, paragraphs 1 and 3 of the Articles of Association as appropriate to reflect the issue of option shares.

The share capital is conditionally increased by up to EUR 33,392,084.00 through the issue of up to 33,392,084 new no-par-value bearer shares, each representing EUR 1.00 of share capital (contingent capital 2015/II).

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

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

Furthermore, share capital is conditionally increased by up to EUR 2,320,000.00 through the issue of up to 2,320,000 no-par-value bearer shares (contingent capital III). With the consent of the Supervisory Board, the Management Board is authorised by 19 June 2017 (inclusive), pursuant to the specific provisions laid down in the 2012 share option programme, to grant up to 2,320,000 share options on Company shares with a term of up to seven years, whereby each share option confers the right to acquire one share in the Company. These share options are designated exclusively for members of the Management Board, as well as selected senior management personnel and other high-performing Company personnel. With respect to members of the Company's Management Board, the Supervisory Board has the sole right to grant share options. The share options may also be assigned to a bank, on the proviso that the bank is required on the Company's instructions to transfer the options to their designated beneficiaries, who are the sole parties entitled to exercise the options in question. Shareholders do not have any option rights (with respect to contingent capital III). The contingent capital increase will only be executed to the extent that holders of the options to acquire Company shares duly exercise their option rights, and the Company does not furnish its own shares in fulfilment of said options. The new shares participate in profits from the beginning of the financial year in which they are created through exercise of the option. The Supervisory Board is authorised to amend the wording of section 4, paragraphs 1 and 5 of the Articles of Association as appropriate to reflect the issue of option shares.

Share option programme 2007 (AOP 2007)

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

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

In 2015, 240,000 options were exercised, of which 240,000 by Management Board members. No share options expired during the reporting period. As of the reporting date, the number of outstanding options therefore went down from 240,000 as of 31 December 2014 to 0. As of the reporting date 31 December 2015, no more options from the AOP 2007 share option programme can be exercised.

Share option programme 2012 (AOP 2012)

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

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

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

Subscribed capital

On 31 December 2015, share capital stood at TEUR 75,483 (31 December 2014: TEUR 73,834).

One capital increase from authorised capital was completed successfully in 2015, and various share options were also exercised, leading to an increase in share capital. The gross inflow of funds totalling TEUR 9,567 was posted to equity. Share capital of TEUR 73,834 was increased by TEUR 1,650 to TEUR 75,484.

Capital reserve

During the financial year, the capital reserves rose from EUR 104,420,171.45 to EUR 112,337,421.85 as a result of the capital increase undertaken during the year.

Distributable profit

On 23 June 2015, a resolution was passed at the Annual General Meeting to distribute a dividend for the year 2014 of TEUR 11,090 (previous year: TEUR 7,244), or EUR 0.15 per share (previous year: EUR 0.10) with dividend rights. After carrying forward the remaining profit of TEUR 7,354, distributable profit came to TEUR 27,359 (previous year: TEUR 18,444).

Ban on distributions

The total amount subject to a ban on distributions pursuant to section 268, paragraph 8 of the HGB is TEUR 1,814. This amount is attributable in its entirety to the capitalisation of deferred taxes.

6. Tax provisions

Tax provisions of TEUR 191 (previous year: TEUR 28) relate exclusively to provisions for trade tax in the concluded 2014 and 2015 financial years.

7. Other provisions

The other provisions chiefly comprise Supervisory Board remuneration, auditing and consulting costs, the costs of drawing up annual tax returns and bonuses for employees and Management Board members.

8. Liabilities

Liabilities to financial institutions totalling EUR 23,029,580.26 have a remaining term of up to one year in the amount of EUR 29,580.26 and a remaining term of more than five years in the amount of EUR 23,000,000.00.

Trade liabilities of TEUR 235 (previous year: TEUR 96) again all fall due within one year. The year-on-year change is due to the reporting date. The invoices were paid in January 2016.

Other liabilities chiefly constitute liabilities in the amount of TEUR 51 (previous year: TEUR 174) for payroll and church taxes as well as liabilities in the amount of TEUR 60 (previous year: TEUR 0) from value added tax owed to the tax authorities and TEUR 0 (previous year: TEUR 2) falling within the scope of social security liabilities. These liabilities had been settled at the time the financial statements were prepared.

Deferred taxes

As of 31 December 2015, total deferred tax assets amount to TEUR 1,814. Deferred taxes are shown net and are comprised of deferred tax liabilities in the amount of TEUR 133 (previous year: TEUR 0) and deferred tax assets in the amount of TEUR 1,947 (previous year: TEUR 1,936). Deferred tax liabilities were formed in financial investments from differences in the carrying amounts on non-deductible operating costs pursuant to section 8b, paragraph 3 of the KStG. Deferred tax assets were formed exclusively from tax loss carry-forwards which can be offset within the next five years. An aggregate tax rate of 32.275 per cent formed the basis for the calculation of deferred taxes.

D. Notes concerning individual income statement items and entries

1. Revenue

Revenue of TEUR 1,187 (previous year: TEUR 661) results solely from charging Group companies for services provided by Capital Stage AG.

2. Other operating income

Other operating income in the amount of TEUR 259 (previous year: TEUR 940) results chiefly from proceeds from the reversal of provisions, insurance payouts and income from charging costs to third parties.

3. Other operating expenses

The other operating expenses chiefly comprise costs arising from ongoing business management, including legal and tax advice, accounting and auditing costs, costs of publications and the Annual General Meeting, as well as rent and the costs of capital increases. Furthermore, the disposal loss from the disposal of Calmatopo Holding AG, Flurlingen (Switzerland), in the amount of some TEUR 129 and the receivables loss from the write-off vis-à-vis Helvetic Energy GmbH, Flurlingen (Switzerland), in the amount of TEUR 462 were recognised under other operating expenses.

4. Income from financial investments

Income from financial investments result exclusively from dividends from Capital Stage Solar IPP GmbH, Hamburg, in the amount of TEUR 19,654 (previous year: TEUR 18,000). Altogether, income in the amount of TEUR 19,654 (previous year: TEUR 18,353) is attributable to affiliates.

5. Profits received under profit and loss transfer agreements

Profits of TEUR 1,167 (previous year: TEUR 1,113) result from the profit and loss transfer agreement signed on 24 April 2012 between Capital Stage AG and Capital Stage Solar Service GmbH, Halle.

6. Depreciation of financial assets

Depreciation of financial assets of TEUR 230 (previous year: TEUR 3.569) result from unscheduled depreciation due to the sale of Calmatopo as well as unscheduled impairments and depreciations of loans to affiliated companies. Unscheduled depreciations by a non-permanent impairment amounted to EUR 854,471.39.

7. Taxes on income

Income taxes largely consist of expenses of TEUR 123 (previous year: TEUR 1,937) from the reversal of deferred tax assets.

E. Other information

1. Details of shareholdings pursuant to section 285, no. 11 of the HGB

Equity	2015 equity in EUR	% share	2015 result in EUR
Alameda S.r.l., Bozen, Italy	981,370.79	100	107,188.58
ARSAC 4 S.A.S., Paris, France	-572,624.39	100	31,079.81
ARSAC 7 S.A.S., Paris, France	-442,022.02	100	-3,740.91
Asperg Erste Solar GmbH, Halle (Saale), Germany	2,363,944.07	100	824,183.87
Asperg Fünfte Solar GmbH, Halle (Saale), Germany	2,850,791.15	100	711,161.21
Asperg Sechste Solar GmbH, Halle (Saale), Germany	4,967,660.52	100	1,317,734.61
Asperg Zweite Solar GmbH, Halle (Saale), Germany	1,226,453.90	100	184,669.95
Blestium Ltd., London, United Kingdom [4)]	-19,148.05	100	-7,635.82
BOREAS Windfeld Greußen GmbH & Co. KG, Greußen, Germany	1,266,686.02	71.4	1,266,686.02
Bypass Nurseries LSPV Ltd., London, United Kingdom [4)]	-272,491.10	100	-157,554.0
Capital Stage Biscaya Beteiligungs GmbH, Hamburg, Germany	123,984.72	100	-44,925.33
Capital Stage Caddington Ltd., London, United Kingdom [3)]	-168,349.35	100	-136,122.76
Capital Stage France Beteiligungsgesellschaft mbH, Reußenköge, Germany	32,164.65	100	-3,839.27
Capital Stage Göttingen Photovoltaik GmbH, Hamburg, Germany	-44,456.82	100	-2,558.55
Capital Stage Hall Farm Ltd., Edinburgh, United Kingdom [8)]	-379,461.81	100	-382,069.13
Capital Stage Solar IPP GmbH, Hamburg, Germany [1)]	2,010,432.55	100	16,754,645.76
Capital Stage Solar Service GmbH, Halle (Saale), Germany	97,070.26	100	1,167,074.52
Capital Stage Tonedale 1 Ltd., Exeter, United Kingdom [12)]	9,370.21	100	-4,009.18
Capital Stage Tonedale 2 Ltd., Exeter, United Kingdom [12)]	9,370.21	100	-4,009.18
Capital Stage Tonedale LLP, Exeter, United Kingdom [13)]	-121,695.52	100	-123,036.22
Capital Stage Venezia Beteiligungs GmbH, Hamburg, Germany [2)]	7,944,245.80	100	87,994.08
Capital Stage Wind Beteiligungs GmbH, Hamburg, Germany [6)]	22,909.97	100	-2,090.03
Capital Stage Wind IPP GmbH, Hamburg, Germany	-468,854.20	100	-587,499.47
Casette S.r.l., Bolzano, Italy	639,554.47	100	-114,764.83
Centrale Fotovoltaica Camporota S.r.l., Bolzano, Italy [9)]	850,782.06	100	-27,495.40
Centrale Fotovoltaica Santa Maria in Piana S.r.l., Bolzano, Italy [9)]	798,553.81	100	-76,185.75
Centrale Fotovoltaica Treia 1 S.a.s. di Progetto Marche S.r.l., Bolzano, Italy [9)]	-46,601.45	100	-30,589.61
Centrale Photovoltaique SauS 06 SARL, Pérols, France	-351,083.16	85	+667,376.71
Clawdd Ddu Farm Ltd., London, United Kingdom [4)]	974,021.73	100	1,118,272.35
Communal le Court S.A.S., Paris, France	-606,591.44	100	-1,078,814.55
CPV Bach SARL, Pérols, France [7)]	1,261.84	90.08	174.48
CPV Entoublanc SARL, Pérols, France [7)]	1,280.76	90.08	284.34
CPV Labecede SARL, Pérols, France [7)]	1,287.80	90.08	194.95
CPV Sun 20 SARL, Pérols, France [7)]	2,052.94	90.08	47.33
CPV Sun 21 SARL, Pérols, France7)	2,051.81	90.08	47.04
CPV Sun 24 SARL, Pérols, France7)	2,198.78	90.08	47.33
CS Solarpark Bad Endbach GmbH, Halle (Saale), Germany	2,668,150.64	100	238,424.24
CSG IPP GmbH, Hamburg, Germany	1,466,504.88	100	55,019.42
DE Stern 10 S.r.l., Bolzano, Italy	878,190.97	100	193,294.31
Énergie Solaire Biscaya S.A.S., Paris, France	64,370.54	100	225,855.42
Energiekontor Windstrom GmbH & Co. UW Lunestedt KG, Bremerhaven, Germany[15)]	7,426.74	100	0.00
Energiepark Lunestedt GmbH & Co. WP HEE KG, Bremerhaven, Germany[15)]	-1,425,382.45	100	0.00
Energiepark Lunestedt GmbH & Co. WP LUN KG, Bremerhaven, Germany[15)]	-1,382,850.70	100	0.00
Fano Solar 1 S.r.l., Bolzano, Italy	1,256,198.94	100	84,485.83
Fano Solar 2 S.r.l., Bolzano, Italy	1,211,289.22	100	108,995.12
Foxburrow Farm Solar Farm Ltd., London, United Kingdom [5)]	-575,717.29	100	-465,733.76
GE.FIN Energy Oria Division S.r.l., Bolzano, Italy [9)]	1,515,711.45	100	-207,528.23
GlenSolar IQ Ltd., London, United Kingdom [4)]	-122,576.89	100	-26,834.81
Grid Essence UK Ltd., London, United Kingdom [4)]	-13,367,400.23	100	132,622.12
Haut Lande SARL, Paris, France	-367,680.82	100	-856,819.99
IOW Solar Ltd., London, United Kingdom [4)]	-817,128.65	100	-1,209,331.24
Krumbach Photovoltaik GmbH, Halle (Saale), Germany	815,381.65	100	12,891.15
Krumbach Zwei Photovoltaik GmbH, Halle (Saale), Germany	2,331,409.64	100	165,156.92
La Gouardoune Centrale Solaire SARL, Paris, France	-245,642.12	100	-520,694.93
Labraise Sud SARL, Paris, France	-490,999.48	100	-1,092,512.61
Lagravette S.A.S., Paris, France	-463,197.55	100	-1,063,123.54
Le Communal Est Ouest SARL, Paris, France	-4,476,654.66	100	-3,099,626.27
MonSolar IQ Ltd., London, United Kingdom[4)]	-28,037.48	100	192,478.79
MTS4 S.r.l., Bolzano, Italy	672,146.90	100	36,308.02
Notaresco Solar S.r.l., Bolzano, Italy	3,035,328.32	100	211,626.18
Oetzi S.r.l., Bolzano, Italy	494,961.14	100	50,608.37
Parco Eolico Monte Vitalba S.r.l., Bolzano, Italy	154,151.77	85	35,816.52
Pfeffenhausen-Egglhausen Photovoltaik GmbH, Halle (Saale), Gemrany	-1,572,109.76	100	376,063.39
Polesine Energy 1 S.r.l., Bolzano, Italy	196,978.57	100	-18,357.52
Polesine Energy 2 S.r.l., Bolzano, Italy	331,928.83	100	34,808.30
Progetto Marche S.r.l., Bolzano, Italy [9)]	-46,601.45	100	-30,589.61
Sant' Omero Solar S.r.l., Bolzano, Italy	1,390,761.82	100	94,816.11
Société Centrale Photovoltaïque d'Avon les Roches S.A.S., Paris, France	-476,860.98	100	-1,196,532.69
Solaire Ille SARL, Pérols, France	-444,971.73	85	-671,347.25
Solar Energy S.r.l., Bolzano, Italy	357,061.78	100	34,593.94
Solar Farm FC1 S.r.l., Bolzano, Italy	286,324.15	100	42,669.26
Solar Farm FC3 S.r.l., Bolzano, Italy	16,391.45	100	-3,261.86
Solarpark Bad Harzburg GmbH, Halle (Saale), Germany	1,067,212.82	100	41,702.60
Solarpark Brandenburg (Havel) GmbH, Halle (Saale), Germany	6,016,660.75	51	1,195,211.85
Solarpark Glebitzsch GmbH, Halle (Saale), Germany	1,241,507.59	100	199,302.33

Equity	2015 equity in EUR	% share	2015 result in EUR
Solarpark Golpa GmbH & Co. KG, Reußenköge, Germany [10]	724,605.65	100	-291,323.43
Solarpark Lettewitz GmbH, Halle (Saale), Germany	2,073,711.90	100	603,709.01
Solarpark Lochau GmbH, Halle (Saale), Germany	741,300.21	100	276,964.25
Solarpark Neuhausen GmbH, Halle (Saale), Germany	4,537,299.37	100	292,471.94
Solarpark PVA GmbH, Halle (Saale), Germany	282,972.20	100	30,085.17
Solarpark Ramin GmbH, Halle (Saale), Germany	-52,990.04	100	-115,309.21
Solarpark Rassnitz GmbH, Halle (Saale), Germany	2,624,268.91	100	366,368.50
Solarpark Roitzsch GmbH, Halle (Saale), Germany	1,961,325.57	100	881,499.26
Sowerby Lodge Ltd., Exeter, United Kingdom [14]	-65,064.14	100	-57,401.77
SP 07 S.r.l., Bolzano, Italy [2]	64,070.65	100	-36,364.70
SP 09 S.r.l., Bolzano, Italy [2]	15,928.42	100	-11,566.57
SP 10 S.r.l., Bolzano, Italy [2]	27,016.60	100	33,939.28
SP 11 S.r.l., Bolzano, Italy [2]	12,176.91	100	-31,984.32
SP 13 S.r.l., Bolzano, Italy [2]	53,562.22	100	69,049.75
SP 14 S.r.l., Bolzano, Italy [2]	14,150.76	100	-4,534.98
Treia 1 Holding S.r.l., Bolzano, Italy [9]	1,677,393.90	100	-172,517.36
Trequite Farm Ltd., London, United Kingdom [4]	773,946.99	100	900,631.16
Trewidland Farm Ltd., London, United Kingdom [4]	363,518.94	100	441,055.60
Vallone S.r.l., Bolzano, Italy	604,368.86	100	28,510.31
Windkraft Kirchheilingen IV GmbH & Co. KG, Kirchheilingen, Germany	3,174,586.51	50.99	355,031.44
Windkraft Olbersleben II GmbH & Co. KG, Olbersleben, Germany	1,000,202.39	74.9	83,071.99
Windkraft Sohland GmbH & Co. KG, Reichenbach, Germany	-1,913,559.55	74.3	551,199.46
Windpark Dahme-Wahlsdorf 3 GmbH & Co. KG, Schönefeld, Germany [11]	-387,275..84	100	-121,526.19
Windpark Gauaschach GmbH, Hamburg, Germany	1,002,409.54	100	-373,070.48

1. Due to a retroactive merger of Solarparks Asperg GmbH into Capital Stage Solar IPP GmbH as of 1 January 2015, Solarparks Asperg GmbH is no longer shown separately.
2. Acquisition by CSG IPP GmbH – closing on 11 February 2015
3. Acquisition by CSG IPP GmbH – closing on 8 April 2015
4. Acquisition by CSG IPP GmbH – closing on 21 April 2015
5. Acquisition by Capital Stage AG – closing on 21 April 2015
6. Establishment by Capital Stage Wind IPP GmbH on 8 May 2015
7. Acquisition by Capital Stage AG – closing on 20 May 2015
8. Acquisition by CSG IPP GmbH – closing on 16 July 2015
9. Acquisition by CSG IPP GmbH – closing on 23 July 2015
10. Acquisition by CSG IPP GmbH – closing on 13 August 2015
11. Acquisition by Capital Stage Wind IPP GmbH – closing on 21 October 2015
12. Establishment by Capital Stage AG on 28 October 2015
13. Acquisition by Capital Stage Tonedale 1 Ltd. and Capital Stage Tonedale 2 Ltd. – closing on 4 November 2015
14. Acquisition by Capital Stage AG – closing on 4 December 2015
15. Acquisition by Capital Stage Wind IPP GmbH – closing on 14 December 2015

Capital Stage AG has drawn up consolidated financial statements to 31 December 2015 according to IFRS as applicable in the EU, as well as the supplementary provisions of commercial law pursuant to section 315a, paragraph 1 of the HGB. These consolidated financial statements include Capital Stage AG and its subsidiaries as shown in the table above, “Details of shareholdings pursuant to section 285, no. 11 of the HGB”.

The consolidated financial statements and separate financial statements for Capital Stage AG are submitted for publication to Germany’s Federal Gazette (Bundesanzeiger) as well as to the electronic register of companies as HRB 63197.

2. Contingent liabilities

As of 31 December 2015, there are contingent liabilities in the amount of TEUR 151 resulting from rental guarantees. Due to the good economic situation of the Company, claims associated with these guarantees are not expected.

3. Other financial obligations

Other financial obligations from lease and rental agreements total TEUR 6,051.

in TEUR	Other obligations, up to one year	Other obligations, one to five years	Other obligations, over five years
Rental agreements	377	3,211	2,411
Leases	33	19	0

4. Number of employees

In 2015, the average number of persons employed by the Company (excluding the Management Board) was 29 (previous year: 22). At the end of the year, there were 31 employees. Of these, 11 were employed in finance and controlling, six in investment, nine in asset management and five in staffing.

5. Events after the reporting date

On 16 February 2016, Capital Stage signed a contract to acquire an Italian portfolio of solar parks in the Piedmont region. The solar park portfolio consists of four solar parks and has a capacity of 16.9 MWp. The seller of the solar park portfolio is the project developer and operating company OPDE, headquartered in Spain. The solar parks all commenced operations between April and December 2011 and benefit from an average guaranteed feed-in tariff of EUR 0.2730 per kilowatt-hour for a remaining term of 15 years. Capital Stage expects the portfolio of solar parks to make revenue contributions of approximately EUR 8.6 million from its first year of full operation onwards. The total investment volume for the acquisition, including debt, is approximately EUR 65.4 million. The existing financing for the project is being retained. The acquisition is still subject to standard conditions precedent.

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

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

6. Supervisory Board

Chairman	Dr. Manfred Krüper, selbständiger Unternehmensberater, Essen
Deputy chairman	Alexander Stuhlmann, selbständiger Unternehmensberater, Hamburg
Other members	DDr Cornelius Liedtke, a partner in the Büll & Liedtke Group, Hamburg Albert Büll, a partner in the Büll & Liedtke Group, Hamburg Dr Jörn Kreke, entrepreneur, Hagen Professor Dr Fritz Vahrenholt, independent management consultant, Hamburg

Membership in other supervisory and advisory boards:

Dr. Manfred Krüper	Coal & Minerals GmbH, Düsseldorf, supervisory board chairman until December 2015 Power Plus Communication GmbH, Mannheim, supervisory board chairman Odewald & Cie, Berlin, advisory board member EQT Partners Beteiligungsberatung GmbH, Munich, senior advisor EEW Energy from Waste GmbH, Helmstedt, supervisory board member
Alexander Stuhlmann	alstria office REIT-AG, Hamburg, supervisory board chairman Euro-Aviation Versicherungs-AG, Hamburg, supervisory board chairman HCI Capital AG, Hamburg, supervisory board chairman Deutsche Office AG, Cologne, supervisory board member since 4 November 2015 GEV Gesellschaft für Entwicklung und Vermaktung AG, Hamburg, supervisory board chairman FRANK Beteiligungsgesellschaft mbH, Hamburg, advisory board chairman Siedlungsbaugesellschaft Hermann und Paul Frank mbH & Co. KG, Hamburg, advisory board chairman HASPA Finanzholding, Hamburg, member of the board of trustees
Dr. Cornelius Liedtke	GL Aktiengesellschaft, Hamburg, supervisory board member BRUSS Sealing Systems GmbH, Hoisdorf, advisory board member (formerly: Dichtungstechnik G. BRUSS GmbH & Co. KG, Hoisdorf)
Albert Büll	Verwaltung URBANA Energietechnik AG, Hamburg, supervisory board member Verwaltung Kalorimeta AG & Co. KG, Hamburg, supervisory board member Kalorimeta AG & Co. KG, Hamburg, advisory board chairman URBANA Energietechnik AG & Co. KG, Hamburg, advisory board chairman BRUSS Sealing Systems GmbH, Hoisdorf, advisory board member (formerly: Dichtungstechnik G. BRUSS GmbH & Co. KG, Hoisdorf)
Dr. Dr. h.c. Jörn Kreke	Douglas Holding AG, Hagen, Westphalia, supervisory board honorary chairman Kalorimeta AG & Co. KG, Hamburg, advisory board member URBANA Energiedienste GmbH, Hamburg, supervisory board member URBANA Energietechnik GmbH & Co. KG, Hamburg, advisory board member
Professor Dr. Fritz Vahrenholt	Aurubis AG, Hamburg, supervisory board member Putz & Partner Unternehmensberatungs AG, Hamburg, supervisory board member Körber-Stiftung, Hamburg, foundation board member until December 2015 Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e.V., Munich, member of the senate until December 2015 Bilfinger Venture Capital GmbH, Mannheim, advisory board member Innogy Venture Capital GmbH, Essen, investment committee chairman

Details of their membership in other supervisory and advisory boards:

The total remuneration owed to Supervisory Board members for their activities and for which provisions were made came to TEUR 258 (a figure equal to the remuneration approved by the 2015 Annual General Meeting for the 2014 financial year, plus costs for an audit committee formed by the Supervisory Board in the amount of TEUR 35).

7. Management Board

Since 1 November 2015, Professor Klaus-Dieter Maubach, Hamburg, has been the chief executive officer (CEO) of Capital Stage AG. Until 31 October 2015, Mr Felix Goedhart, Hamburg, was the CEO. In addition to the CEO, Dr Christoph Husmann serves an additional Management Board member (CFO) for Capital Stage AG in Hamburg.

To create long-term incentives, Management Board members are granted share options under the share option programme. These were adopted in 2007 and 2012 by the Annual General Meeting. The last tranche of the share option programme AOP 2007 was issued in the financial year 2012. Since 2013, options have been granted as part of the share option programme AOP 2012. The subscription rights attached to the share options may only be exercised after a vesting period. There is a vesting period of two years for the share option programme AOP 2007 and of four years for the share option programme AOP 2012. The subscription price (exercise price) for both programmes is the arithmetic mean of the closing price of Capital Stage AG shares in Xetra trading on the Frankfurt Stock Exchange (or a comparable successor system) on the last five trading days preceding the date on which the options are granted. A condition for the exercise of subscription rights is that the performance target has been met. The performance target for the AOP 2007 has been achieved if the price of shares in Capital Stage AG in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange exceeds the exercise price by at least 25 per cent during the ten trading days preceding the date on which the subscription rights are exercised. The performance target for the AOP 2012 has been achieved if the price of shares in Capital Stage AG in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange exceeds the exercise price by at least 30 per cent during the ten trading days preceding the date on which the subscription rights are exercised. The applicable exercise period is deemed to be the period in which the relevant subscription rights may first be exercised, the performance target having been reached or exceeded.

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

Management Board members receive a gross annual salary for their services. Dr Husmann also receives an annual performance-related bonus. The annual bonus for the last financial year as defined by the Supervisory Board, taking the company's earnings and financial position as well as his personal performance into account. The annual bonus becomes due for payment immediately after the Supervisory Board meeting in which the corresponding annual financial statements are approved and the bonus is fixed. The annual bonus for Mr Felix Goedhart, who withdrew from the Company during the 2015 financial year, amounts to three per cent of the consolidated profit for the year. Gross annual salary and annual bonus together (excluding other benefits) should not exceed TEUR 800.

Management Board remuneration during 2015 came to TEUR 1,861. This amount breaks down as follows

Remuneration granted all amounts in EUR	Felix Goedhart – CEO Joined: 01.10.2006 | Left: 31.10.2015			
	2014	2015	2015 (min.)	2015 (max.)
Annual salary	320,000.00	266,666.70	266,666.70	266,666.70
Other benefits	23,653.68	19,711.40	19,711.40	19,711.40
Total	**343,653.68**	**286,378.10**	**286,378.10**	**286,378.10**
Short-term variable remuneration	480,000.00	400,000.00	0.00	400,000.00
Long-term variable remuneration	–	–		
Total	**480,000.00**	**400,000.00**	**0.00**	**400,000.00**
Retirement benefit expenses	–	–		
Benefits associated with termination of the employment contract	-	320,000.00	-	-
Total remuneration	**823,653.68**	**1,006,378.10**	**286,378.10**	**686,378.10**

Remuneration granted all amounts in EUR	Dr Christoph Husmann – CFO Joined: 01.10.2014			
	2014	2015	2015 (min.)	2015 (max.)
Annual salary	75,000.00	300,000.00	300,000.00	300,000.00
Other benefits	1,968.33	7,873.32	7,873.32	7,873.32
Total	**76,968.33**	**307,873.32**	**307,873.32**	**307,873.32**
Short-term variable remuneration	100,000.00	400,000.00	0.00	400,000.00
Long-term variable remuneration	–	–	–	–
Total	**100,000.00**	**400,000.00**	**0.00**	**400,000.00**
Retirement benefit expenses	–	–	–	–
Total remuneration	**176,968.33**	**707,873.32**	**307,873.32**	**707,873.32**

Remuneration granted all amounts in EUR	Professor Dr Klaus-Dieter Maubach – CEO Joined: 01.11.2015			
	2014	2015	2015 (min.)	2015 (max.)
Annual salary	-	140,000.00	140,000.00	140,000.00
Other benefits	-	7,065.41	7,065.41	7,065.41
Total	**-**	**147,065.41**	**147,065.41**	**147,065.41**
Short-term variable remuneration	-	–	–	–
Long-term variable remuneration	-	–	–	–
Total	**-**	**–**	**–**	**–**
Retirement benefit expenses	-	–	–	–
Total remuneration	**-**	**147,065.41**	**147,065.41**	**147,065.41**

Inflow all amounts in EUR	Professor Dr Klaus-Dieter Mau-bachCEO Joined: 01.11.2015		Dr Christoph Husmann Management Board Joined: 01.10.2014		Felix Goedhart Chairman Joined: 01.10.2006 Left: 31.10.2015	
	2015	2014	2015	2014	2015	2014
Annual salary	0.00	–	300,000.00	75,000.00	266,666.70	320,000.00
Other benefits	7,065.41	–	7,873.32	1,968.33	19,711.40	23,653.68
Total	**7,065.41**	**–**	**307,873.32**	**76,968.33**	**286,378.10**	**343,653.68**
Short-term variable remuneration	–	–	100,000.00	0.00	880,000.00	421,309.83
Long-term variable remuneration	–	–	–	–	–	–
Total	**–**	**–**	**100,000.00**	**0.00**	**880,000.00**	**421,309.83**
Retirement benefit expenses	–	–	–	–	–	–
Benefits associated with termination of the employment contract					**320,000.00**	
Total remuneration	**7,065.41**	**–**	**407,873.32**	**76,968.33**	**1,486,378.10**	**764,963.51**

In the reporting period payments were made in the connection with the termination of the management contract of Felix Goedhart that amount to TEUR 320.

The fixed salary is the fixed annual salary paid to the members of the Management Board. Other benefits consist of a company car, employer's contributions to private health insurance and other benefits. The bonus is shown as short-term variable remuneration.

Due to a special agreement, payment of remuneration for CEO Professor Dr Maubach is carried out quarterly.

Membership in other supervisory and advisory boards:

Prof. Dr. Klaus-Dieter Maubach	ABB Deutschlanbd AG, Mannheim, member of the supervisory board Klöpfer & Königer GmbH &Co. KG, Garching, chairman of the supervisory board SUMTEQ GmbH, Köln, member of the committee DTB GmbH, Köln, chairman of the of the committee

8. Auditor's fee

The fee charged by the auditors for their services up to 31 December 2015 was TEUR 120. In addition to the audit of the financial statements mentioned above, further expenses of TEUR 21 are recognised in the financial statements for other certification services provided by the auditors.

9. Consolidated financial statements

As the parent company, Capital Stage AG draws up consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as well as the provisions of section 315a of the HGB. These consolidated financial statements are published in the German Federal Gazette (Bundesanzeiger), as well as being lodged in the register of companies. The consolidated financial statements can be obtained at the Company's headquarters in Hamburg.

10. Corporate governance

The declaration of conformity with the Corporate Governance Code pursuant to section 161 of the AktG has been made and is permanently available for inspection by shareholders on the Company website at http://www.capitalstage.com.

11. Existence of a participating interest which has been disclosed pursuant to section 21, paragraph 1 or paragraph 1a of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG)

During the period from 1 January 2015 to 31 March 2016, Capital Stage AG received the following disclosures pursuant to section 21, paragraph 1 or paragraph 1a of the WpHG:

Capital Stage AG was notified on 13 January 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of voting rights in Capital Stage AG held by ETHENEA Independent Investors S.A., Munsbach, Luxembourg, exceeded the threshold of three per cent on 13 January 2015 and amounted to 3.34 per cent (2,465,000 voting rights).

Additionally, Capital Stage AG was notified on 29 April 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of voting rights in Capital Stage AG held by ETHENEA Independent Investors S.A., Munsbach, Luxembourg, fell short of the threshold of three per cent on 28 April 2015 and amounted to 2.98 per cent (2,205,000 voting rights).

Additionally, Capital Stage AG was notified on 25 June 2015 pursuant to section 21, paragraph 1 of the

WpHG that the share of voting rights in Capital Stage AG held by Dr. Liedtke Vermögensverwaltung GmbH, Hamburg, Germany, exceeded the threshold of ten per cent on 23 June 2015 and amounted to 10.10 per cent (7,467,351 voting rights).

Additionally, Capital Stage AG was notified on 4 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of voting rights in Capital Stage AG held by Lobelia Beteiligungs GmbH, Grünwald, Germany, exceeded the threshold of three per cent on 1 September 2015 and amounted to 3.759 per cent (2,832,269 voting rights).

Additionally, Capital Stage AG was notified on 4 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by Jörn Kreke Holding KG, Hagen, Germany, exceeded the three per cent threshold on 1 September 2015 and amounted to 3.759 per cent of the voting rights (2,832,269 voting rights), with 3.759 per cent of the voting rights (2,832,269 voting rights) being attributed to Jörn Kreke Holding KG pursuant to section 22, paragraph 1, no. 1 of the WpHG.

Attributed voting rights were held by the following controlled company, whose share of the voting rights in Capital Stage AG comprises three per cent or more: Lobelia Beteiligungs GmbH, Grünwald, Germany.

Moreover, Capital Stage AG was notified on 4 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by Dr Jörn Kreke, Germany, exceeded the three per cent threshold on 1 September 2015 and amounted to 3.759 per cent of the voting rights (2,832,269 voting rights), with 3.759 per cent of the voting rights (2,832,269 voting rights) being attributed to Dr Jörn Kreke, Germany, pursuant to section 22, paragraph 1, no. 1 of the WpHG.

Attributed voting rights were held by the following companies controlled by Dr Jörn Kreke, Germany, each of whose shares of the voting rights in Capital Stage AG comprises three per cent or more: Jörn Kreke Holding KG, Hagen, Germany; Lobelia Beteiligungs GmbH, Grünwald, Germany.

Moreover, Capital Stage AG was notified on 4 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of the voting rights in Capital Stage AG, Hamburg, Germany, held by Dr Kreke, Germany, exceeded the three per cent threshold on 1 September 2015 and amounted to 3.759 per cent of the voting rights (2,832,269 voting rights), with 3.759 per cent of the voting rights (2,832,269 voting rights) being attributed to Dr Henning Kreke, Germany, pursuant to section 22, paragraph 1, no. 1 of the WpHG.

Attributed voting rights were held by the following companies controlled by Dr Henning Kreke, each of whose shares of the voting rights in Capital Stage AG comprises three per cent or more: Jörn Kreke Holding KG, Hagen, Germany; Lobelia Beteiligungs GmbH, Grünwald, Germany.

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

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

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

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

Furthermore, Capital Stage AG was notified on 7 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of voting rights in Capital Stage AG held by Mr Albert Büll, Germany, fell short of the three and five per cent thresholds on 3 September 2015 and amounted to 0 per cent (0 voting rights).

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

Moreover, Capital Stage AG was notified on 21 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of the voting rights in Capital Stage AG held by Dr Jörn Kreke exceeded the five per cent threshold on 18 September 2015 and amounted to 5.010 per cent of the voting rights (3,774,769 voting rights), with 5.010 per cent of the voting rights (3,774,769 voting rights) being attributed to Dr Jörn Kreke pursuant to section 22, paragraph 1, no. 1 of the WpHG.

Attributed voting rights were held by the following companies controlled by Dr Jörn Kreke, each of whose shares of the voting rights in Capital Stage AG comprises three per cent or more: Lobelia Beteiligungs GmbH, Grünwald, Germany; Jörn Kreke Holding KG, Hagen, Germany.

Furthermore, Capital Stage AG, Hamburg, Germany, was notified on 21 September 2015 pursuant to section 21, paragraph 1 of the WpHG that the share of voting rights held by Dr Henning Kreke, Germany, exceeded the threshold of five per cent on 18 September 2015 and amounted to 5.010 per cent (3,774,769 voting shares). Of those, 5.010 per cent (3,774,769 voting rights) were attributable to Dr Henning Kreke pursuant to section 22, paragraph 1, sentence 1, no. 1 of the WpHG. Attributed voting rights were held by the following companies controlled by Dr Henning Kreke, each of whose shares of the voting rights in Capital Stage AG comprised three per cent or more: Lobelia Beteiligungs GmbH Jörn Kreke Holding KG, Hagen, Germany; Kreke Immobilien KG, Hagen, Germany.

Apart from the following notifications from the previous years, the company did not receive any further notifications pursuant to section 21, paragraph 1 or paragraph 1a of the WpHG:

Capital Stage AG, Hamburg, Germany, was notified on 22 August 2011 pursuant to section 21 paragraph1 WpHG, that the share of voting rights in Capital Stage AG (WKN 609 500), Hamburg, Germany, held by Blue Elephant Venture GmbH, Pöcking, Germany, surpassed the threshold of 5 % on 12 Juli 2011 and amounted to 7.40% of the voting rights (2,562,500 voting shares).

Furthermore, Capital Stage AG, Hamburg, Germany, was notified by Dr. Peter-Alexander Wacker, Germany, pursuant to section 21 paragraph1 WpHG, that his share of voting rights in Capital Stage AG (WKN 609 500), Hamburg, Germany, surpassed the threshold of 5 % on 12 Juli 2011 and amounted to 7.40% of the voting rights (2,562,500 voting shares), with 7.40 per cent of the voting rights (2,562,500 voting shares) being attributed to Dr. Peter-Alexander Wacker, Germany, pursuant to section 22, paragraph 1, no. 1 of the WpHG from the Blue Elephant Venture GmbH.

Hamburg, 31 March 2016

Prof Dr Klaus-Dieter Maubach
CEO

Dr Christoph Husmann

Statement of changes in fixed assets

as of 31 December 2015

in TEUR	Acquisition costs				Depreciation or Amortisation				Book Value	
	01.01.2015	Acquisitions	Disposals	31.12.2015	01.01.2015	Acquisitions	Disposals	31.12.2015	31.12.2015	31.12.2014
I. Intangible assets										
Purchased software and inustrial property rights	299	73	0	372	167	56	0	223	149	132
II. Property, plant and equipment										
Other equipment and office equipment	240	42	0	282	149	44	0	193	89	91
III. Financial assets										
1. Shares in affiliates	32,770	1,379	131	34,018	573	0	0	573	33,445	32,196
2. Loans to affiliates	132,116	72,184	33,512	170,788	3,594	1,084	3,824	854	169,934	128,522
Summe Anlagevermögen	165,425	73,678	33,643	205,460	4,483	1,184	3,824	1,843	203,617	160,941

Independent Auditors’ Report (translation)

We have audited the consolidated financial statements prepared by Capital Stage AG, Hamburg/Germany, – comprising the statement of comprehensive income, the balance sheet, the cash flow statement, the statement of changes in equity and the notes to the consolidated financial statements – and the combined management report on the parent Company and the Group for the year ended 31 December 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant Section 315a (1) Ger¬man Commercial Code HGB are the responsibility of the parent Company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the appli¬cable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a sample basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the con¬solidated financial statements of Capital Stage AG, Hamburg/Germany, comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a (1) German Commercial Code (HGB) and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suit¬able view of the group’s position and suitably presents the opportunities and risks of future development.

Hamburg/Germany, 31 March 2016

Deloitte & Touche GmbH
Wirtschaftsprüfungsgesellschaft

(Dinter)	(Wendlandt)
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Assurance oft he legal representatives

To the best of our knowledge, in accordance with the applicable accounting principles, the financial statements and the consolidated financial statements give a true and fair view of the assets, financial position and results of the company and the group and the combined management report and group management report of the business including operating results and the position of the company and the group in such a way that a true and fair view is given of the principal opportunities and risks associated with the expected development of the company and the group.

Hamburg, 31 March 2016

Capital Stage AG

Management Board

Prof. Dr. Klaus-Dieter Maubach	Dr. Christoph Husmann
CEO	

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