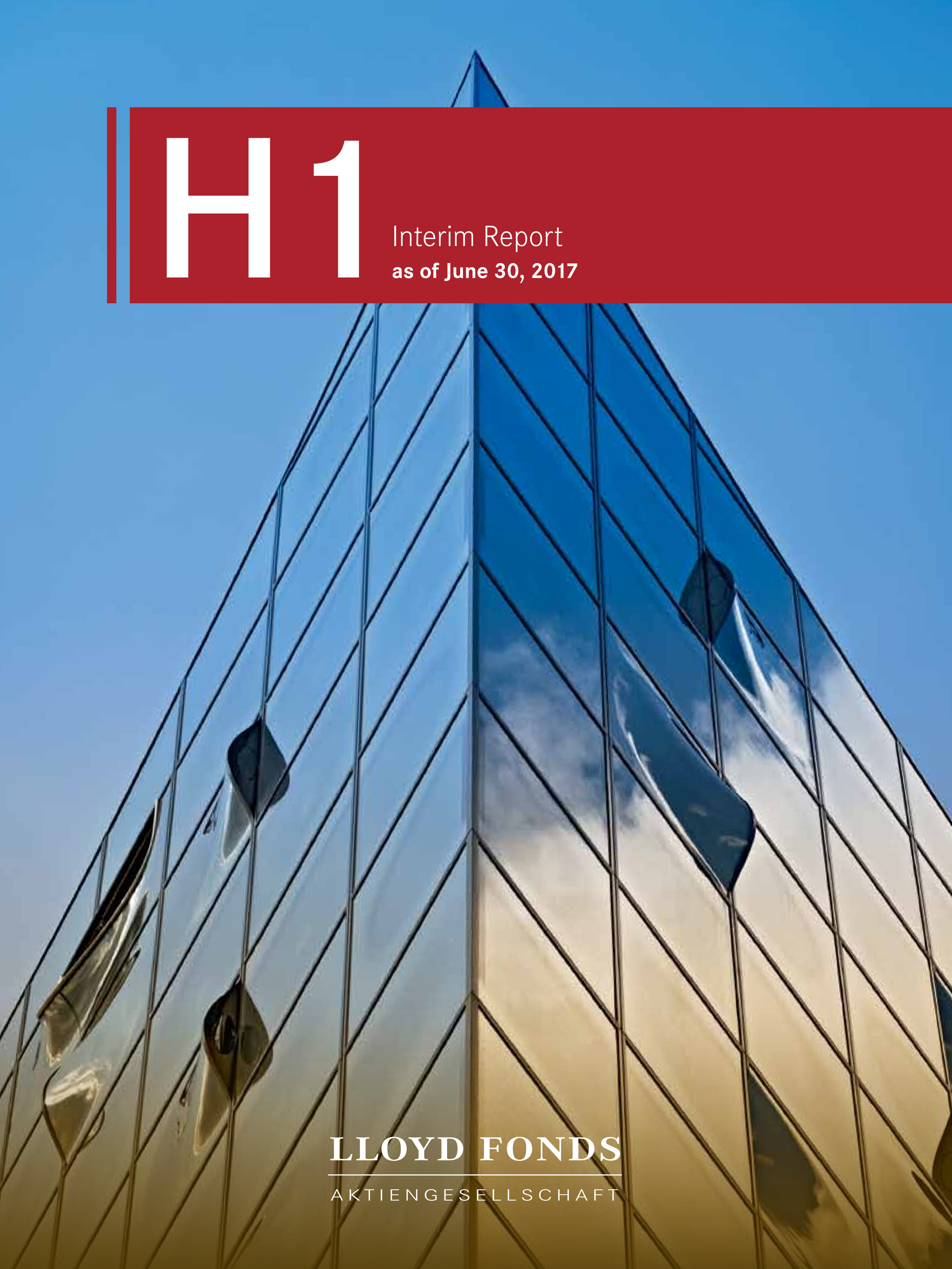
H1

Interim Report
as of June 30, 2017



LLOYD FONDS
AKTIENGESELLSCHAFT

Group figures as of June 30, 2017

	H1-2017	H1-2016	H1-2015
in € millions			
Sales	3.9	5.8	5.8
Net finance income/expenses	-0.3	0.4	0.6
EBT	0.9	2.1	0.7
Consolidated net profit for the period	1.0	1.8	0.7
EBT margin (%)	23.0	36.0	12.3
Return on sales (%)	26.4	31.4	12.7
Total assets	29.2	28.5	28.1
Equity	18.5	18.5	17.9
Equity ratio (%)	63.3	65.0	63.8
Earnings per share (€)	0.11	0.20	0.08
Employees (as of June, 30)	43	47	45
Staff costs	2.1	2.0	2.2

Percentages calculated using T€ figures.

Contents

Foreword by the Management Board

Dr. Torsten Teichert
Chief Executive Officer

Dr. Torsten Teichert studied literature, English and sociology in Kiel, Providence (United States) and Hamburg. In 1986 he completed his doctoral thesis on the Hamburg writer Hubert Fichte. From 1986 to 1988, Dr. Teichert was personal assistant to the First Mayor of Hamburg, Dr. Klaus von Dohnanyi. Following that, he worked for seven years as head of the Cultural Film Fund of Hamburg. After five years as a real estate project developer, Dr. Teichert was appointed management chairman of Lloyd Fonds AG in July 2000. He was appointed Chief Executive Officer of Lloyd Fonds AG in 2001. He has been deputy chairman of the Hamburg Chamber of Commerce since April 2017. Dr. Teichert is married and has two adult children.

Dear shareholders,
customers and business associates,

In the first half of 2017, we again generated net profit of around one million euros. With EBT standing at just under one million euros, liquidity remains very comfortable, coming to € 9.6 million on June 30, 2017.

However, as there were some delays in the development of our new products, we will now unfortunately not be able to achieve our full-year profit target.

Although the current year is proving to be challenging, we are confident of being able to establish our new projects in the market. Investors around the world are looking for alternative investments. Real estate in particular is still particularly sought after by institutional and retail investors.

One of our strategic projects for the future is focusing on government-sponsored, affordable housing. Germany needs a new approach to affordable housing and a substantial increase in construction activity to cover even only part of the requirements in growing urban regions. We consider this to be an extremely interesting market whose potential we want to harness for investors' benefit. With occupancy rates mostly close to 100 percent, subsidized housing construction generates stable long-term stable cash flows, offering a good opportunity/risk profile. The aim is to actively play a role in the development of urban quarters in growing cities, to buy legacy real estate, to develop projects ourselves and to actively manage these portfolios. The project is to be structured as an open-end retail fund in order to address a broader retail investor base.

Klaus M. Pinter
Management Board

Klaus M. Pinter has a degree in economics from the University of Stuttgart Hohenheim. Between 1999 and 2006, he was a management consultant at zeb.rolfes.schierenbeck, where he specialized in strategy and mergers. After this, he held various management positions at Commerzbank AG for almost ten years. Most recently, he established a shipping asset platform in conjunction with Hanseatic Ship Asset Management. As well as this, he was materially involved in the acquisition and integration of Dresdner Bank and acted as project manager for various board projects. In summer 2016, Klaus M. Pinter was named general manager of the shipping department at Lloyd Fonds, before being appointed to the Management Board in August 2017. He is married and has two children.

We are also looking forward in the shipping segment. With shipping markets remain challenging, we expect to see further consolidation in Germany. This process also offers new opportunities.

All our work is based on optimum asset management. To date, we have financed and arranged transactions in our portfolio of around five billion euros in various asset classes. After making use of the market phase last year to sell two fund hotel buildings, we sold a further hotel building in Leipzig to the successful and renowned Motel One Group in March of this year. On balance, the investors realized an annual return of around eight percent after only a little over six years. Lloyd Fonds benefited from this good result via its substantial performance fees.

The Supervisory Board has also strengthened Lloyd Fonds' Management Board to position the Company more effectively for the future. Klaus M. Pinter was appointed to the Management Board effective August 1, 2017 and is responsible for all asset classes as well as sales.

We wish to thank our staff for their committed work. At the same time, we would like to express our gratitude towards our business partners for the trust that they have placed in us.

Yours sincerely

Dr. Torsten Teichert **Klaus M. Pinter**

The stock

Substantial gains for the DAX in the first half of 2017

In the first half of 2017, the DAX continued its positive performance of the prior year, advancing substantially by around seven percent. After closing at over 11,480 points on the last trading day of the year, December 30, 2016, it rose to over 12,300 points as of the end of the first half of the year on June 30, 2017, shrugging off concerns over US interest rate hikes, Brexit negotiations and tensions in North Korea.

Lloyd Fonds AG: Stable performance in the first half of 2017

After achieving gains of 86 percent last year, Lloyd Fonds stock stabilized at a high level in the first half of 2017. The stock entered the 2017 trading year at a price of € 3.10, reaching a high for the first half of € 3.80 on May 4, 2017 and closing at € 3.19 on June 30, 2017. This performance was driven by the strong earnings for 2016, the development of projects in the real estate and shipping asset classes as well as the prospect of a further dividend distribution. The average price stood at € 3.29 in this period. Market capitalization stood at around € 29.2 million on June 30, 2017.

Performance of Lloyd Fonds stock in the year to June 30, 2017

Dividend payment of € 0.16 per share

Lloyd Fonds AG's annual general meeting took place in Hamburg on May 24, 2017. Following his report on the Company's performance in 2016, Dr. Torsten Teichert was available to provide detailed answers to questions concerning Lloyd Fonds' business and its corporate strategy. The motion submitted by the Management Board and the Supervisory Board for the distribution of a dividend of € 0.16 per share was approved by the shareholders with 99.70 percent of the votes. With the dividend-entitled share capital valued at around € 9.2 million, the total payout came to roughly € 1.5 million. The dividend payout equals around 45 percent of the Company's unappropriated surplus under German GAAP (HGB). The remaining unappropriated surplus of around € 2.4 million was retained to strengthen the Company's capital base.

In addition, the shareholders elected Dr. Stefan Rindfleisch to the Supervisory Board to replace Prof. Dr. Eckart Kottkamp with a majority of 99.99 percent. He was elected chairman at the ensuing meeting of the Supervisory Board. Dr. Stefan Rindfleisch is an attorney at law in Hamburg and a proven shipping expert. A specialist in structured maritime finance, he has been involved in numerous national and international fleet financing transactions, syndication and restructuring as well as container finance.

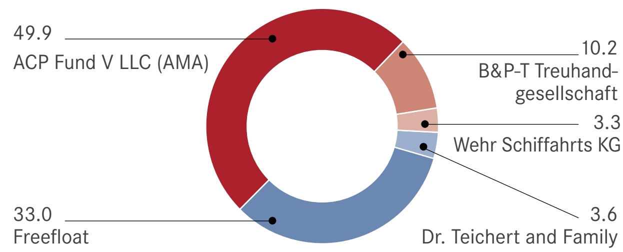
In addition, the shareholders passed a resolution to approve a profit transfer agreement between Lloyd Shipping GmbH and its parent company Lloyd Fonds AG (99.9 percent). Under the profit transfer agreement, the earnings generated by Lloyd Shipping GmbH will now be taxed at the level of Lloyd Fonds AG. It will now be possible to utilize the existing unused tax losses at the level of Lloyd Fonds AG.

The shareholders additionally passed a resolution approving the creation of authorized capital of up to € 4.6 million (98.7 percent). The increase in the Company's share capital by up to € 4.6 million will help to heighten Lloyd Fonds AG's flexibility and create additional scope for activities in the best interests of the shareholders.

Listing in the "Scale" segment

Lloyd Fonds AG's stock has been listed in the Scale segment of the Frankfurt stock exchange since March 1, 2017. The new segment replaces the previous Entry Standard segment and aims to additionally improve access to national and international investors for the companies listed in it. At the same time, it seeks to additionally heighten transparency and visibility of the companies for investors. Two mandatory research reports are prepared for all companies listed in the segment. The reports by Edison and Moningstar on Lloyd Fonds AG can be found on the Company's website at www.lloydfonds.de.

Stable shareholder structure (percent)



Shareholders in companies listed in the Scale Standard of the Frankfurt stock exchange are not required to report any changes in their voting rights in accordance with the German Securities Trading Act. Accordingly, the description of the shareholder structure is provided according to the Company's best knowledge. Rev.: June 2017.

Lloyd Fonds stock parameters	
Ticker	WKN A12UP2, ISIN DE000A12UP29, Reuters L1OA
Market	OTC Frankfurt (Scale), Xetra, OTC in Berlin, Düsseldorf, Hamburg, Munich, Stuttgart and Tradegate
Market segment	Scale (since March 1, 2017) Previously Entry Standard
Share capital (June 30, 2017)	€ 9,156,642.00
Designated sponsor	Oddo Seydler Bank AG
Capital market partner	Oddo Seydler Bank AG
First day of trading	October 28, 2005
Type	Bearer shares with a notional share of € 1.00 per share in the Company's subscribed capital
High for the first half of 2017	€ 3.80*
Low for the first half of 2017	€ 3.00*
Average price in the first half of 2017	€ 3.29*
Market capitalization (June 30, 2017)	€ 29.2 million

*Xetra

Open and transparent investor relations

Lloyd Fonds AG's investor relations activities seek to address the prevailing market conditions by means of transparent, direct and continuous financial communications. Accordingly, the Management Board and the investor relations department were available in person to shareholders and the general public during the year under review for questions, comments and information, over the telephone and by e-mail to enable a realistic view of the Company's future business performance to be made.

Interim Group management report

1 Report on economic position

1.1 Business performance

In the first half of 2017, Lloyd Fonds AG generated consolidated net profit of € 1.0 million (comparison period: € 1.8 million). EBT came to € 0.9 million (comparison period: € 2.1 million). As of June 30, 2017, the Group had ample liquidity of € 9.6 million (comparison period: € 10.5 million). The equity ratio stood at 63.3 % (comparison period: 65.0 %).

1.2 Business performance by asset class

1.2.1 Real estate

As of the reporting date, Lloyd Fonds AG was managing twelve real estate funds with an original investment volume of over € 415 million. The fund real estate is located in Germany and the Netherlands. Assets held in four real estate funds have been successfully sold to date. The portfolio currently comprises four funds in Germany and five investments in the Netherlands entailing a total floor area of roughly 136,000 square meters leased to 28 tenants. The focus is on office and hotel investments, which account for 66 and 34 %, respectively, of the total leased floor area. To date, Lloyd Fonds AG has structured and placed four hotel funds investing in a total of six hotel buildings with a total investment volume of around € 150 million. The six hotels together have around 1,400 rooms and a leased floor area of more than 70,350 square meters.

The Lloyd Fonds Group continued its successful series of hotel real estate transactions in the first half of 2017. Over the last few years, prices of hotel real estate have risen significantly. As there is a possibility of even greater predatory competition for guests and a correction in the prices of hotel real estate, the fund management sought the approval of the subscribers to the “Hotel Leipzig Nikolaikirche” fund to sell the fund real estate asset. The fund subscribers voted with a majority of 92 % to sell the hotel including the retail floor area after an period of only around six years. The fund building, which is operated by a Motel One hotel in the Leipzig CBD, was then sold in the first half of the year at a multiple of 22.2 times the net annual rental. It had originally been acquired at a multiple of 15.5 times.

With the successful sale of the fund asset, investors received a capital flowback of around 156 % before tax. In terms of the fund’s duration of 6.4 years, this translates into an annual pre-tax return of around 8 %.

Affordable housing is scarce and in high demand particularly in growing cities. Requirements in Germany are estimated to equal 7.15 million units at the moment. Demographic developments, changed expectations with respect to housing standards as well as net migration into cities are posing different regional challenges for local governments and the housing industry. The federal and state governments are aware of the enormous demand and have accepted that the creation of affordable housing for lower income brackets and the middle class poses a major social challenge. Consequently, attractive programs have been implemented to encourage housing construction, providing valuable incentives for investors. To this end, nationwide incentive programs are being rolled out again for government-sponsored housing construction.

Lloyd Fonds AG has been working on tapping this attractive growth market since last year. A preliminary asset in Hamburg-Tonndorf with 22 sponsored dwellings and four commercial units has already been acquired.

1.2.2 Shipping

Since its incorporation in 1995, Lloyd Fonds AG has been investing in shipping. As of June 30, 2017, the fleet under management comprised a total of 26 ships (June 30, 2016: 33), including 18 container ships with a capacity of up to 8,500 TEU as well as eight product and oil tankers. In addition, the shipping team manages three secondary-market funds for ship investments.

Reflecting the still very challenging conditions facing the shipping industry, asset management in this segment continued to focus in the first half of 2017 on navigating the existing fleet as safely as possible through the crisis. In this connection, various measures were taken in conjunction with the shipping companies and banks. For example, ten Panamax container ships in the 3,400 to 5,100 TEU size category were integrated in a pool established and managed by Lloyd Fonds AG. The pool manager is Lloyd Shipping GmbH, a wholly owned subsidiary of Lloyd Fonds AG. Participation in a pool stabilizes the income situation substantially in heavily volatile markets. This reduces the main risk to which the individual ship is exposed, namely idle times during which it does not generate any income. In addition, the establishment of a shipping pool formed the basis for working with the creditor bank to ensure that ten shipping entities can continue to operate for at least two years.

Although the tanker markets were very volatile in the first half of 2017, some tankers were again able to generate positive results. Investors in two Panamax tankers received payouts of 20 and 12.5 % of their equity, respectively. One Handysize tanker made a payout of 10 % of equity to the investors. With a capacity of around 37,000 and 72,000 tdw, respectively, the three ships have been in service since 2004 and are part of the Penfield Marine pool and the Maersk Handy Tankers pool. Lloyd Fonds currently has a total of eight tankers under management in various funds that are either firmly chartered or operating in pools.

Current conditions in the shipping market remain challenging, with market prices still under pressure. Lloyd Fonds will be actively involved in this consolidation process.

1.2.3 Other Assets: aircraft, renewable energies, private equity, traded UK endowment policies

Alongside real estate and ship funds, Lloyd Fonds AG has been offering investors aircraft funds since 2007. Three aircraft funds are currently being managed. The fleet comprises two long-haul aircraft, an Airbus A380 and an Airbus A340-600, as well as two medium-haul Airbus A319 aircraft. The portfolio is fully leased to Singapore Airlines and Virgin Atlantic among others.

As well as this, two funds investing in renewable energies are being managed.

In the private equity segment, Lloyd Fonds AG holds a share in an umbrella fund managed by American investment company Neuberger Berman that predominantly invests in highly diversified shares in US buy-outs. This year the fund distributed payouts of 6 % to the investors, bringing the total return on capital to date to 68.3 %.

In addition, Lloyd Fonds AG has initiated eight traded UK endowment policy funds with a combined investment volume of around € 270 million. As of June 30, 2017, the funds managed around 1,900 policies issued by some 40 insurance companies.

In addition, Lloyd Fonds AG has initiated and manages two portfolio funds.

2 Results of operations, net assets and financial condition

2.1 Results of operations

The following notes on the Group's results of operations analyze the material developments in the period from January 1 to June 30, 2017.

Results of operations for the period under review compared with the same period in the previous year were as follows.

	H1-2017	H1-2016
in T€		
Sales	3,936	5,846
Cost of materials	-280	-726
Staff costs	-2,087	-2,043
Depreciation/amortization and impairment losses	-269	-243
Net other operating income/expenses	-1,718	-1,279
Share of profit of associates	1,670	149
Net profit from operating activities (EBIT)	**1,252**	**1,704**
Net finance income/expenses	-346	400
Earnings before taxes (EBT)	**906**	**2,104**
Income taxes	135	-269
Consolidated net profit for the period	**1,041**	**1,835**

The following changes arose in connection with sales:

	H1-2017	H1-2016
in T€		
Income from fund and asset management	3,188	3,980
Income from arrangement and structuring services	677	1.826
Other revenues	71	40
Sales	**3,936**	**5,846**

Compared with the year-ago period, sales dropped by T€ 1,910 to T€ 3,936 in the first half of 2017. Income from fund and asset management dropped by T€ 792. The income from the management of trusteeship contracts included in this item declined due to asset sales and contract expiries. Moreover, the previous year's figure had included income of T€ 246 from Lloyd Fonds Singapore Pte. Ltd., Singapore (deconsolidated as of June 30, 2016). Reflecting this, the cost of materials dropped by the same amount. Income from arrangement and structuring services was down in the first half of the year. Other revenues for the period under review includes rental income from the real estate asset acquired in Hamburg-Tonndorf for the planned investment product in the government-sponsored housing segment.

The cost of materials dropped by T€ 446 over the previous year to T€ 280. Among other things, this was due to the deconsolidation of the Singapore entity. The cost of services purchased particularly includes management fees. In addition, no project-related cost of sales arose in connection with income from arrangement and structuring services in the period under review.

Despite the nearly constant in average staff numbers from 44 (comparison period: 45), staff costs rose slightly by T€ 44 from T€ 2,043 to T€ 2,087 in the period under review. This was predominantly due to the additions to the Company's senior management in mid-2016.

Depreciation, amortization and impairment losses came to T€ 269 in the period under review (comparison period: T€ 243). This includes impairment expenses on shares in associates of T€ 223 (comparison period: T€ 186).

In the period under review, net other operating expenses widened from T€ 1,279 to T€ 1,718. In the previous year, the proceeds from the sale of a share in a real estate fund had a positive effect on other operating income. Otherwise, impairment losses on receivables and unrecoverable receivables were substantially lower than in the comparable period.

This figure was particularly influenced by high tax refunds for earlier years at the level of two associates. During the period under review, claims of T€ 1,454, most of which had already been covered by the refunds, arose against these entities. This caused the share of profit of associates to rise substantially. This item also primarily entails investment income earned and the share of the net profit/loss of entities accounted for using the equity method.

Net finance expenses came to T€ 346 in a swing away from the net finance income of T€ 400 recorded in the year-ago period. The share of profit of associates of T€ 1 in the period under review was substantially down on the previous year (T€ 269), in which several entities had distributed profits. It also includes net interest income of T€ 32 (comparison period: T€ 225) as well as currency translation losses of T€ 379 (comparison period: T€ 94).

As a result, the Lloyd Fonds Group achieved earnings before taxes (EBT) of T€ 906 in the first half of 2017 (comparison period: T€ 2,104).

The net tax income of T€ 135 primarily comprises tax refunds for prior years for Lloyd Fonds Real Estate Management GmbH. No further tax expenses arose in the period under review due to the income tax group established between Lloyd Fonds AG (dominant company) and Lloyd Treuhand GmbH, Lloyd Fonds Real Estate Management GmbH and Lloyd Shipping GmbH (subordinate companies). The net tax income for the period under review still also includes negative deferred income taxes of T€ 60.

All told, consolidated net profit of T€ 1,041 was recorded in the first half 2017 (comparison period: T€ 1,835).

The following section provides further information on the consolidated net profit for the Real Estate, Shipping and Other Assets segments. Reference should be made to the general comments on the Group's results of operations and the additional information provided in the segment report in the notes to the consolidated financial statements (see Note 6.5), where the main aspects for each reportable segment are described. All statements made are based on the adjusted figures (after proportionate allocation to "All general other expenses") for the first half of 2016.

2.1.1 Real Estate segment

Sales dropped by T€ 1,095 to T€ 882. This was particularly due to the fact that income from the sale of two hotel assets in the comparison period was T€ 356 higher than that generated from the sale of Hotel Leipzig as of the reporting date. In addition, income had been generated in the previous year from the arrangement of the sale of a large hotel portfolio to a family office. No cost of materials arose in this connection in the period under review. In contrast to the previous year, no tax expenses arose as of June 30, 2017 due to the income tax group. The tax recorded as of the reporting date comprises tax refunds for earlier years.

2.1.2 Shipping segment

Sales dropped by T€ 804. This was due to the absence of management fee income in the period under review following the deconsolidation of Lloyd Fonds Singapore Pte. Ltd., Singapore, as of June 30, 2016 as well as reduced income from trusteeship business due to expiring trusteeship contracts. Otherwise, arrangement and structuring income rose by T€ 103. Reflecting the deconsolidation of the Singapore entity, the cost of sales was also lower. Income from associates rose to T€ 1,496 primarily as a result of the tax refund arising at the level of two associates.

2.1.3 Other Assets segment

Earnings after tax were down T€ 137 over the previous year. This was particularly due to the net finance expenses arising from the measurement of receivables and liabilities.

2.2 Net assets

The Group's net assets as of June 30, 2017 and December 31, 2016 are analyzed in the following table:

Assets	June 30, 2017	Dec. 31, 2016
in T€		
Property, plant and equipment and intangible assets	161	337
Financial assets	6,841	7,525
Deferred income tax assets	394	454
Receivables and other assets	8,860	7,639
Cash and cash equivalents	9,576	11,663
Disposal group of non-current assets	3,398	-
Total assets	**29,230**	**27,618**

Equity and liabilities	June 30, 2017	Dec. 31, 2016
in T€		
Consolidated equity	18,513	19,145
Deferred income tax liabilities	455	413
Financial liabilities	1,569	1,552
Other liabilities	7,077	6,508
Disposal group of non-current liabilities	1,616	-
Total equity and liabilities	**29,230**	**27,618**

Total assets rose by T€ 1,612 from T€ 27,618 at the end of 2016 to T€ 29,230 on June 30, 2017. This was due to the following factors:

On the assets side, financial assets dropped by T€ 684 from T€ 7,525 to T€ 6,841. This particularly reflected impairments of T€ 223 on associates recognized through profit and loss as well as further fair-value gains of T€ 166 on associates recognized in other comprehensive income. A decline of T€ 256 with associates was also due to dividend payouts and equity-accounting effects.

Otherwise, receivables and other assets climbed significantly by T€ 1,221 to T€ 8,860 primarily as a result of reporting-date effects.

Reference should be made to the notes in the section on the Company's financial condition for details of the changes in cash and cash equivalents.

The disposal group of non-current assets is composed solely of the assets held by Lloyd WohnWert Tonndorfer Hauptstraße 59 GmbH & Co. KG, which primarily comprise the value of the asset acquired in Hamburg-Tonndorf (T€ 3,324) and the entity's bank balance of T€ 68.

On the liability side the financial liabilities were virtually unchanged at T€ 1,569 and relate solely to the liability arising from the finance raised for the investments in the target fund taken over from "Premium Portfolio Austria".

Otherwise, other liabilities rose by T€ 569 to T€ 6,508. These particularly comprise trade payables (T€ 611) and primarily reflect reporting-date effects.

The disposal group of non-current liabilities chiefly comprise the loan of T€ 1,605 acquired for the real estate asset in Hamburg-Tonndorf, of which an amount of T€ 10 has been repaid as well as other liabilities held by the entity.

As of June 30, 2017, equity stood at T€ 18,513, compared with T€ 19,145 as of December 31, 2016. This decline is due to the dividend payment of T€ 1,465 distributed in May 2017 for 2016 and the recognition of the fair value of associates of T€ 208 in other comprehensive income. The consolidated net profit of T€ 1,041 recorded for the period caused equity to rise.

2.3 Financial condition

The Group's financial condition in the first half of the year compared with the same period in the previous year is set out below:

	H1-2017	H1-2016
in T€		
Consolidated profit/loss before share of profit of associates, interest and taxes	-797	1,461
Profit from the sale of non-current assets	-	-957
Non-cash income and expenses	588	1,173
Changes in working capital	-653	-1,819
Dividends and profit distributions received	1,724	688
Net interest and income taxes received and paid	61	-45
Cash flow from operating activities	**923**	**501**
Cash flow from investing activities	-3,073	1,102
Cash flow from financing activities	130	-1,221
Non-cash changes in cash	-	-15
Net cash outflow/inflow	**-2,020**	**367**
Cash and cash equivalents at the beginning of the period	11,642	10,165
Change in companies consolidated	-	-79
Currency translation differences	-	7
Cash and cash equivalents at the end of the period	**9,622**	**10,460**

Net cash inflow from operating activities increased over the previous year to T€ 923. It arose from distributions and dividends received of T€ 1,724.

Otherwise, the consolidated net loss of T€ 797 for the period before the share of profit of associates, interest and taxes and the decline in working capital of T€ 653 recognized in the cash flow statement had a negative effect on the cash flow from operating activities.

In addition, it was influenced by non-cash income and expenses of T€ 588. These particularly include the impairments on receivables and irretrievable receivables (T€ 623) and on non-current assets (T€ 269) recognized in the period under review. The opposite effect particularly arose from the proceeds from the derecognition of liabilities (T€ 106) and income from the reversal of impairments recognized on receivables (T€ 172).

In addition, the net interest expenses and net income tax payments of T€ 61 made an additional positive contribution to cash flow from operating activities.

The net cash outflow of T€ 3,073 from investing activities is chiefly due to payments made for the acquisition of the real estate asset in Tonndorf.

The net cash inflow of T€ 130 from financing activities is particularly influenced by the disbursement of the loan of T€ 1,605 for the real estate asset in Hamburg-Tonndorf. A repayment of T€ 10 was made in the period under review. The opposite effect arose from the dividend of T€ 1,465 distributed to the shareholders in 2017 for 2016 (the dividend of T€ 641 had been distributed in the second half of the previous year).

Allowing for the aforementioned changes and the bank balance held by Lloyd WohnWert Tonndorfer Hauptstraße 59 GmbH & Co. KG (T€ 68), free cash and cash equivalents dropped by T€ 838 to T€ 9,622 in the period under review.

3 Employees

As of June 30, 2017, the Lloyd Fonds Group had 43 employees (June 30, 2016: 47). This figure does not include the Management Board, employees on extended child-care leave, trainees and temporary staff. Accordingly, employee numbers fell slightly over the year-ago period. The average number of employees of 44 (comparison period: 45) remained constant.

4 Risk report

Lloyd Fonds AG is currently developing various new products investing in alternative real assets. In addition, it manages investments in alternative real assets for national and international institutional investors as well as for retail investors. To date, the investments have comprised assets in the areas of shipping, real estate, aircraft, renewable energies, private equity and traded UK endowment policies. Accordingly, the Group's business performance hinges materially on investor appetite as well as conditions in the asset markets and national and international capital markets.

The detailed risk report starts on page 26 of the annual report for 2016. The risks described and evaluated in that report present the Company's risk situation as of June 30, 2017, which is largely unchanged.

5 Material events occurring after the reporting date

The Supervisory Board of Lloyd Fonds AG appointed Klaus M. Pinter to the Management Board with effect from August 1, 2017. In this position, he is responsible for all asset classes as well as sales. At the same time, Dr. Torsten Teichert's contract was also renewed. Among other things, he is responsible for corporate strategy, communications and finance. The two contracts have terms expiring on June 30, 2019. Klaus M. Pinter originally joined the Company in June 2016 as a general manager responsible for shipping. He is assuming responsibility for real estate from Holger Schmitz, who was in charge of this area as general manager until March 2017.

In connection with efforts to optimize the structure of the investment product currently being prepared for government-sponsored and affordable housing, the entity Lloyd WohnWert GmbH & Co. KGaA established in this connection is no longer required in its previous legal form as it is now planned to realize this project as an open-end retail fund. Consequently, Lloyd WohnWert GmbH & Co. KGaA was merged with Lloyd Fonds Consulting GmbH in August 2017 with retroactive effect from January 1, 2017.

6 Outlook report

6.1 Macroeconomic and sector environment

The following section includes assumptions the occurrence of which is not certain. If one or more of these assumptions fail to eventuate, actual results or developments may differ substantially from the forecasts presented here.

6.1.1 International economy

The global economy is currently growing at a slightly more dynamic rate than expected. The IMF economists project growth of 3.5 % this year, up from 3.1 % in 2016. The United States grew at a surprisingly slow rate at the beginning of the year, although the full-year average should exceed the previous year to some degree. Growth has recently stabilized in China and India. With commodity prices picking up, Russia is likely to have overcome its recession, with the same also true of Brazil albeit with some delay. In Europe, the economic recovery continued in nearly all EU countries. However, uncertainty over the outlook for the global economy coming from such factors as the Brexit negotiations between the UK and the EU, protectionist tendencies and the uncertainty over the future economy policy in the United States, is persisting and could exert a drag on growth in Europe in particular.

6.1.2 Economic situation in Germany

The German economy is expected to continue expanding, with gross domestic product set to by 1.4 % this year and by 1.6 % next year thanks to the impetus coming from inside and outside Germany. In addition to private and public-sector spending, construction spending and spending on capital goods has also widened sharply again. Construction orders have risen again significantly, underpinned by private and public-sector building as well as housing construction. Affordable housing is urgently required in the metropolitan regions in particular. Given the shortage of affordable housing and the simultaneous increase in the population of cities, the federal, state and municipal governments are committed to additional residential construction.

6.1.3 Conditions in the real estate market

The German commercial real estate market continued to grow unabated in the first quarter of 2017, with transactions totaling € 12.6 billion in the first three months of the year. In terms of individual asset classes, office buildings accounted for the largest share of 42 %, followed by retail premises (18 %). The remaining breakdown was logistics and industrial real stated with 16 %, mixed-use real estate with 11 % and other real estate such as hotels, land and special-purpose real estate with 13 %.

In Germany, there is enormous demand for government-sponsored affordable housing due to the sustained pull of urban regions, particularly large cities such as Hamburg and Berlin. In the first quarter of 2017, residential real estate transactions were valued at € 3.7 billion. There is a substantial Germany-wide decline in government-funded housing. According to the Pestel Institute, an additional 140,000 affordable dwellings, including 80,000 government-sponsored ones, per year are required by 2020. The experts at Jones Lang LaSalle project full-year transaction volumes of € 15 - 17 billion.

In the Netherlands, there are preliminary signs of a nascent recovery in the office building market, with demand rising substantially in top locations in the first few months of 2017. However, there are still uncertainties as to whether this development will continue.

6.1.4 Conditions in the shipping market

The three core segments of merchant shipping performed disparately in the first half of 2017. The container shipping market saw preliminary signs of a recovery, with charter rates rising significantly from the end of February in some segments. This reflected optimistic expectations with respect to future demand. In particular, demand for container ships in the categories between 2,500 TEU and 6,500 TEU strengthened. However, given the wave of new ship deliveries expected for 2017, it remains to be seen whether this trend will continue. Tanker markets moved in the opposite direction to container shipping, with the Baltic Exchange tanker indices softening since the beginning of

2017. Analysts assume that this downward trend will continue this year as supply is likely to widen at a substantially swifter rate than demand. In contrast to tanker shipping, there were no clear trends in the bulker segment. The Baltic Dry Index remained very volatile in the first half of 2017 due to trends in the Capesize segment.

6.1.5 Conditions in the market for aircraft, renewable energies, private equity, traded UK endowment policies

The aircraft industry is expanding steadily on a long-term growth trajectory. This particularly applies in the Middle East and Asia-Pacific. Looking forward, market growth is being particularly underpinned by expansion in passenger transportation. In the first four months of the current year, demand in the passenger segment climbed by 10.7 %.

Wind and solar power production in Germany in the first half of 2017 rose sharply over the same period in the previous year. During this period, wind and solar energy plants generated just under 68 billion kilowatt/hours of electricity (2016: 58 billion kWh) due to the expansion of regenerative power plants last year.

In view of the volatile capital markets and low interest rates, institutional investors around the world are focusing on the opportunities arising from private equity. The projected moderate growth of the global economy is buoying equity markets and, according to analysts, should also spur private equity investments.

The UK insurance industry will continue to come under pressure from low interest rates in 2017. At the same time, the impact of Brexit is not clear but is causing concern for investors.

6.1.6 Conditions in the capital market

Against the backdrop of persistently low interest rates, it is safe to assume that investments in alternative real assets will again figure prominently in the portfolios of professional and retail investors. A survey conducted by US asset management company BlackRock among its 240 largest institutional clients with assets under management of over 8 trillion dollars indicates that professional investors want to invest free capital again and particularly increase their exposure to alternative real assets. There is a particular focus on real estate investments, with 47 % of those questioned stating that they want to widen their activities in this segments.

All new investment products currently face several challenges: The historically low interest rates have caused the prices of many assets to rise massively, while at the same time there are fewer and fewer sellers of good assets. This is exerting pressure on margins on new investments as the returns on good assets have increasingly narrowed.

6.2 Outlook for the Company

Over the past few years, Lloyd Fonds AG has evolved from an initiator of closed-end funds into an active investment and asset manager. Alternative real assets are growing in importance for all investors, with their significance rising still further given persistently low interest rates. This applies in particular to institutional investors. According to analysis company Scope, the market for closed-end alternative investment funds in Germany is flat, while inflows into open-end funds, such as those investing in real estate, have reached record levels. A liquid market is an important investment criterion.

Lloyd Fonds AG is addressing this trend by creating a liquid market for attractive alternative real investments. In doing so, the Company is repeatedly opening up new markets for investors. The activities in the area of government-sponsored and affordable housing provide a good example of this.

In asset management, Lloyd Fonds AG was able to continue its successful series of real estate transactions. The sale of a hotel building in Leipzig made a substantial contribution to earnings in the first half of the year and underscores the Company’s expertise as a manager of investments in alternative real assets.

The consolidated net profit generated in the first half of 2017 in conjunction with the encouraging performance of the stock shows that Lloyd Fonds AG is headed in the right direction towards establishing itself as a permanent fixture in a changing market.

As in the previous years, sales and deconsolidated net profit for the year will be materially influenced by transactions volumes and the progress made on the new projects.

There have been delays and changes in the planned projects in new business which may cause sales to decline. Thus, the “WohnWert” project for funding government-sponsored affordable housing was initially structured as a share-based limited partnership (KGaA). Now, however, the project will be taking the form of an open-end real estate fund, which is to be launched on the market at the end of the year. Similarly, other projects and transactions in the shipping and real estate segments will not be implemented this year contrary to original plans.

Lloyd Fonds AG now projects net profit for the year of around two million euros and assumes that major projects currently still in the pipeline will be executed next year.

6.3 Opportunities

6.3.1 Overall assessment

The net profit of € 1.0 million generated in the first half of the year testifies to the Lloyd Fonds Group’s solid economic basis, which provides the underpinnings for the further strategic development of its market position. The Company is committed to making the best possible use of this potential by leveraging and expanding its strengths and skills. Material opportunities will be derived from the following factors:

6.3.2 Business environment and market-related opportunities

The persistently low interest rates are enhancing the appeal of investments in alternative real assets. There is strong demand on the part of institutional and private investors for investments in alternative real assets. Consequently, Lloyd Fonds AG sees strong market potential particularly for new and innovative investment products based on alternative real assets.

6.3.3 Focus on new sustainable investments

Detecting trends, acting on market opportunities and addressing the needs of institutional and retail investors are the greatest challenges facing investment and asset managers today. Driven by new low-risk investments, which generate stable cash flows, such as government-sponsored affordable housing in growing cities in Germany characterized by rising demand for residential real estate segment, Lloyd Fonds AG is demonstrating its innovation potential. The Company wants to additionally reinforce its position as an investment and asset manager with new projects such as these.

6.3.4 Opportunities from transparency

An important factor in institutional investors’ decisions is transparency. The market for investment products based on alternative real assets is almost fully regulated today and, hence, significantly more transparent. Moreover, as a company listed in the “Scale” segment of the Frankfurt stock exchange, Lloyd Fonds AG satisfies key transparency requirements of these investors. In this way, it is able to boost its opportunities for business with institutional investors.

6.3.5 Expertise and many years of experience in active asset management

Over the last 20 years, Lloyd Fonds AG has become one of the most experienced initiators of investments in alternative real assets. Since its establishment in 1995, it has offered over 100 investments in alternative real assets to more than 53,000 investors. Additional income can be generated and major opportunities for the Lloyd Fonds Group utilized thanks to active portfolio management, e.g. in the form of asset sales in the shipping and real estate segments. This includes, for example, the establishment of a shipping pool as a basis for working with the creditor bank to ensure that shipping entities can continue to operate for at least two years.

6.3.6 Strong basis for growth

The authorized capital of 4,578,321 shares and the existing liquidity reserves of € 9.6 million (June 30, 2017) provide the basis for funding further growth at Lloyd Fonds AG.

Interim consolidated financial statements

1 Consolidated income statement

for the period from January 1 to June 30, 2017

in T€	Note	H1-2017	H1-2016
Sales	6.6.1	3,936	5,846
Cost of materials	6.6.2	-280	-726
Staff costs	6.6.3	-2,087	-2,043
Depreciation/amortization and impairment losses	6.6.4	-269	-243
Other operating income/expenses	6.6.5	-1,718	-1,279
Share of profit of associates	6.6.6	1,670	149
Net profit from operating activities		**1,252**	**1,704**
Finance income	6.6.7	96	665
Finance expenses	6.6.7	-442	-265
Earnings before taxes		**906**	**2,104**
Income taxes	6.6.8	135	-269
Consolidated net profit for the period		**1,041**	**1,835**
Earnings per share (diluted/basic) in the reporting period (€ per share)	6.6.9	**0.11**	**0.20**

2 Consolidated statement of comprehensive income

for the period from January 1 to June 30, 2017

in T€	H1-2017	H1-2016
Consolidated net profit for the period	**1,041**	**1,835**
Other income components recognized in equity		
Available-for-sale financial assets	-166	-1,993
Deferred income taxes on these	-42	309
Currency translation differences	-	131
Other comprehensive income	**-208**	**-1,553**
Consolidated comprehensive income	**833**	**282**

All other items within comprehensive income can be recycled to profit and loss provided that certain conditions are satisfied.

The notes on pages 21 – 29 are an integral part of this interim financial report.

3 Consolidated balance sheet

as of June 30, 2017 in comparison to December 31, 2016

	Note	June 30, 2017	Dec. 31, 2016
in T€			
Assets			
Non-current assets			
Property, plant and equipment		142	313
Intangible assets		19	24
Financial assets		20	20
Investments in associates	6.7.1	1,350	1,606
Available-for-sale financial assets	6.7.2	2,439	2,573
Other receivables	6.7.4	1,800	1,930
Deferred income tax assets	6.7.3	394	454
		6,164	**6,920**
Current assets			
Trade receivables and other receivables	6.7.4	6,246	4,804
Receivables from related parties		59	96
Available-for-sale financial assets	6.7.2	3,032	3,326
Current income tax assets		755	809
Cash and cash equivalents	6.7.5	9,576	11,663
Disposal group of non-current assets	6.7.6	3,398	-
		23,066	**20,698**
Total assets		**29,230**	**27,618**
Equity			
Share capital	6.7.7	9,157	9,157
Retained earnings	6.7.7	9,356	9,988
Total equity		**18,513**	**19,145**
Liabilities			
Non-current liabilities			
Net asset value attributable to other limited partners	6.7.8	661	642
Other provisions	6.7.10	4	8
Deferred income tax liabilities	6.7.3	455	413
		1,120	**1,063**
Current liabilities			
Trade payables and other liabilities		5,664	4,874
Liabilities to related parties		506	546
Financial liabilities	6.7.9	1,569	1,552
Other provisions	6.7.10	234	251
Current income tax liabilities	6.7.11	8	187
Disposal group of non-current liabilities	6.7.6	1,616	-
		9,597	**7,410**
Total liabilities		**10,717**	**8,473**
Total equity and liabilities		**29,230**	**27,618**

The notes on pages 21 – 29 are an integral part of this interim financial report.

4 Consolidated cash flow statement

for the period from January 1 to June 30, 2017

	Note	H1-2017	H1-2016
in T€			
Cash flow from operating activities			
Consolidated net profit/loss for the period before share of profit of associates, interest and taxes	6.8.1	-797	1,461
Depreciation/amortization and impairment losses of non-current assets	6.6.4	269	243
Profit from the disposal of non-current assets	6.6.5	-	-957
Other non-cash transactions	6.8.2	319	930
Changes in trade receivables and other receivables		-1,666	-3,450
Changes in receivables from related parties		37	17
Changes in trade payables and other liabilities		946	1,713
Changes in amounts due to related parties		51	-37
Changes in other provisions		-21	-62
Interest received		15	-
Interest paid		-24	-
Dividends and profit distributions received		1,724	688
Income tax refunds received		112	2
Income taxes paid		-42	-47
Net cash generated from/used operating activities		**923**	**501**
Cash flow from investing activities			
Payments made for investments in:			
Property, plant and equipment and intangible assets		-1	-12
Available-for-sale financial assets and investments in associates		-	-48
Proceeds from the disposal of:			
Available-for-sale financial assets and investments in associates		121	1,162
Payments made for non-current assets accounted for in accordance with IFRS 5	6.7.6	-3,193	-
Net cash generated from/used investing activities		**-3,073**	**1,102**
Cash flow from financing activities			
Dividend paid to the equity holders of the Parent Company		-1,465	-
Repayment of financial liabilities		-	-1,221
Payments received for financial liabilities accounted for in accordance with IFRS 5	6.7.6	1,605	-
Repayment of financial liabilities accounted for in accordance with IFRS 5	6.7.6	-10	-
Net cash generated from/used in financing activities		**130**	**-1,221**
Non-cash change in cash and cash equivalents		-	-15
Net decrease/increase in cash and cash equivalents		**-2,020**	**367**
Cash and cash equivalents on January 1		11,642	10,165
Changes in the companies consolidated		-	-79
Currency translation differences		-	7
Cash and cash equivalents on June 30	6.8.3	**9,622**	**10,460**

The notes on pages 21 – 29 are an integral part of this interim financial report.

5 Consolidated statement of changes in equity

for the period from January 1 to June 30, 2017

			Other comprehensive income		
	Share capital	Retained earnings	Available-for-sale financial assets	Currency translation differences	Total equity
in T€					
Amount on January 1, 2016	**9,157**	**6,083**	**3,282**	**-131**	**18,391**
Total net profit/loss recorded within consolidated equity	-	1,835	-1,684	131	282
Deconsolidation	-	-150	-	-	-150
Amount on June 30, 2016	**9,157**	**7,768**	**1,598**	**-**	**18,523**
Amount on January 1, 2017	**9,157**	**8,467**	**1,521**	**-**	**19,145**
Total net profit/loss recorded within consolidated equity	-	1,041	-208	-	833
Dividends paid for 2016	-	-1,465	-	-	-1,465
Amount on June 30, 2017	**9,157**	**8,043**	**1,313**	**-**	**18,513**

The notes on pages 21 – 29 are an integral part of this interim financial report.

6 Notes to the consolidated financial statements

to the interim financial statements as of June 30, 2017

6.1 Recognition and measurement methods

The consolidated interim financial statements as of June 30, 2017 have been prepared voluntarily in accordance with international accounting standards. All figures are reported in thousands of euros (T€). This may result in rounding differences between the individual parts of the financial statements. Lloyd Fonds AG's interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) as endorsed by the European Union (EU) on or before June 30, 2017. Notwithstanding this, however, the following standards endorsed by the EU Commission were not early adopted:

- IFRS 9 Financial Instruments (from January 1, 2018)
- IFRS 15 Revenue from Contracts with Customers (from January 1, 2018)

It is not yet clear whether and when the following standards will be endorsed by the EU Commission:

- IFRS 16 Leases (from January 1, 2019)
- Revisions arising from the Annual Improvement Project 2014–2016
- IFRS 10/IAS 28 Consolidated financial statements: transactions with associates (to be announced)
- IFRS 14 Regulatory Deferral Accounts (to be announced)
- IFRS 17 Insurance Contracts (to be announced)

There were no changes in any of the other accounting policies described in the notes to the consolidated financial statements as of December 31, 2016. Accordingly, these interim financial statements must be read in the light of the disclosures made in the consolidated financial statements for 2016. New standards and interpretations which must be applied for the first time in the period under review had no impact or at most only a minor impact on these consolidated interim financial statements:

- IAS 7 Presentation of Financial Statements (from January 1, 2017)
- IAS 12 Income Taxes (from January 1, 2017)

In accordance with IFRS guidance (IAS 34 Interim Financial Reporting), these interim financial statements have been prepared in condensed form compared with the consolidated financial statements as of December 31, 2016.

6.2 Consolidation

The first-time consolidation of Lloyd WohnWert Projektentwicklung GmbH & Co. KG, Hamburg. did not have any material effect on the Lloyd Fonds Group's net assets, financial position or results of operation.

The companies consolidated now comprise the Parent Company as well as 18 subsidiaries.

6.3 Capital management

The objectives of the Lloyd Fonds Group with regard to capital management are to maintain an adequate level of equity on a sustained basis and to generate an appropriate return on the capital employed. In this connection, top priority is given to the Group's credit rating. The Group monitors its capital on the basis of absolute amounts in the light of the equity ratio. Future movements in capital and possible capital requirements are identified on the basis of an integrated planning model for the coming two years.

As a matter of principle, Lloyd Fonds AG manages its capital structure via its dividend policy. Lloyd Fonds AG paid its shareholders a dividend of € 0.16 per share for 2016 (€ 0.07 for 2015). The distribution was paid out in May 2017.

As of June 30, 2017, the Lloyd Fonds Group's equity stood at T€ 18,513, up from T€ 19,145 at the end of the previous year. The equity ratio came to 63.3 % as of the reporting date (December 31, 2016: 69.3 %).

6.4 Changes in critical accounting estimates, assumptions and discretionary decisions

All estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events which are believed to be probable under the circumstances. The Group makes estimates and assumptions concerning the future. The amounts derived from such estimates may by definition vary from the later actual circumstances. There were no changes to the estimates and assumptions liable to exert a material effect on the measurement of assets and liabilities.

6.5 Segment report

The following reportable segments can be identified on the basis of the Lloyd Fonds Group's internal reporting system:

Real Estate

- Purchase and sale of assets for third parties in the real estate segment
- Structuring von investment products
- Debt and equity financing of assets
- Asset management and related other services
- Provision of management services for associates
- Monitoring and coordination of the Lloyd Fonds Group's material investments
- Fund management and investor reporting
- Organization and implementation of annual general meetings

Shipping

- Purchase and sale of assets in the shipping and secondary-market ship fund segments
- Other activities similar to those in the "Real Estate" segment

Other Assets

- Purchase and sale of other assets (e.g. aircraft, renewable energies, private equity, traded UK endowment policies)
- Other activities similar to those in the "Real Estate" segment

The "All general other expenses" item is primarily made up of staff costs for the administrative and corporate units such as accounting, legal, communications (IR/PR) and the Management Board as well as general other operating expenses, e.g. rental, office and IT expenses. In contrast to the previous year in which expenses for personnel, rent and IT as well as rental income were distributed over the individual segments on the basis of employee numbers, no such distribution was performed in 2017. The trusteeship segment has been fully eliminated as of 2017. As far as possible, all expenses and income arising from trusteeship management activities are allocated directly to the individual segments. If direct allocation is not possible, they are allocated to the three segments on a flat-rate basis. In contrast to the previous year, selling expenses were allocated evenly to the real estate and shipping segments. The same thing applies to the structuring segment, which was established for the first time as of January 1, 2017. The previous year's figures were adjusted accordingly.

Segment profit/loss for the first half of 2017 breaks down as follows:

H1-2017	Real estate	Shipping	Other Assets	All general other expenses	Total
in T€					
External sales	882	2,232	822	–	3,936
Other operating income	105	276	17	165	563
Cost of materials	-1	-279	–	–	-280
Staff costs	-622	-680	-100	-686	-2,088
Other operating expenses	-387	-712	-99	-1,082	-2,280
Share of profit of associates	15	1,496	159	–	1,670
Depreciation/amortization and impairment losses	-3	-226	-2	-38	-269
Net finance income/expenses	-115	-121	-51	-59	-346
EBT	**-126**	**1,986**	**746**	**-1,700**	**906**
Income taxes	195	–	–	-60	135
Net profit/loss after taxes	**69**	**1,986**	**746**	**-1,760**	**1,041**

H1-2016 (new)	Real estate	Shipping	Other Assets	All general other expenses	Total
in T€					
External sales	1,977	3,036	833	–	5,846
Other operating income	60	292	16	1,147	1,515
Cost of materials	-256	-467	-3	–	-726
Staff costs	-477	-553	-109	-904	-2,043
Other operating expenses	-487	-1,220	-99	-988	-2,794
Share of profit of associates	1	-8	156	–	149
Depreciation/amortization and impairment losses	-4	-192	-1	-46	-243
Net finance income/expenses	199	24	99	78	400
EBT	**1,013**	**912**	**892**	**-713**	**2,104**
Income taxes	-278	–	-9	18	-269
Net profit/loss after taxes	**735**	**912**	**883**	**-695**	**1,835**

H1-2016 (old)	Real estate	Shipping and Other Assets	Trusteeship	All general other expenses	Total
in T€					
External sales	1,777	859	3,210	–	5,846
Other operating income	51	128	301	1,035	1,515
Cost of materials	-250	-139	-337	–	-726
Staff costs	-321	-518	-958	-246	-2,043
Other operating expenses	-368	-432	-1,224	-770	-2,794
Share of profit of associates	1	148	–	–	149
Depreciation/amortization and impairment losses	–	-189	-8	-46	-243
Net finance income/expenses	215	147	-40	78	400
EBT	**1,105**	**4**	**944**	**51**	**2,104**
Income taxes	-278	-9	–	18	-269
Net profit/loss after taxes	**827**	**-5**	**944**	**69**	**1,835**

The Lloyd Fonds Group's internal reporting system does not include any provision for disaggregating assets and liabilities by segment as management does not consider this data to be relevant for managing the Group. Accordingly, these disclosures have been dispensed with.

6.6 Notes on the consolidated income statement

6.6.1 Sales

Breakdown:

	H1-2017	H1-2016
in T€		
Income from fund and asset management	3,188	3,980
Income from arrangement and structuring services	677	1,826
Other revenues	71	40
Sales	**3,936**	**5,846**

Income from fund and asset management dropped by T€ 792. The income from the management of trusteeship contracts included in this item declined due to asset sales and contract expiries. Moreover, the previous year's figure had included income of T€ 246 from Lloyd Fonds Singapore Pte. Ltd., Singapore (deconsolidated as of June 30, 2016). Reflecting this, the cost of materials dropped by the same amount. Income from arrangement and structuring services was also down in the first half of the year. Other revenues for the period under review includes rental income from the real estate asset acquired in Hamburg-Tonndorf for the planned investment product in the government-sponsored housing segment.

6.6.2 Cost of materials

Breakdown:

	H1-2017	H1-2016
in T€		
Cost of services bought	276	712
Other cost of materials	4	14
Cost of materials	**280**	**726**

The cost of materials dropped by T€ 446 over the previous year to T€ 280. Among other things, this was due to the deconsolidation of the Singapore entity. The cost of services bought particularly includes management fees. In addition, no project-related cost of materials arose in connection with income from arrangement and structuring services in the period under review.

6.6.3 Staff costs

Breakdown:

	H1-2017	H1-2016
in T€		
Wages and salaries	1,855	1,828
Social security	228	211
Retirement benefit expenses	4	4
Staff costs	**2,087**	**2,043**

Despite the nearly constant in average staff numbers from 44 (comparison period: 45), staff costs rose slightly. This was predominantly due to the additions to the Company's senior management in mid-2016.

6.6.4 Depreciation/amortization and impairment losses

Breakdown:

	H1-2017	H1-2016
in T€		
Depreciation and amortization		
Property, plant and equipment	41	55
Intangible assets	5	2
	46	**57**
Impairment losses		
Available-for-sale financial assets	223	186
	223	**186**
Depreciation/amortization and impairment losses	**269**	**243**

6.6.5 Other operating income/expenses

Breakdown:

	H1-2017	H1-2016
in T€		
Other operating income		
Rentals	219	212
Income from the reversal of impairments of receivables	172	138
Income from the derecognition of liabilities	106	80
Remuneration in kind	37	37
Income from recharged expenses	8	46
Income from sale of shares	-	957
Income from the reversal of provisions	-	11
Other income	21	34
	563	**1,515**
Other operating expenses		
Impairment losses on receivables and unrecoverable receivables	-623	-1,137
Rentals, ancillary rental costs and cost of premises	-619	-541
Financial statement, legal and consulting costs	-388	-413
Office supplies, IT costs and communications	-243	-295
Motor vehicle and travel costs	-113	-73
Retailing support and subscriber relations	-98	-58
Insurance and subscriptions	-50	-60
Other personnel expenses	-31	-39
Costs assumed for fund companies	-	-35
Other expenses	-116	-143
	-2,281	**-2,794**
Other operating income/expenses	**-1,718**	**-1,279**

In the previous year, the proceeds from the sale of a share in a real estate fund had a positive effect on other operating income. Otherwise, impairment losses on receivables and unrecoverable receivables were substantially lower than in the comparable period.

6.6.6 Share of profit of associates

This figure was particularly influenced by high tax refunds for earlier years at the level of two associates. During the period under review, claims of T€ 1,454, most of which had already been covered by the refunds, arose against these entities. This caused the share of profit of associates to rise substantially. This item also primarily entails investment income earned and the share of the net profit/loss of entities accounted for using the equity method.

6.6.7 Net finance income/expenses

Breakdown:

	H1-2017	H1-2016
in T€		
Net investment income	1	269
Net currency translation gains/losses	-379	-94
Net interest	32	225
Net finance income/expenses	**-346**	**400**

In the previous year, net investment income chiefly comprised dividends received from non-consolidated affiliated companies. Reference should be made to the analysis of the Group's results of operations in the management report for further information on changes in finance expenses and finance income.

The net currency translation losses were particularly due to losses from the measurement of foreign-currency trade receivables and foreign-currency accounts.

6.6.8 Income taxes

Income taxes comprise income taxes paid or owed as well as deferred income taxes. Taxes comprise corporate tax plus the solidarity surcharge and trade tax.

Net tax income/expenses primarily comprise tax refunds for earlier years for Lloyd Fonds Real Estate Management GmbH as well as deferred income taxes. See Note 6.7.3 for details.

No further tax expenses arose in the period under review due to the income tax group established between Lloyd Fonds AG (dominant company) and Lloyd Treuhand GmbH, Lloyd Fonds Real Estate Management GmbH and Lloyd Shipping GmbH (subordinate companies).

6.6.9 Earnings per share

Earnings per share are calculated by dividing the profit attributable to the equity holders by the average number of shares outstanding during the period under review. No dilution effects arose either in the first half of 2017 or in the same period of the previous year.

	H1-2017	H1-2016
Profit/loss attributable to equity holders of the Parent Company (T€)	1,041	1,835
Average number of shares issued (in thousands)	9,157	9,157
Earnings per share (€ per share)	**0.11**	**0.20**

The number of shares outstanding was unchanged at 9,156,642 in the year under review.

6.7 Notes on the consolidated balance sheet

The following section describes the main items of the balance sheet and selected changes.

6.7.1 Investments in associates

There are a total of 88 associates on which the Lloyd Fonds Group exerts a material influence. These primarily comprise investments in the limited-partner entities and project companies which Lloyd Fonds AG holds together with its shipping company partners.

6.7.2 Available-for-sale financial assets

Available-for-sale financial assets comprise a total of 173 investments as of the end of the period under review. On the one hand, these are shares in affiliated companies, which are not consolidated for reasons of immateriality. On the other, they are shares in associates which the Lloyd Fonds Group as the founding limited partner holds in its own funds as well as limited-liability companies that are in receivership (former associates).

The available-for-sale financial assets are measured at their fair value using inputs that are not based on observable market data. The fair value of the investments is normally calculated using the discounted cash flow method in accordance with the parameters set out in Note 6.4.2 of the 2016 annual report, which are still considered to be stable. Further impairments of T€ 223 were recognized in the period under review. In addition, impairments of T€ 166 were recorded within other comprehensive income for fair-value gains that had been recognized within other comprehensive income in earlier years. This substantial decline is primarily due to the protracted difficult market environment in the shipping segment in particular.

There were no material changes in the measurement of the available-for-sale financial assets and the details of the sensitivity analysis as of December 31, 2016 (capitalization rates and US-$/€ exchange rates).

6.7.3 Deferred income taxes

At T€ 394 as of June 30, 2017 (December 31, 2016: T€ 454), deferred income tax assets relate to future utilization of existing unused tax losses. Deferred income tax liabilities on available-for-sale financial assets increased by T€ 42 to T€ 455.

6.7.4 Trade receivables and other receivables

Breakdown:

	June 30, 2017	Dec. 31, 2016
in T€		
Non-current receivables		
Other receivables	1,800	1,930
	1,800	**1,930**
Current receivables		
Trade receivables	2,963	1,886
Other receivables and other assets	3,283	2,918
	6,246	**4,804**
Receivables	**8,046**	**6,734**

Other non-current receivables comprise receivables from KALP GmbH. They have been classified as non-current due to the appointment of an insolvency administrator. Despite the insolvency, the receivables are still assumed to be recoverable.

The increase in receivables relates to income from fund and asset management arising in the period under review but not received until the following quarter and is due to reporting-date effects.

The increase in other receivables particularly relates to deferrals of T€ 287 recognized in the period under review. Otherwise, receivables from fund subscribers dropped due to repayments of T€ 57. These receivables arise from distributions made in the past subject to a repayment obligation. At the same time, other liabilities rose by the same amount. For the first time, an amount of T€ 44 was recovered by an insolvency administrator in the period under review. Accordingly, this liability dropped by an amount equaling the payment made.

6.7.5 Cash and cash equivalents

The changes in cash and cash equivalents are analyzed in the consolidated cash flow statement. Reference should be made to Note 6.8.3 for the breakdown.

6.7.6 Disposal groups of non-current assets and liabilities

The real estate asset in Hamburg-Tonndorf was initially acquired by a Group entity without any intention to sell. In connection with efforts to optimize the structure of the investment product currently being prepared for government-sponsored and affordable housing, the entity Lloyd WohnWert GmbH & Co. KGaA established in this connection is no longer required in its previous legal form as it is now planned to realize this project as an open-end retail fund. Consequently, Lloyd WohnWert GmbH & Co. KGaA was merged with Lloyd Fonds Consulting GmbH in August 2017 with retroactive effect from January 1, 2017.

Lloyd WohnWert GmbH & Co. KGaA holds the shares in Lloyd WohnWert Tonndorfer Hauptstraße 59 GmbH & Co. KG. In view of the planned short-term sale/transfer of the asset to the open-end real fund, the assets and liabilities of Lloyd WohnWert Tonndorfer Hauptstraße 59 GmbH & Co. KG are now recognized in accordance with the guidance provided by IFRS 5. The breakdown can be seen in the following tables:

	June 30, 2017	Dec. 31, 2016
in T€		
Disposal group of non-current assets		
Land and buildings	3,324	-
Other receivables	6	-
Cash in banks	68	-
	3,398	-

	June 30, 2017	Dec. 31, 2016
in T€		
Disposal group of non-current liabilities		
Financial liabilities	1,595	-
Trade payables and other liabilities	21	-
	1,616	-

The land and buildings relate to the asset acquired in Hamburg-Tonndorf. They are measured at fair value. As it was not possible to reliably calculate the fair value as of the reporting date, the entire purchase costs of T€ 3,324 were recognized. Of these costs, an amount of T€ 131 had already been recognized within property, plant and equipment as prepayments made as of December 31, 2016. The remaining amount of T€ 3,193 was paid in the period under review. Financial liabilities comprise a loan (T€ 1,605), towards which a repayment of T€ 10 was made in the reporting period.

6.7.7 Equity

The composition of and changes in the Group's equity are analyzed in the consolidated statement of changes in equity.

6.7.8 Net asset value attributable to other limited partners

This item results from the inclusion of "Premium Portfolio Austria" in Lloyd Fonds' consolidated financial statements. It comprises the shares of those limited partners who are not part of the Lloyd Fonds Group. As these are puttable financial instruments, they are reported under non-current financial liabilities. They were measured at their fair value on the date of initial consolidation and will be reported at amortized cost using the effective interest method in later periods, with the resultant expenses or income recorded within net finance income/expenses.

6.7.9 Financial liabilities

There are no non-current financial liabilities as of the reporting date.

As of the reporting date, current financial liabilities comprise solely the liabilities of T€ 1,569 (December 31, 2016: T€ 1,552) arising from the finance raised for the investments acquired in the "Premium Portfolio Austria" target fund. RaiBa does not have any entitlement to compensation if the flowbacks from the investments are not sufficient to settle the financial liabilities towards it.

6.7.10 Other provisions

As of the reporting date, other provisions primarily comprise amounts for pending losses.

6.7.11 Current income tax liabilities

The current income tax liabilities for the previous year chiefly relate to tax liabilities accruing to companies outside the tax group in that year.

6.8 Notes on the consolidated cash flow statement

6.8.1 Reconciliation with consolidated net profit for the period

For the purposes of the cash flow statement, consolidated net profit/loss for the period before the share of profit in associates, interest and income taxes is calculated as follows:

	Note	H1-2017	H1-2016
in T€			
Net profit/loss from operating activities		1,252	1,704
Share of profit of associates	6.6.6	-1,670	-149
Net currency translation gains/losses	6.6.7	-379	-94
		-797	**1,461**

6.8.2 Other non-cash transactions

Breakdown:

	Note	H1-2017	H1-2016
in T€			
Unrealized currency translation gains/losses		-26	-16
Deconsolidation of Singapore entity		-	38
Impairment losses on receivables and unrecoverable receivables	6.6.5	623	1,137
Income from the reversal of provisions	6.6.5	-	-11
Income from the reversal of impairments of receivables	6.6.5	-172	-138
Income from the derecognition of liabilities	6.6.5	-106	-80
		319	**930**

6.8.3 Composition of cash and cash equivalents

Composition for the purposes of the cash flow statement:

	Note	June 30, 2017	June 30, 2016
in T€			
Cash at banks		9,574	10,479
Cash in hand		2	2
Cash in hand (reported within disposal group of non-current assets)	6.7.6	68	-
Cash at banks subject to drawing restrictions		-21	-21
		9,623	**10,460**

6.9 Other disclosures

6.9.1 Contingencies

The contingencies reported as of June 30, 2017 comprise guarantees for increased liable amounts and potential distribution repayment obligations. Including the settlement claims under joint and severable obligations towards third parties, contingencies come to a total of T€ 3,298 as of June 30, 2017 (December 31, 2016: T€ 3,298).

As part of trusteeship business, shares of T€ 1,690,592 (December 31, 2016: T€ 1,727,075) are managed on the Company's own behalf but for the account of the subscribers.

Lloyd Treuhand GmbH has in some cases been entered in the commercial register as the limited partner in trust for subscribers (trustors) of legacy investment funds with the corresponding liable amount attributable to such subscribers. The trusteeship assets held in this connection stand at T€ 862,932 (December 31, 2016: T€ 954,273). Distributions received under these trusteeship arrangements are forwarded to the trustors. Under Sections 171, 172 IV of the German Commercial Code, Lloyd Treuhand GmbH is fundamentally liable for any liquidity surpluses which have been distributed but are not backed by profits in connection with such distributions. Where applicable, the shortfall in the liable capital caused by the distribution must be repaid by Lloyd Treuhand GmbH. These distributions stand at a total of T€ 17,798 as of the reporting date (December 31, 2016: T€ 17,221). Under the trusteeship agreements, Lloyd Treuhand GmbH can recover the same amount from the applicable trustor in the event that any claims are asserted against it. The figure for the previous year has been adjusted as additional cases must now be included in the year under review due to the changed legal situation. These entail distributions made by the investment entities in the form of loans that were forwarded to the trustors via Lloyd Treuhand GmbH and then terminated and claimed back by the investment entities. In some cases, Lloyd Treuhand GmbH has assigned its recovery claims towards the trustors to the investment entities. Of the maximum repayment obligations of T€ 17,798, distributions of T€ 3,080 relate to investment entities that are currently in insolvency proceedings or in a difficult economic condition. A possible liquidity outflow affecting cash flow is considered to be improbable due to the recovery claims held against the trustors.

6.9.2 Operating lease commitments

Analysis of obligations under leases:

	June 30, 2017	Dec. 31, 2016
in T€		
Office space	2,501	2,954
Motor vehicles	49	26
Other	26	38
	2,576	**3,018**

6.9.3 Events after the reporting date

Klaus M. Pinter was appointed to the Management Board of Lloyd Fonds AG effective August 1, 2017. The contract with the Chief Executive Officer Dr. Torsten Teichert was renewed. Both contracts expire on June 30, 2019.

In connection with efforts to optimize the structure of the investment product currently being prepared for government-sponsored and affordable housing, the entity Lloyd WohnWert GmbH & Co. KGaA established in this connection is no longer required in its previous legal form as it is now planned to realize this project as an open-end retail fund. Consequently, Lloyd WohnWert GmbH & Co. KGaA was merged with Lloyd Fonds Consulting GmbH in August 2017 with retroactive effect from January 1, 2017.

No other events materially affecting the Group's net assets, financial condition or results of operations occurred after the reporting date.

Hamburg, September 26, 2017

The Management Board

Dr. Torsten Teichert **Klaus M. Pinter**

7 Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Hamburg, September 26, 2017

The Management Board

Dr. Torsten Teichert **Klaus M. Pinter**

8 Certification of review by auditors

To Lloyd Fonds AG

We have reviewed the condensed consolidated interim financial statements – comprising the condensed statement of financial positions, condensed income statement and condensed statement of comprehensive income, condensed statement of cash flow, condensed statement of changes in equity and selected explanatory notes – and the interim group management report of Lloyd Fonds AG, Hamburg, for the period from January 1 to June 30, 2017, which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany – IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting as adopted by the EU or that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Hamburg, September 27, 2017

Baker Tilly GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

signed Britta Martens	signed Oliver Pegelow
Wirtschaftsprüferin	Wirtschaftsprüfer
(German public accountant)	*(German public accountant)*

9 Financial calendar

	2017
Annual Report for 2016	April 12
Annual General Meeting	May 24
Interim Report on the first half of 2017	September 28

Publisher

Lloyd Fonds AG
Amelungstraße 8–10
20354 Hamburg

Contact

Investor Relations and Public Relation
Phone: +49 (0)40/32 56 78-0
Fax: +49 (0)40/32 56 78-99
E-Mail: ir@lloydfonds.de
www.lloydfonds.de
WKN: A12UP2
ISIN: DE000A12UP29

Printed by

Zertani Die Druck GmbH, Bremen

NB:

Lloyd Fonds AG 's interim report for 2017 is available as a PDF file on the Internet at www.lloydfonds.de. This English language version of the interim report is a convenience translation. In the event of any doubt, the German version is to apply.

LLOYD FONDS

AKTIENGESELLSCHAFT

Lloyd Fonds AG · Amelungstraße 8–10 · 20354 Hamburg · Phone +49 (0)40 325678-0 · Fax +49 (0)40 325678-99 · www.lloydfonds.de