RESPONSIBLE ACTIONS, RELIABLE RETURNS

Annual Report 2016

2016

CHORUS
Clean Energy

PROFILE

CHORUS Clean Energy AG is not only an independent operator of solar and wind parks but a full service provider for investments in renewable energies. We currently operate over 90 plants located in seven European countries and manage a portfolio with a total installed capacity of more than 530 megawatts.

For professional investors, we offer attractive opportunities to invest in renewable energy plants. We cover the entire investment cycle: from asset sourcing to economic, technical and legal due diligence, commercial plant management as well as the controlling and monitoring of technical operations, right down to the sale of the plants.

KEY FIGURES

in EUR millions	2016 [1]	2015 [2]	Change in %
Revenues	**62.8**	58.6	**+7.2%**
EBITDA	**47.9**	45.7	**+4.8%**
EBIT	**21.2**	23.7	**–10.5%**
EBT	**11.0**	15.7	**–29.9%**
Profit for the year	**7.9**	11.0	**–28.2%**
Equity	**231.2**	232.0	**–0.3%**
Total assets	**676.3**	610.7	**+10.7%**

[1] Result of operations adjusted for one-time expenses from the takeover by Capital Stage AG.
[2] Result of operations adjusted for one-time expenses from the IPO.

RESPONSIBLE ACTIONS, RELIABLE RETURNS

CONTENTS

THE MANAGEMENT BOARD

HELMUT HORST
Member of the Management Board

KARSTEN MIETH
Member of the Management Board

DEAR LADIES AND GENTLEMEN,

The fiscal year 2016 was largely characterized by growth – growth in terms of our significant portfolio expansion as well as in our merger with Capital Stage AG. As part of the Capital Stage Group, we are now one of the largest independent energy producers in Europe with excellent future growth prospects.

During the reporting period, we notably expanded our portfolio of solar and wind parks by more than 230 megawatts (MW) to a total capacity of nearly 540 MW. Compared to the previous year, we increased the number of renewable energy plants under our management from 72 to 95. At the same time, we extended our presence to a total of seven European countries – adding sites in Sweden and Scotland. Also of note is the expansion of our commitments in the French market: In June, we purchased four wind parks with a total capacity of more than 62 MW. The transaction had a total investment volume of EUR 120 million and was the largest in the history of our company so far.

Similarly positive has been the development of our Energy Generation segment during the reporting period: The roughly 760,000,000 kilowatt hours of electricity produced is a new record and is nearly double that of the previous year (390,000,000 kilowatt hours). Significant gains were also posted in our Asset Management segment where we offer institutional investors a comprehensive range of services regarding investments in and the management of renewable energy plants. Of the 62 solar parks and 33 wind parks in our portfolio, seven solar parks and 20 wind parks are operated by our segment Asset Management segment on behalf of third parties. In the second half of 2016 alone, we invested about EUR 124 million on behalf of our institutional customers while also finalizing additional asset management agreements. We are also planning to continue our successful series of Luxembourg specialized funds in 2017 with the addition of a SICAV-RAIF fund that will allow institutional investors to invest in renewable energy plants.

CHORUS Clean Energy AG became part of the Capital Stage Group in mid-October. An overwhelming majority of the CHORUS shareholders, more than 94 percent, accepted the takeover offer from Capital Stage AG and its corresponding share exchange offer. This marked another major milestone in our company's history.

Compared to the previous year, we increased revenue by about EUR 4.2 million to almost EUR 62.8 million. With significantly increased electricity production and the revenue growth in the Asset Management segment, we managed to more than offset lower than expected wind levels and the sale of two solar parks in Italy in the 2016 fiscal year. Our operating result (EBITDA) still increased by 4.8 percent compared to the previous year to about EUR 47.9 million. Overall, we managed to improve on the very good results from 2015 and partially exceeded our outlook for 2016.

We would like to thank you for your trust during this past year – particularly during the takeover offer from Capital Stage. Furthermore, we would like to thank our employees for their exemplary commitment and tireless work ethic.

Neubiberg/Munich, March 2017

Helmut Horst, Management Board

Karsten Mieth, Management Board

ASSET MANAGEMENT

RENEWABLE ENERGY IS OUR FUTURE – THERE IS NO OTHER ALTERNATIVE.

For hundreds of years, people have been using the sun for its warmth and harnessing the power of the wind to cross oceans and mill grains. The power of these energy sources has been available to us in nearly unlimited qualities and at no cost – and we have never needed them more than we do now.

To meet the modern world‘s constantly growing demand for energy, we have long depended on fossil fuels like coal, oil and gas. However, these resources are limited and have some serious side effects. Their use releases CO_2 into our atmosphere, which is considered one of the main causes of global warming and climate change. Before the accident at Chernobyl in 1986, most believed that we had found a clean, alternative source of energy in nuclear power. But the catastrophe showed with devastating clarity just how dangerous this form of energy generation can be.

Since April 26, 1986, a trend has been developing: People are returning to the concept of renewable energy. It is the solution for avoiding further acceleration in climate change and meeting our ever-growing demand for energy. The fossil fuel era started to crumble years ago, as the world began to turn to alternatives. The future belongs to renewable energy.

For example, renewable energy has become the most important source of energy in Germany: Though it accounted for only about six percent of all energy generated in 2000, by the end of 2016 it accounted for more than 32 percent. According to the German government’s plans, this figure should reach 40 to 45 percent by 2025. Additional support for these goals comes from the Paris Agreement on Climate Change that was signed by 195 countries in December 2015. While a growing number of fossil fuel power plants are ending their operations, about 70 gigawatts (GW) of solar plants were installed around the world in 2016. This increased the total capacity of globally installed photovoltaic systems to about 300 GW. For wind power plants, the increase amounted to about 54 GW for a total global capacity of nearly 490 GW.

RENEWABLE ENERGY REMAINS A MEGATREND.

Solar and wind energy have particularly established themselves as the key technologies for power generation. Technological progress and a drastic reduction in production costs have significantly increased the profitability and competitiveness of renewable energy. In some parts of the world today, photovoltaic plants can generate electricity more efficiently than conventional power plants. Furthermore, renewable energy benefits from various funding measures in more than 120 countries around the world. Their market will have high annual growth rates in the foreseeable future and remain a global megatrend.

SOLAR AND WIND POWER PLANTS OFFER ATTRACTIVE RETURNS, LOW RISK AND PREDICTABLE CASH FLOWS FOR INSTITUTIONAL INVESTORS.

For a number of years now, institutional investors have increasingly recognized the opportunities this market promises and are turning to renewable energy. Particularly in the ongoing low-interest environment, investments in renewable energy offer attractive returns and generate predictable cash flows at comparatively low risks.

LET THE SPECIALISTS HANDLE THE DETAILS!

At CHORUS Clean Energy AG, we specialize in advising and supporting institutional investors with their renewable energy investments – using our know-how and experience in the field of renewable energy to their benefit. We are part of the Capital Stage Group. Together, we have successfully invested in almost 200 solar and wind parks. The total capacity of the portfolio of photovoltaic and wind power plants that CHORUS manages for its institutional customers, grew by 100 MW in the 2016 fiscal year to more than 270 MW. With our many years of experience, know-how and broad network within the industry coupled with an investment team specializing in renewable energy, we are now one of the largest independent IPPs in Europe.

We can develop and implement investment concepts for our customers that precisely correspond to their respective requirements. In custom tailored solutions, we consider special requirements such as return, term, location and energy generation type in our range of services. Our customers include insurance companies, pension funds, banks, fund companies, foundations and family offices.

SUCCESSFULLY INVEST IN RENEWABLE ENERGY TOGETHER – WITH CHORUS SPECIALIZED FUNDS.

Depending on their investment strategy and investment volume, CHORUS also offers its institutional clients the opportunity to invest in renewable energy through fund structures in addition to direct investments in renewable energy.

To this end, we created the first investment platform CHORUS Infrastructure Fund S.A. SICAV in summer 2014. Via regulated special funds under Luxembourg law, our customers can participate in diversified solar and wind park portfolios together with other institutional investors.

The successful series of our Luxembourg specialized funds is constantly being adapted to the needs of different investor groups. The launch of a SICAV-RAIF fund in the current financial year 2017 is already being planned. Within the framework of our risk-averse investment strategy, the fund primarily invests in either turnkey photovoltaic and wind power plants or those already connected to the grid in our core regions or other stable Western European regions, such as Scandinavia or Benelux. By avoiding project planning and construction risks and diversifying across the different power generation technologies and regions, we offer our institutional investors a low-risk investment concept with lucrative returns in the growth market of renewable energy.

WE UNDERSTAND the needs of institutional investors and offer them a comprehensive range of services along the value chain for renewable energy investments.

WE FIND the solar systems, wind turbines and water or biomass plants that optimally suit our customers' requirements.

WE CAREFULLY EXAMINE every investment in great detail and provide clear due diligence results.

WE ADVISE on the purchase of systems and accompany the transaction process.

WE ASSUME management of existing renewable energy parks.

WE SUPPORT the sales process through to the end.

WE DEVELOP the right financing concept.

"OUR TRACK RECORD IS IMPRESSIVE, OUR INVESTMENT OFFERINGS AND SERVICES ARE DIVERSE AND HIGHLY PROFESSIONAL AND OUR INVESTMENT CONCEPTS ARE TAILOR-MADE FOR OUR CUSTOMERS. A GROWING NUMBER OF INSTITUTIONAL INVESTORS ARE TURNING TO US WHEN IT COMES TO RENEWABLE ENERGY INVESTMENTS. THIS IS OUR MOTIVATION: THEIR LASTING SATISFACTION IS THE STANDARD FOR OUR ACTIONS."

Karsten Mieth, Management Board member of CHORUS Clean Energy AG

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

Fiscal year 2016 was a successful and challenging year for CHORUS. On May 30, 2016, the competitor Capital Stage AG announced a voluntary public takeover offer for all shares of CHORUS Clean Energy AG on the basis of a previously signed merger agreement. By the end of the additional acceptance period on October 5, 2016, 94.42 percent of CHORUS shareholders had accepted this offer. This merger represents a milestone in the development of both companies and marks the beginning of a joint success story for the now leading independent operator of solar and wind parks in Europe.

In the fiscal year 2016, the Supervisory Board fulfilled the obligations assigned to it by law as well as those contained in the Articles of Association, rules of procedure and the German Corporate Governance Codex. In the course of its duties, the Supervisory Board was always satisfied that management's actions were in compliance with all legal and regulatory requirements and assisted the company's strategic development and key measures in an advisory role. The Supervisory Board was directly involved in decisions of particular importance. The cooperation between the Management Board and Supervisory Board was distinguished by regular reports containing up-to-date and comprehensive information.

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

DELIBERATIONS BY THE SUPERVISORY BOARD

A total of twenty-one meetings were held in the fiscal year 2016. Of these, four were ordinary and seventeen were extraordinary. Twelve of these extraordinary meetings were held as conference calls. In each case, the Management Board provided detailed reports to the members of the Supervisory Board in advance of these meetings. The documents provided sufficient information for any decisions requiring approval. Every Supervisory Board member was present at all meetings held in the fiscal year 2016.

FOCUS OF THE CONSULTATIONS

In the year under review, the Supervisory Board consulted with the Management Board on the company's growth strategy. The focus of the discussions included acquisitions made possible by the funds still to be invested generated from the IPO in the previous year and the further expansion of the Asset Management division. In every meeting, the Management Board reported on current prospects and the status of the respective investment process. For projects that were about to be finalized, the Management Board provided a detailed presentation of results from the due diligence process and comprehensive information on financing the investment plans. In addition, the Supervisory Board intensively discussed the voluntary public takeover offer from competitor Capital Stage AG with the Management Board. Together with the latter, the Supervisory Board issued the required statutory opinion pursuant to Section 27 of the Securities Acquisition and Takeover Act to the shareholders of CHORUS AG.

Among others, consultations and decisions were made on:

- The creation of a new Management Board position to strengthen the Asset Management segment
- The signing of a merger agreement with competitor Capital Stage AG as basis for the subsequent voluntary public takeover offer
- The largest single investment in the company's history by acquiring a 62 MW wind park portfolio in France
- The takeover of Prime Renewables GmbH from Prime Capital AG and the related expansion of the third-party portfolio by more than 86 MW.

NO COMMITTEES FORMED

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

CHANGES TO THE MANAGEMENT BOARD

The Management Board of CHORUS AG initially consisted of three members. Effective July 1, 2016, the Management Board position for Sales, Marketing and Institutional Services was created and filled by Karsten Mieth. From this date, the Management Board of CHORUS AG consisted of four members. On October 20, 2016, competitor Capital Stage AG announced that it held 94.42 percent of the voting rights in CHORUS. On the same day, the then CEO of CHORUS AG, Holger Götze, announced that he was stepping down from his position as CEO with immediate effect. From October 20, 2016, the Management Board of CHORUS AG consisted again of three members. The Management Board member Heinz Jarothe also announced on October 20, 2016, that he would step down from his Management Board position at the end of the year for personal reasons. The Supervisory Board would like to thank Mr. Jarothe for his extraordinary accomplishments and tireless work for the CHORUS Group that spanned more than 15 years. The Management Board therefore consists of two members since January 1, 2017. The tasks of the Management Board members that have stepped down will be assumed by Karsten Mieth and Helmut Horst. A Chairman of the Management Board was not appointed.

CHANGES TO THE SUPERVISORY BOARD

On October 20, 2016, competitor Capital Stage AG announced that it held 94.42 percent of the voting rights in CHORUS. On the same day, Christine Scheel and Peter Heidecker each stepped down from their Supervisory Board positions at CHORUS. I would like to thank Christine Scheel and Peter Heidecker for their profoundly constructive cooperation. I am especially grateful to Mr. Heidecker: With his founding of CHORUS GmbH in 1998 and nearly 20 years of hard work, he played a unique role in making the CHORUS success story possible. In view of the takeover by Capital Stage and at the request of CHORUS and Capital Stage AG, Holger Götze and Dr. Christoph Husmann were appointed to the Supervisory Board by the Munich District Court on November 16, 2016.

CORPORATE GOVERNANCE

In the period under review, the Supervisory Board also dealt with corporate governance. Together with the Management Board, the Supervisory Board issued the annual declaration pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) on the recommendations of the German Corporate Governance Code. The full declaration is permanently accessible on the CHORUS website. Allowing for the exceptions listed and explained, CHORUS meets the recommendations of the German Corporate Governance Codex. The Supervisory Board was not aware of any conflicts of interest for the members of the Executive or Supervisory Board.

ANNUAL FINANCIAL STATEMENTS AND AUDIT

The combined management report and Group management report for the fiscal year 2016 was audited by KPMG AG Wirtschaftsprüfungsgesellschaft Munich, Germany, and given an unqualified audit certificate. This also applies to the 2016 consolidated financial statements prepared according to IFRS.

The Supervisory Board determined certain focus points for the audit. The annual financial statements prepared pursuant to the German Commercial Code, the consolidated financial statements and the combined management report of CHORUS Clean Energy AG were discussed by the Supervisory Board in its meeting on March 27, 2017. The auditor was also in attendance. The members of the Supervisory Board had access to all of the necessary documentation to prepare for this meeting.

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

Furthermore, the report prepared by the Executive Board on the relationships with associates for the period from October 20 to December 31, 2016, was also examined by the auditor.

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

The Supervisory Board reviewed these annual financial statements, the consolidated financial statements and the combined management report for the Group and CHORUS Clean Energy AG in accordance with statutory regulations and subsequently approved them. The annual financial statements are therefore adopted pursuant to Section 172 AktG. The consolidated financial statements were approved for publication on March 31, 2017.

ACKNOWLEDGEMENT

The Supervisory Board would like to thank the Management Board and all employees for their dedication and excellent work in the challenging, yet successful fiscal year 2016.

Neubiberg/Munich, March 31, 2017

On behalf of the Supervisory Board,

Holger Götze,
Chairman of the Supervisory Board

CORPORATE GOVERNANCE

As an internationally operating and sustainability-conscious company, CHORUS considers a responsible and transparent corporate governance and control structure a matter of course. Good corporate governance facilitates trust between market participants and the company. We also view it as a basic requirement for enhancing the value of our company over the long-term and for protecting the interests of our investors, business partners, employees and other stakeholder groups. Alongside of the statutory requirements of capital market and corporate law, CHORUS AG considers the recommendations of the German Corporate Governance Code (DCGK) for its corporate governance policies. Pursuant to DCGK requirements, the Declaration of Compliance was issued in March 2017. This can be found on our company's website at www.chorus.de/en/investor-relations/corporate-governance/declaration-of-compliance/. Allowing for the exceptions listed and explained, we meet all the recommendations of the German Corporate Governance Codex.

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

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

RELEVANT INFORMATION ON COMPANY PRACTICES

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

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

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

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

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

COMPOSITION AND WORKING METHODS OF THE MANAGEMENT BOARD AT CHORUS AG

The Management Board consisted of three members at the beginning of 2016. Effective July 1, 2016, the Management Board position for Sales, Marketing and Institutional Services was created and the Management Board was expanded to four members. After the competitor Capital Stage AG announced on October 20, 2016, that it holds more than 94.42 percent of the voting rights of CHORUS AG, the CEO stepped down from his position on the same day with immediate effect. As of this date, the Management Board consisted of three members, though one of these members stepped down from the Management Board as of December 31, 2016. The Management Board therefore consists of two members since January 1, 2017. A Chairman of the Management Board was not appointed.

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

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

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

Regarding conflicts of interest, the Management Board members are to inform the Supervisory Board and all other members of the Management Board without delay regarding any relevant situations. In 2016, there were no conflicts of interest.

COMPOSITION AND WORKING METHODS OF THE SUPERVISORY BOARD AT CHORUS AG

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

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

The members of the Supervisory Board have the necessary skills, abilities and entrepreneurial experience to competently exercise their respective functions and preserve the reputation of CHORUS AG. The qualities considered regarding the selection of Supervisory Board members include international experience, company-specific qualification requirements, diversity (particularly regarding an appropriate share of female members), age and the presence of a sufficient number of independent Supervisory Board members. The Supervisory Board fulfilled these requirements in its composition until October 2016. On October 20, 2016, Capital Stage AG announced that it held 94.42 percent of the voting rights in CHORUS. On the same day, two of the three Supervisory Board members stepped down from their positions. At the request of the Management Board of CHORUS and the majority shareholder, Mr. Holger Götze and Dr. Christoph Husmann were appointed as new members of the Supervisory Board on November 16, 2016, by the District Court of Munich until the Annual General Meeting in 2017. The two newly appointed members of the Supervisory Board exercise an executive function with the majority shareholder of CHORUS, Capital Stage AG.

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

The members of the Supervisory Board are obligated to disclose any conflicts of interest to the Supervisory Board. The Supervisory Board reports whether any conflicts of interest occurred and how these were handled in its report to the Annual General Meeting. All notable conflicts of interest that are not of a temporary nature should result in the revocation of the appointment of the Supervisory Board member in question. No conflicts of interest occurred with the members of the Supervisory Board in 2016. Consulting and other service agreements between the company and a Supervisory Board member require the approval of the Supervisory Board.

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

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

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

COOPERATION BETWEEN THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

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

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

SHAREHOLDERS AND ANNUAL GENERAL MEETING

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

ACCOUNTING AND AUDITING

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

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

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

DECLARATION BY THE EXECUTIVE AND SUPERVISORY BOARDS OF CHORUS CLEAN ENERGY AG ON THE RECOMMENDATIONS OF THE GERMAN CORPORATE GOVERNANCE CODE PURSUANT TO SECTION 161 AKTG FOR THE FISCAL YEAR 2016

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

- The D&O insurance for the members of the Supervisory Board does not contain a deductible, which corresponds with international standards (no. 3.8 (3) DCGK). Since the members of the Supervisory Board carry out their duties responsibly and act in the interest of the company, CHORUS believes that a deductible would not increase the level of commitment or burden of responsibility for the members of the Supervisory Board. It also reduces the attractiveness of the positions on the Supervisory Board and thereby limits CHORUS in its competition for qualified candidates.
- There are no provisions regarding the recommended severance payment caps nor is there a change of control clause in the current service contracts for the members of the Management Board (no. 4.2.3 (4 & 5) DCGK). The amount of any severance payment will be determined by an agreement that is signed at the termination of the respective Management Board member's service contract. CHORUS is convinced that the Supervisory Board will sufficiently consider the interests of CHORUS in its negotiations with the departing Management Board member and will not approve excessive severance payments. The same holds true for a change of control.
- There are no disclosures provided on the remuneration of individual Management Board members nor on their fixed and variable components or supplementary payments (no. 4.2.4 DCGK). These recommendations were not adopted because the Annual General Meeting from March 10, 2015, resolved that the remuneration of the individual Management Board members is not to be disclosed in the consolidated financial statements for the years 2015 through 2019. This corresponds to the provisions from Sections 286 (5), 314 (2) and 315 a (1) of the German Commercial Code (HGB). For the duration of this opt-out provision, the company will refrain from observing the disclosure recommendations (pursuant to no. 4.2.5 (3)) within the company's renumeration report.

- No age limit has been established for Management Board members (no. 5.1.2 (2) DCGK). With this decision, the Supervisory Board aims to maintain the necessary flexibility for CHORUS to benefit from the experience of the Management Board members – independent of their age.
- Two of the three members of the Supervisory Board exercise an executive function with a major competitor (Capital Stage AG) of CHORUS (no. 5.4.2 p.4 DCGK). Capital Stage AG announced on October 20, 2016 that it held 94.42 percent of the voting rights in CHORUS. In view of the takeover by Capital Stage AG and at the request of CHORUS and Capital Stage AG, the two members of the Supervisory Board were appointed to the Supervisory Board by the Munich District Court on November 16, 2016. CHORUS is convinced that it can deviate from this recommendation, since this is the only way to adequately take into account the ownership structure of the Supervisory Board.
- Interim reports are published within 60 days of the end of the calendar quarter in compliance with statutory provisions (no. 7.1.2 DCGK). The Management Board and the Supervisory Board are of the opinion that a further tightening of this deadline, with its timing differences and the corresponding efforts, is not expedient.

Neubiberg/Munich, March 2017

On behalf of the Management Board,

Helmut Horst,
Member of the
Management Board

Karsten Mieth,
Member of the
Management Board

On behalf of the Supervisory Board,

Holger Götze,
Chairman

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

DIRECTORS' DEALINGS

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

Pursuant to no. 6.2 of the DCGK, the Management Board and the Supervisory Board must disclose their holdings, if these exceed one percent of the shares issued. As of December 31, 2016, the members of the Management Board did not hold any shares in CHORUS.

As of the reporting date, no CHORUS shares were attributed to the members of the Supervisory Board.

REMUNERATION REPORT

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

COMBINED MANAGEMENT REPORT
FOR THE FISCAL YEAR 2016

1 GENERAL INFORMATION

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

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

Unless otherwise stated, all disclosures in this report refer to their status as of December 31, 2016, or the fiscal year from January 1, 2016, to December 31, 2016.

All of the previous year’s figures in the management report have been retroactively adjusted pursuant to IAS 8.41 (for details, please see note 2 Adjustments to Figures from the Previous Year).

1.1 BUSINESS MODEL

CHORUS is a renowned operator of solar and wind parks and a full service provider for investments in the field of renewable energy. We currently manage a portfolio with a total capacity of nearly 540 megawatts (MW), distributed across 95 facilities in seven European countries. We offer institutional investors attractive opportunities to invest in renewable energy. We cover the entire investment cycle: From asset sourcing, via economic, technical and legal due diligence to commercial plant management as well as the control and monitoring of technical operations management to the sale of individual plants.

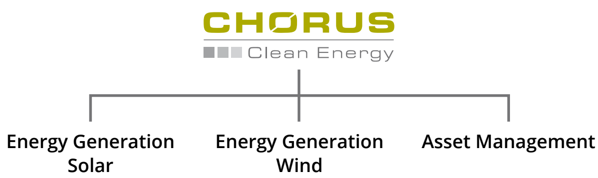
Our full portfolio (CHORUS’ own plants and those it manages for third parties) generated a total of 758,078 MWh of green energy in the fiscal year 2016 (2015: 392,463 MWh). This corresponds to the electricity consumption of about 280,000 average households. As a result, about 450,000 tons of climate-damaging CO_2 emissions were avoided.

1.2 GROUP STRUCTURE

As the parent company of the CHORUS Group, CHORUS Clean Energy AG exercises certain management functions. These include Group strategy, mergers, takeovers and integration processes, risk management, consolidated accounting and controlling, finances, legal functions, taxation, investor relations, marketing, IT, personnel management and public relations. Along with CHORUS Clean Energy AG, a total of 91 subsidiaries (2015: 85) are directly or indirectly included in the consolidated financial statements as of December 31, 2016.

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

CHORUS consists of the following three operating segments:



- **Energy Generation Solar** comprises all 55 solar parks in Germany and Italy.
- **Energy Generation Wind** comprises all 13 wind parks in Germany, France and Austria.
- **Asset Management** comprises all services in this segment, which includes the initiation of funds or the tailored design and structuring of other investments for professional investors in the renewable energy sector as well as the operation of the plants held by these investors. Furthermore, the operative and asset management services are also provided for Group companies that operate their own parks.

1.3 STRATEGIC CORPORATE MANAGEMENT

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

- Revenue
- EBITDA
- EBIT

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

Further key performance indicators for the CHORUS Group include:

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

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

Income before income taxes
+ Depreciation and amortization
+/– Other non-cash expenses/income
+/– Non-operative expenses/income
= Funds from operations (FFO)

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

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

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

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

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

2 ECONOMIC SITUATION

2.1 MACROECONOMIC ENVIRONMENT

GLOBAL ECONOMIC GROWTH STAYS AT PREVIOUS YEAR'S LEVEL

In the 2016 financial year, global economic growth remained at approximately the same level as the previous year, with above all geopolitical crises and political events having a negative impact on economic development. In addition to the refugee crisis and the threat of terrorist attacks, the significant uncertainty was caused by the continuing conflict in Syria, the deposition of President Dilma Rousseff's government in Brazil, an attempted military coup in Turkey, the British Brexit referendum, a constitutional referendum in Italy and – last but not least – the result of the presidential election in the United States. On top of that, the Chinese economy was in a state of transition towards an economy more heavily supported by internal economic growth which, to date, was accompanied by a decrease in the high rates of growth in previous years. In the eurozone, however, the German economy proved once again to be an important stabilising factor.

For the US economy, the International Monetary Fund (IMF) expects total economic growth for 2016 of 1.6 percent (2015: 2.6 percent). In the eurozone, economic growth in the 2016 financial year should have ended up at around 1.7 percent (2015: 2.0 percent). Compared to the previous year, the German economy gained momentum and achieved growth of 1.9 percent in 2016 (2015: 1.7 percent).

EXPANSIVE MONETARY POLICY

Due to weaker economic growth worldwide and the lower risk of inflation associated with it, monetary policy remained expansive on the whole in 2017 as well. While the US Federal Reserve did indeed raise the prime rate in December 2016 by 0.25 percent to between 0.5 and 0.75 percent, the prime interest rate was still lower than predicted for the overall forecast for the 2016 financial year. The European Central Bank also steered clear of interest rate hikes in 2016 and, instead, announced that it would continue its current bond-buying programme through at least December 2017 at a scale of EUR 80 billion per month.

THE EURO AIMS FOR PARITY WITH THE US DOLLAR

At the start of 2016, one euro was worth around 1.09 US dollars. As the year progressed, the euro was subjected to initial pressure, but was able to increase in value slightly compared to the US dollar due to the slowdown of the US economy. The euro-dollar exchange rate reached an interim high of 1.15 US dollars per euro. But with the surprising results of the Brexit referendum, the euro once again lost value compared to the US dollar and dropped to a rate of approximately 1.10 US dollars per euro. The result of the US presidential election in November 2016 caused mild short-term flight away from the US dollar, which strengthened the euro. This effect, however, was not long-lived. As the year continued, the euro's value fell to around 1.05 US dollars per euro by the end of 2016.

Initially, the value of the euro compared to the British pound (GBP) increased slightly in the first half of 2016. Significant depreciation of the British pound compared to the euro was recorded following the surprising results of the Brexit referendum on 23 June 2016. This resulted in the British pound losing nearly 20 percent of its value compared to the euro. The British pound has not made a significant recovery since then, with an exchange rate of 0.85 pounds per euro at the end of the reporting period.

UNCERTAINTY CAUSES HIGH VOLATILITY IN STOCK MARKETS

Investors had to endure another roller coaster ride in the 2016 financial year. Uncertainty regarding global economic development and various political events caused a high level of volatility on the financial markets. As a result, the leading German index DAX suffered initially, reaching a low for the year of 8,752 points at the beginning of February 2016. The DAX was able to recover as 2016 continued, however, but this recovery was also accompanied by volatility. Various political events such as the Brexit referendum and the results of the US presidential election were primarily responsible for this. Altogether, the DAX was still able to record an increase of 6.9 percent compared to the previous year. The SDAX, Germany's stock index for the small-cap segment, for the most part followed along with the DAX, albeit with slightly weaker growth. At the end of the year the SDAX was at 9,519 points, leaving it around 4.6 percent above the level of the end of the previous year.

The US Dow Jones Index also showed a relatively high level of volatility throughout the 2016 financial year. The second half-year was smooth sailing, particularly thanks to improved US economic figures as well as the expectation of government investment programmes resulting from the US presidential election. For the year, the Dow Jones showed solid growth of 13 percent and finished the 2016 financial year at 19,762 points.

2.2 THE RENEWABLE ENERGY MARKET

THE FUTURE BELONGS TO RENEWABLE ENERGY

The UN Climate Change Conference in Le Bourget, near Paris, in December 2015 marked a historic occasion: for the first time, all 195 participating nations came together for a worldwide climate protection agreement. The primary objective of the agreement is to limit the continued increase in global warming to well below two degrees – if possible, to 1.5 degrees. The Paris Agreement on climate protection came into effect in November 2016.

According to climate researchers, the emission of greenhouse gases such as CO_2 is the main cause behind global warming. For this reason, by the second half of the century at the latest, the amount of greenhouse gas emissions is to be reduced to a level which corresponds to that which the environment has the capacity to absorb.

Experts believe that this objective cannot be achieved without a global transition to renewable energy. The Paris Agreement on climate protection therefore signals no less than the end of the fossil fuel era and sends a clear signal to the markets: the future belongs to renewable energy.

This means that the worldwide expansion of renewable energy will continue over the coming decades. Since 2013, worldwide construction of renewable energy plants has exceeded that of coal, gas and nuclear plants put together (in terms of the power output). Photovoltaic and wind energy have therefore become the new key technologies of the 21st century.

While planning or construction for around two-thirds of coal power plants has been halted since 2010, the expansion of renewable energies continued growing in 2016. In the photovoltaic sector, 2016 saw the installation of new facilities around the globe with generation capacity of some 70 gigawatt (GW) according to the German Solar Association. The worldwide installed generation capacity therefore broke the 300 GW mark for the first time (2015: 230 GW). According to calculations of the Global Wind Energy Council, a total of approximately 54 GW of new wind capacity was installed worldwide in 2016. At the end of 2016, the worldwide installed generation capacity in the wind sector amounted to nearly 490 GW (2015: 432 GW).

At the same time, technological advancements and higher output from the installations have contributed to a reduction in wind energy costs by around 50 percent since 2009 and in solar energy costs around 90 percent. Both technologies are therefore becoming more and more economically attractive and, in some regions, are already in operation completely without government subsidies and in the freely competitive market. Since the ratification of the Paris Agreement at the latest, renewable energies have been playing a more prominent role for government and institutional investors. The Norwegian pension fund, insurance companies AXA and Allianz, the Church of England and the Rockefeller Foundation are merely a few examples of public and private investors that have already begun to withdraw their funds from companies and investments in the fossil fuels sector.

CHORUS has been successfully betting on the worldwide megatrend of renewable energy since 2009. In doing so, the Group's core business is the acquisition and operation of (ground-mounted) solar parks and (onshore) wind parks. The Company follows a risk-averse business model and, when acquiring new installations, generally focuses on turnkey projects or existing installations with guaranteed feed-in tariffs or long-term power purchase agreements. What is more, CHORUS only invests in geographic regions that stand out due to their stable political and economic conditions as well as reliable investment and framework conditions. Additionally CHORUS manages the entire value process for direct investments and participating interests in renewable energy installations for institutional investors.

As of March 2017, CHORUS already has a portfolio of 62 solar and 33 wind parks. Of these, 7 solar parks and 20 wind parks are managed for third parties by our Asset Management segment. The Group is active in the following countries: Germany, France, Finland, the UK, Italy, Austria and Sweden. The total generating capacity of the portfolio, including the assets held under Asset Management, is around 540 MW as of March 2017.

The output produced by CHORUS from renewable energies nearly doubled from 390 gigawatt hours (GWh) in 2015 to almost 760 GWh of electricity in 2016, setting a new record.

THE RENEWABLE ENERGY MARKET IN CORE REGIONS

As of March 2017, CHORUS is only active in European countries that are also current members of the European Union. The European Union has also ratified the Paris Agreement on climate protection, thereby committing itself to the achievement of the objectives laid out therein. At the same time, prior to the Paris Agreement, the European Union had already established its own objectives regarding climate change policy by the year 2030 as part of its climate and energy policies. These are:

- reduction of greenhouse gas emissions by at least 40 percent (compared to 1990 levels)
- increase of share of energy from renewable sources to at least 27 percent
- increase of energy efficiency by at least 27 percent

These objectives are intended to be achieved through national and cooperative measures on a European level. In order to create comparable conditions within the European community, the EU has issued, among others, environmental and energy subsidy guidelines with which the national subsidy programmes for renewable energies are to comply. In April 2014, it was determined that, beginning in 2017, the funding of renewable energies within the EU was to be carried out on the basis of tendering processes. As a result, there has been a change to funding mechanisms in EU member states over the past few years. While long-term feed-in tariffs previously formed the core of subsidy systems, the funding models in many countries have been developed further and complemented by control mechanisms which resemble those of the free market. In general, there is a choice between a premium model and a quota model. For premium models, the investment incentive is provided by a bonus in addition to the current market price. The quota model, 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. In both models, the amount of the subsidy will be primarily determined by an auction process in future. These mechanisms are often combined with other instruments such as tax incentives for investment in renewable energies.

The climate and energy policies of the European Union will therefore continue to rely on the expansion of renewable energies, which means that the market for renewable energies in Europe, and thus in our core regions, will remain a growth market.

For the CHORUS Group, this also means greater opportunities for the acquisition and operation of solar and wind parks within the European core regions. Additionally, with its focus on already existing installations and turnkey projects, CHORUS is not directly dependent on the continued expansion of renewable energy facilities. The Company can therefore focus its acquisition strategy on promising investments from the existing portfolios in the core regions.

GERMANY – INTRODUCTION OF TENDERING MODELS WITH EEG 2017

Germany is considered a pioneer in the energy revolution and has been funding renewable energies from the outset. The production capacity of already operating facilities is therefore comparatively high, especially with regard to international comparison. In Germany at the end of 2016, these figures amounted to around 41 GW of photovoltaic energy and 46 GW of wind energy. The proportion from renewable energy sources of the total electricity consumption in Germany amounted to more than 32 percent in 2016. By the year 2025, 40 to 45 percent of electricity consumed in Germany should stem from renewable energy sources.

In Germany, the provision and the remuneration for electricity produced from renewable energy sources is governed by the Renewable Energy Act (EEG). Until 31 December 2016, the EEG was valid in its version from 21 July 2014 (EEG 2014), which stipulated that grid operators are required to connect renewable energy installations immediately to their grid and to give them priority, as well as to purchase all electricity produced by these renewable energy installations. Operators of installations that generate their electricity from renewable energy sources are paid fixed remuneration determined in the EEG for a period of 20 years.

Since 2015, the subsidy of ground-mounted solar parks is carried out through competitive tendering processes. The winning bid in the tendering process then determines the resulting subsidy amount, which is then also fixed for a period of 20 years. Since the introduction of this tendering model, there have been six tendering processes in the solar sector. Throughout the process, the average subsidy amount sank from EUR 0.0917 per kilowatt-hour in the first round of tenders to EUR 0.0690 per kilowatt-hour in the sixth and final round of tenders in 2016.

All new installations are required to be directly marketed. In the market premium model in use, the operator of an installation that generates electricity using renewable energy sources receives a market premium in addition to the market price they receive for electricity purchased by third parties. The market premium compensates for the difference between the market price received and the previously guaranteed feed-in tariff.

The subsidisation of electricity from wind energy was governed by EEG 2014 for the entirety of 2016. This provided for the subsidy of wind energy installations at a rate of EUR 0.0850 per kilowatt-hour for five years from their commencement of operations; after expiration of the five-year period, the subsidy fell to EUR 0.0455 per kilowatt-hour. The subsidy has a period of 20 years.

So that expansion is governed, as far as possible, by market mechanisms both in the solar and in the wind sectors, a so-called breathing lid was introduced. The breathing lid provides for the reduction of remuneration if expansion happens too quickly and an increase in remuneration if expansion happens too slowly. The expansion corridor ranges from 2,400 to 2,600 MW per year.

Beginning with the effectiveness of EEG 2017 as of 1 January 2017, subsidies for onshore wind farms are also determined via a tendering process.

FRANCE – DOUBLING CAPACITY BY 2023

By enacting the law on the energy transition (Project de loi de programmation pour la 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, among other things, to significantly cut greenhouse gas emissions and significantly increase the share of total electricity production that comes from renewable energies. The aim is for 32 percent of all energy produced in France to come from renewable sources by 2030. In the meantime, the intermediate goal of 23 percent 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 percent down to 50 percent within ten years. In order to reach these targets, the French government plans to provide substantial subsidies to the expansion of renewable energies.

In October 2016, the French Ministry of the Environment, Energy and the Sea (MEEM) published the multi-year programme plan for energy (Programmation Plurianuelle de l'Energie – PPE). The PPE coming into effect is a decisive step towards the implementation of the law on the energy transition. With concrete objectives and measures, the PPE is the guide for diversification of the French energy mix to take place from 2016 to 2023. Among others, the PPE stipulates the following objectives for 2023:

- reduction of final energy consumption by 12.6 percent compared to 2012
- increase in installed renewable energy capacity by more than 70 percent, which includes the following expansion goals by 2023: increase in installed capacity in onshore wind to 21.8 to 26 GW, in solar to 18.2 to 20.2 GW and in offshore wind to 3 GW
- increase in the generation of renewable heat by 50 percent

In order to achieve the objectives laid out in the PPE by the year 2023, the solar sector would need to be expanded by an average of 1.5 GW per year. In the onshore wind sector, average growth would be in the range approaching 1.8 GW.

Since May 2016, ground-mounted PV parks in France have been supported by an accompanying market premium that is paid out in addition to the market price as part of the direct marketing of electricity.

In December 2016, the French government also implemented new payment structures and mechanisms for the funding of onshore wind energy. The system is now transforming from one that required the purchase of electricity generated by wind at a guaranteed price to one that is made up of market price and subsidy components. This applies for all projects larger than 500 kW; in future, operators of such installations must offer their electricity on the market and will receive a subsidy in addition to the market price in the form of a payment – the so-called complément de rémunération. Previously there was a fixed minimum price of at least EUR 0.082 per kilowatt-hour for a period of 15 years. Facilities that were approved before 1 January 2016 will continue to benefit from the tariff applicable since 2014.

FINLAND – SHARE OF RENEWABLE ENERGY TO GROW TO 50 PERCENT

The Finnish government has announced a goal to increase the share of renewable energy from its current level of 30 percent to 50 percent by the year 2020. This is significantly higher than the target figure set out by the European Union.

At the outset, Finland had implemented a system of feed-in tariffs based on the example of the German Renewable Energy Act (EEG), which is legally regulated by production subsidies for electricity generated from renewable sources. The subsidy limits for wind farms (2.5 GW) have since been reached. The Finnish government is currently working on future subsidy mechanisms with similarity to the free market.

UNITED KINGDOM – BREXIT CAUSES UNCERTAINTY AMONG INVESTORS

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 percent by 2020 and by 80 percent by 2050. In previous years, a critical stepping stone on the way to achieving these targets had been the subsidising, and therefore the expansion, of renewable energies.

The decision in June of 2016 to withdraw from the European Union also changed the framework conditions for British energy policy. The EU guidelines on climate and energy policy were indeed implemented into national British legislation and, as a result, will continue to be enforced even after the withdrawal from the EU; however, uncertainty with regard to investment is expected to increase on the whole.

To this point, potential subsidies in the United Kingdom were dependent upon the generation capacity of the installation and the operational phase of the project. Ground-mounted solar parks with a capacity of up to 5 MW will continue to benefit from a guaranteed feed-in tariff over a period of 20 years. Ground-mounted solar parks with a capacity of over 5 MW have to compete with other established technologies for contracts ("contract for difference" – CFD) via the competitive granting programme introduced by the government.

As part of a CFD, producers of renewable electricity receive a guaranteed price for their power generated over the life of the contract. The payment received is calculated by subtracting the market reference price from the base price set out in the CFD. But the electricity producer still has to sell the power they generate via power purchase agreements with buyers.

In the wind energy sector, the United Kingdom plans to rely particularly on the expansion of offshore capacities: at the end of 2016, construction of the largest offshore wind park in the world – Hornsea Project Two in the North Sea – was approved. The total generation capacity of the offshore wind park near the British coast will thus exceed the 1.8 GW mark.

Onshore wind farms are no longer being subsidised as of April 2016, but existing installations will be granted a right of continuance.

ITALY – TENDERING FOR 800 MW OF WIND ENERGY IN 2016

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. The decree is valid until 31 December 2016; additional ordinances are expected to be published for 2017 and beyond. The decree provides for, among other things, expansion in onshore wind of 60 MW with regard to installations with capacities of up to 5 MW and, for installations with greater than 5 MW in capacity, expansion of 800 MW in total for 2016. Tenders for the 800 MW of expansion capacity have been accepted since the end of November 2016 as part of an auction process.

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 percent. Many PV park operators and investors – including CHORUS – 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. In its decision issued at the beginning of December 2016, however, the Corte Costituzionale declared the doubt about the constitutionality of the decision to be unfounded.

Thanks to CHORUS'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 CHORUS 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 CHORUS assigns to Italy and thus the higher return on capital required for its Italian acquisitions.

SWEDEN – EXPANSION TARGET FOR RENEWABLE ENERGY INCREASED

As a rule, renewable energy in Sweden is subsidised through a quota model. As such, energy producers and companies that consume large amounts of electricity are required to draw an annually increasing proportion of their electricity from renewable sources. To do so, they purchase green electricity certificates produced by the green electricity facilities. Using these certificates, they demonstrate how much electricity each year – either delivered to end consumers or consumed themselves – was generated from renewable sources. A mutual market in neighbouring Norway for these certificates has also been in existence since 2012.

In October 2014, a red–green coalition in Stockholm took the reins of official business. According to Minister President Stefan Löfven, Sweden aims to generate at least 30 terawatt-hours (TWh) of its electricity from alternative sources by 2020. In this context, Sweden and Norway agreed in March 2015 to increase expansion targets for renewable energies by nearly eight percent by 2020.

AUSTRIA – SHARE OF RENEWABLE ENERGY TO BE INCREASED TO 34 PERCENT BY 2020

Pursuant to the Green Energy Feed-in Tariff Regulation (*Ökostrom-Einspeisetarifverordnung*), the feed-in tariff for electrical energy from wind power plants amounts to 9.04 euro cents per kWh if the application was made in 2016 and 8.95 euro cents per kWh for applications made in 2017. The term is 13 years from the date of contracting. The tariff term begins with the initial purchase of green electricity via the Green Energy Settlement Agency. Purchases at market price are therefore possible before this, without shortening the tariff term. Since 2015, free-standing photovoltaic plants and plants with a capacity of more than 200 kWp no longer receive funding in Austria.

RENEWABLE ENERGY OFFERS IDEAL INVESTMENT OPPORTUNITIES FOR INSTITUTIONAL INVESTORS

Many institutional investors are complying with the political demand for a quick exit from fossil fuels. In this season of low interest rates, investments in renewable energy represent an interesting alternative that offers attractive yields and stable cash flows at only moderate risk.

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

2.3 BUSINESS PERFORMANCE

From management’s perspective, the fiscal year 2016 was a very positive year. The following events contributed to this result:

2.3.1 EXPANSION OF THE PORTFOLIO

In the past years, CHORUS has developed a comprehensive portfolio of 95 solar and wind parks in seven European countries. The renewable energy plants operated by CHORUS have a combined nominal capacity of nearly 540 MW. Of these, 68 parks with a nominal capacity of more than 265 MW are owned by CHORUS directly. Further, we operate solar and wind parks for third parties with a nominal capacity of more than 270 MW. The managed volume was expanded by more than 150 percent compared to the previous year and now includes France, Sweden and Scotland in addition to Germany, Italy and Finland.

Our broadly diversified portfolio has about 45 percent of its nominal capacity located in other European countries (Italy, France, Austria and Finland, Sweden and Scotland) and about 55 percent in Germany.

Sale of the Italian Idea and Rasena Projects

Effective as of January 1, 2016, Idea Energy SAS di Chorus Solar Toscana 5 Srl & C. and Rasena Solare SAS di Chorus Solar Toscana 5. Srl & C. were sold as planned to two German pension funds and are no longer included in the consolidated financial statements. The management of these sites continues to be provided by CHORUS as part of its Asset Management activities.

Expansion of the German Wind Park Portfolio

As of March 31, 2016, CHORUS acquired CHORUS Wind Amöneburg GmbH & Co. KG (Hesse, five turbines) and CHORUS Wind Zellertal GmbH & Co. KG (Rhineland-Palatinate, two turbines) with a total capacity of more than 18 MW. All facilities went into operation by April 2016 and are expected to contribute more than EUR 4.5 million to Group revenues in their first full year of operation. On May 12, 2016, CHORUS acquired CHORUS Wind Hürth GmbH & Co. KG from Energiekontor, with a total capacity of 8.55 MW. The park also went into operation in May 2016. It is anticipated that the wind park will contribute around EUR 1.5 million to Group revenues in the first full year of operation. The purchase of CHORUS Wind Zellertal GmbH & Co. KG was reversed at the end of the year since the turbines had to run at a lower efficiency to comply with the approved noise levels.

CHORUS Acquires Largest Wind Park Portfolio in Its History in France

With the acquisition of the portfolio of four wind parks in France in June 2016, CHORUS can now considerably expand its presence in the French market. With a total investment volume of around EUR 120 million and a total capacity of more than 62 MW, the acquisition of the portfolio is the largest transaction in CHORUS's company history. The Marsais 1 and 2 projects went into operation in mid-2015, while the Glénay and Maisontiers projects went online in the third quarter of 2016. In total, the projects are anticipated to generate around EUR 15 million in revenue per year. All four wind parks are included in the consolidated financial statements for the first time as of September 30, 2016. The Glénay project from this portfolio was sold as planned to an institutional investor. Management of the project, however, will remain with CHORUS and will bolster its Asset Management business.

CHORUS Strengthens Asset Management Business by Taking Over Prime Renewables GmbH

On July 20, 2016, CHORUS took over Prime Renewables GmbH, Frankfurt, from Prime Capital AG, Frankfurt. The company headquarters has since been moved to Neubiberg near Munich and the company name changed to CHORUS IPP Europe GmbH. With this transaction, the managed portfolio is expanded by a good 86 MW. The company's portfolio includes renewable energy parks in five European countries, giving CHORUS access to the markets of Sweden and the UK. While the company is largely financed by institutional investors, CHORUS is responsible for portfolio management.

Management Takeover at Two Wind Parks in Germany and Scotland

CHORUS took over the management of two wind parks in Germany and Scotland by purchasing them from Lloyd Fonds AG, Hamburg, on August 18, 2016. With this transaction, the nominal capacity of the total managed portfolio increased by about 25 MW.

Continued Cooperation with German Pension Fund

The cooperation started in 2015 with two renowned pension funds was successfully continued in the 2016 fiscal year. On August 16, 2016, one of the pension funds provided a further EUR 37.5 million to develop a portfolio of wind parks in several European countries for its own sub-fund. The target volume is to be increased to 50 million in 2017. Along with the development of the portfolio, CHORUS was also once more commissioned to provide all additional asset management services including the operation of the plants.

The initial funds were invested in September 2016 with CHORUS acquiring the German wind park Parey in Saxony-Anhalt with a capacity of 18.8 MW on behalf of the pension fund. Further, CHORUS sold its French wind park Glénay to an institutional customer at the end of 2016. The acquisition of an additional park in 2017 should achieve the planned target volume. As part of its activities in the Asset Management segment, CHORUS assumed the long-term operation of the parks.

On behalf of institutional investors, the Rüdersdorf solar park in Brandenburg with a nominal capacity of 3.3 MW was acquired in July 2016. At the end of the year, the portfolio for institutional investors was expanded with two additional German wind parks: the Hahnenberg wind park with a nominal capacity of 6.4 MW and the Steigerwald wind park with a nominal capacity of 7.2 MW.

2.3.2 FURTHER DEVELOPMENTS DURING THE FISCAL YEAR

New Management Board Position: Karsten Mieth Assumes Responsibility for Asset Management

In order to meet the growing demand from institutional investors for investment opportunities with attractive returns, CHORUS expanded its Management Board with a new position for the Asset Management segment in March 2016. Industry expert Karsten Mieth joined the Management Board on July 1, 2016, and assumed responsibility for Sales, Marketing and Institutional Services.

Savings from Renegotiation of Financing Conditions in Italy

CHORUS renegotiated the conditions for its existing financing to current market conditions in June 2016. The financing is for a portfolio of Italian solar parks. This renegotiation had a positive impact on earnings thanks to the resulting annual savings of interest payments of EUR 450 thousand.

Payout of Tax-free Dividend

The Annual General Meeting on June 22, 2016, agreed to the payout of a dividend of EUR 0.18 per share, resulting in a total payment of EUR 4,987 thousand. The dividend is tax-free pursuant to Section 27 (1) of the KStG. According to the resolution of the Annual General Meeting, the balance sheet profit for the 2015 fiscal year was used to pay the dividends. The payment of cash dividends occurred as planned on June 23, 2016.

Takeover by Capital Stage AG

On May 30, 2016, Capital Stage AG, Hamburg, announced a voluntary public takeover bid for all shares in CHORUS Clean Energy AG in the form of an exchange offer. The acceptance period for this offer (including the extended deadline) ended on October 5, 2016. Since the technical implementation of this transaction in mid-October, Capital Stage AG holds over 94 percent of the shares in CHORUS Clean Energy AG and is therefore the majority shareholder.

Changes in the Management Board and Supervisory Board

With the registration of the capital increase at majority shareholder Capital Stage AG, the CEO of CHORUS, Holger Götze, was appointed to the Management Board of Capital Stage AG as COO. He therefore stepped down from the Management Board of CHORUS on October 19, 2016. At the same time, Management Board member Heinz Jarothe announced that he will be stepping down as of the end of the year for personal reasons. Therefore, the future Management Board of CHORUS Clean Energy AG will comprise Helmut Horst and Karsten Mieth. Supervisory Board members Peter Heidecker and Christine Scheel have stepped down from their positions at CHORUS and have moved to the Supervisory Board of Capital Stage AG with immediate effect. With the entry in the commercial register dated November 16, 2016, the Supervisory Board of CHORUS Clean Energy AG comprises the existing member Dr. Heinrich Riederer and two members of the Management Board of Capital Stage AG: Holger Götze and Dr. Christoph Husmann.

2.3.3 PERFORMANCE OF THE OPERATING SEGMENTS

No new investments were made in the Solar segment during the reporting period. Two Italian solar parks were sold as planned to two German pension funds at the start of the year. CHORUS still manages their portfolios as part of its Asset Management activities. As of December 31, 2016, the segment comprised 55 solar parks (2015: 57) in Europe with a capacity of about 150 MW.

The Wind segment consists of 13 wind parks in Europe as of December 31, 2016 (2015: eight). With purchase of the Amöneburg and Hürth wind parks as well as the France portfolio (without Glénay), capacities rose to over 115 MW. Since a large portion of the wind parks were acquired by the Group during the year, their income contributions for the following years will be correspondingly higher than in the initial year.

In Asset Management, revenue was generated from the ongoing management of existing parks in the CHORUS portfolio and from project structuring during the fiscal year. In addition, the managed portfolio has been significantly expanded during the year, particularly due to the takeover of CHORUS IPP Europe GmbH, including the service agreement.

Further details on the development of the portfolio can be found in section 2.3.1 Expansion of the Portfolio.

2.3.4 COMPARISON OF THE REPORTED OUTLOOK FROM PREVIOUS PERIOD WITH ACTUAL BUSINESS DEVELOPMENT

CHORUS was able to meet the outlook provided in the 2015 annual report and even partially exceed it. As planned, the funds from the IPO at the end of 2015 were invested in European wind and solar parks. Similarly, funding from institutional investors was further advanced and additional assets were acquired for these funds. In addition, the result of operations was considerably improved via newly agreed financing conditions. The planned moderate growth in revenue and EBITDA was achieved as a result of the investments made in 2016. As expected, the increase was mainly achieved in the Wind segment. EBIT came in lower than expected in the outlook from the previous year since the new acquisitions in the year under review were only included in the consolidated financial statements on a pro-rata basis and thus led to a high amortization expense compared to the operating result (EBITDA).

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

RESULT OF OPERATIONS

in EUR thousands	2016	2015
Revenue	62,751	58,582
Other income	3,979	2,621
Personnel costs	–4,044	–2,686
Other expenses	–17,042	–15,661
Earnings before interest, taxes, depreciation and amortization (EBITDA)	45,644	42,856
Depreciation and amortization	–26,669	–21,976
Earnings before interest and taxes (EBIT)	18,975	20,880
Financial income	376	192
Financial expenses	–10,261	–10,076
Financial investments recognized using the equity method	–21	–26
Result from the measurement of interest rate swaps	–339	1,872
Financial result	–10,245	–8,038
Earnings before taxes (EBT)	8,730	12,842
Income taxes	–4,448	–3,882
Profit for the year	4,282	8,961
Earnings per share (EUR)	0.15	0.45
Other comprehensive income after taxes	–153	743
Total comprehensive income	4,129	9,704

Revenue was notably higher than in the previous year at EUR 62,751 thousand (2015: EUR 58,582 thousand). The increase is particularly due to the purchase of European wind parks during the year under review as well as the rise in revenue in the Asset Management segment. This was partially counteracted in Group revenue by the lower wind levels and the sale of two Italian parks at the start of the year. While the revenue generated by the solar parks were down 6.5 percent due to lower solar radiation levels, a strong revenue increase of 117.9 percent was generated by the wind parks. This is mainly due to the acquisition of wind parks since the end of 2015. The proportion of our total revenue accounted for by wind parks increased from 10.1 percent to 20.6 percent as compared with the previous year.

Revenue breaks down by country as follows:

in EUR thousands	2016	2015
Germany	37,945	35,476
Italy	19,530	20,972
France	3,006	677
Austria	2,270	1,457
Revenue	62,751	58,582

Revenue development is dependent on the amount of electricity generated. The output of the solar and wind parks in the fiscal year 2016 totaled 341,306 MWh. 31 percent of the electricity generated is attributable to the solar parks in Germany and 19 percent is attributable to solar parks in Italy. Half of the electricity generated was produced by the wind parks, of which 24 percent from those in Germany, 18 percent in France and 8 percent in Austria.

Other income mainly contains income from business combinations and disposals and increased by EUR 1,358 thousand – from EUR 2,621 thousand in 2015 to EUR 3,979 thousand in 2016. This is primarily connected to the recognition of the negative difference from the first-time consolidation of the wind parks acquired in 2016. It also contains income from the sale of the two Italian solar parks at the start of 2016 as well as from the Glénay wind park at the end of the year.

Personnel costs increased in 2016 from EUR 2,686 thousand in 2015 to EUR 4,044 thousand, which corresponds to an increase of around 50 percent. This trend is linked to the increased number of staff compared with the previous year as well as some small salary increases.

Other expenses mainly consist of the operational costs for the solar and wind parks as well as administration expenses and amounted to EUR 17,042 thousand in the fiscal year 2016 (2015: EUR 15,661 thousand). The increase is mainly attributable to the expansion of the portfolio. Furthermore, EUR 2,242 thousand were recognized in other expenses in connection with the takeover by Capital Stage AG. In the previous year, one-time costs of EUR 2,837 thousand were recognized in relation to the IPO in October 2015.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 45,644 thousand in the fiscal year 2016 (2015: EUR 42,856 thousand). The EBITDA margin was identical to the previous year at 73 percent. The increase is attributable to the previously given explanations.

Amortization expenses mainly relate to scheduled amortizations on solar and wind parks and amounted to EUR 26,669 thousand in the fiscal year 2016 (2015: EUR 21,976 thousand). The increase of EUR 4,693 is also mainly attributable to the expansion of the portfolio.

This resulted in earnings before interest and taxes (EBIT) of EUR 18,975 thousand for the CHORUS Group in the fiscal year 2016 (2015: EUR 20,880 thousand), which represents an EBIT margin of 30 percent (2015: 36 percent).

The financial result dropped from EUR –8,038 thousand in fiscal year 2015 to EUR –10,245 thousand in the fiscal year 2016. One key component of the financial result was the recognized interest expenses of EUR 10,261 thousand (2015: EUR 10,076 thousand), which mainly relate to the debt financing of the solar and wind parks and are slightly higher than the previous year as a result of acquisitions. The valuation of interest rate swaps on the cut-off date, which led to a non-cash interest expense of EUR 339 thousand, played a major role in the significant decrease in the financial result as compared to the previous year. In the previous year, the interest rate swaps had a positive effect for CHORUS, with interest income of EUR 1,872 thousand.

The EBT margin for 2016 was 14 percent (2015: 22 percent) with earnings before taxes (EBT) of EUR 8,730 thousand (2015: EUR 12,842 thousand). The decrease of EUR 4,112 thousand as compared with the previous year was largely due to the effects of the interest rate swap valuation described above (EUR –2,211 thousand).

Expenses from income taxes for the fiscal year 2016 amounted to EUR 4,448 thousand compared to EUR 3,882 thousand in the previous year. The increase and the comparably high tax rate are mainly attributable to the elimination of tax losses carried forward in connection with the change in majority ownership.

Profit for the year in the fiscal year 2016 was EUR 4,282 thousand (2015: EUR 8,961 thousand), which corresponds to a margin of 7 percent (2015: 15 percent).

Total comprehensive income of EUR 4,129 thousand (2015: EUR 9,704 thousand) comprises other comprehensive income of EUR –153 thousand (2015: EUR 743 thousand) alongside of profit for the year. This resulted from the change in market value for financial assets available for sale after taxes.

Earnings per share totaled EUR 0.15 for the fiscal year 2016 (2015: EUR 0.45). Since the earnings per share for both years refer to a different number of ordinary shares outstanding, the data is not directly comparable.

Special Effects

The business activities can be affected by one-off occurrences, whose effects are recognized in the consolidated financial statements as “special effects”. To ensure greater comparability of the financial information across multiple reporting periods, earnings pursuant to IFRS are adjusted for these effects. In the fiscal year 2016, other operating expenses contains one-time expenses that arose in connection with the takeover by Capital Stage AG. Additionally, some of the tax losses carried forward expired with the takeover. In the fiscal year 2015, extraordinary expenses occurred in connection with the IPO that could not be directly deducted from the capital reserve during the preparations for the IPO. They had the following impacts on the consolidated statement of comprehensive income:

in EUR thousands	2016	2015
EBITDA (IFRS)	**45,644**	42,856
Adjustment for special effects	**2,242**	2,837
Adjusted EBITDA	**47,886**	**45,693**
EBIT (IFRS)	**18,975**	20,880
Adjustment for special effects	**2,242**	2,837
Adjusted EBIT	**21,217**	**23,717**
Net income	**4,282**	8,961
Adjustment for special effects	**3,574**	2,110
Adjusted profit for the year	**7,856**	**11,071**
Earnings per share (IFRS/EUR)	**0.15**	0.45
Adjustment for special effects per share (EUR)	**0.13**	0.11
Adjusted earnings per share (EUR)	**0.28**	**0.55**

EBITDA adjusted for the expenses related to the takeover (EUR 2,242 thousand) amounted to EUR 47,886 thousand in the fiscal year 2016, which represents an adjusted EBITDA margin of 76 percent.

Adjusted EBIT was EUR 21,217 thousand in 2016. The adjusted EBIT margin was therefore 34 percent.

The adjusted profit for the year for 2016 was EUR 7,856 thousand, which corresponds to an adjusted earnings margin of 13 percent.

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

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

The adjusted profit for the year for 2015 was EUR 11,071 thousand, which corresponds to an adjusted earnings margin of 19 percent.

Results of Operations for the Segments

in EUR thousands	2016	2015
Revenue		
Solar	**46,071**	49,263
Wind	**12,926**	5,931
Asset Management	**6,628**	4,833
Earnings before interest, taxes, depreciation and amortization (EBITDA)		
Solar	**39,777**	41,290
Wind	**9,750**	4,846
Asset Management	**6,181**	4,552
Earnings before interest and taxes (EBIT)		
Solar	**20,785**	21,739
Wind	**2,368**	2,510
Asset Management	**6,170**	4,552
Financial result		
Solar	**–8,127**	–6,809
Wind	**–2,355**	–505
Asset Management	**2**	25
Earnings before taxes (EBT)		
Solar	**12,658**	14,930
Wind	**12**	2,005
Asset Management	**6,172**	4,577
Profit for the year		
Solar	**9,343**	12,165
Wind	**1,001**	1,160
Asset Management	**5,847**	4,228
Earnings per share (EUR)		
Solar	**0.34**	0.61
Wind	**0.04**	0.06
Asset Management	**0.21**	0.21

Due to the expansion of the business activities in Asset Management, a strong increase in the key performance indicators for the Asset Management segment occurred in the fiscal year 2016 compared to the previous year.

The acquisitions made during the year under review are reflected in the key performance indicators for the segment Energy Generation Wind. By contrast, the segment Energy Generation Solar posted a slight decline due to lower solar radiation levels.

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

NET ASSETS

The following condensed table shows the assets of the CHORUS Group as of December 31, 2016:

in EUR thousands	December 31, 2016	December 31, 2015	Change absolute	Change in %
Non-current assets	**585,867**	468,758	117,109	25
Current assets	**90,400**	141,987	–51,588	–36
Total assets	**676,266**	**610,745**	**65,521**	**11**
Equity attributable to the owners of CHORUS Clean Energy AG	**231,171**	232,029	–858	0
Non-controlling interests	**0**	11	–11	–100
Non-current liabilities	**395,187**	325,719	69,467	21
Current liabilities	**49,909**	52,986	–3,078	–6
Total equity and liabilities	**676,266**	**610,745**	**65,521**	**11**

The equity attributable to the owners of CHORUS Clean Energy AG decreased by EUR 858 thousand – from EUR 232,029 thousand as of December 31, 2015, to EUR 231,171 thousand as of December 31, 2016. This decrease is primarily due to the fact that the payment of dividends in the second quarter of 2016 (EUR 4,987 thousand) exceeded the recorded consolidated income for the year of EUR 4,284 thousand. The equity ratio amounted to 34 percent (38 percent as of December 31, 2015).

Non-current assets totaled EUR 585,867 thousand in the fiscal year 2016 and therefore were 25 percent higher than in the previous year (2015: EUR 468,758 thousand).

Intangible assets and goodwill rose (EUR 42,220 thousand) from EUR 177,149 thousand to EUR 219,369 thousand. This increase of 24 percent is particularly attributable to the purchases of wind parks in the 2016 fiscal year (assets from business combinations: EUR 79,818 thousand) as well as the acquisition of CHORUS IPP Europe GmbH. Counter to this, the item was reduced due to deconsolidations (EUR 33,815 thousand) as well as amortizations on advantageous project rights (EUR 11,007 thousand).

Property, plant and equipment increased by EUR 76,663 thousand from EUR 273,147 thousand to EUR 349,810 thousand. This increase of 28 percent is mainly due to the acquisition of wind parks (EUR 119,878 thousand). In contrast, property, plant and equipment decreased due to deconsolidations (EUR 46,881 thousand) and depreciations. Furthermore, EUR 17,176 thousand was invested in existing parks at the end of the construction phase.

Current assets amounted to EUR 90,399 thousand as of December 31, 2016, and therefore were EUR 51,588 thousand lower than on December 31, 2015 (EUR 141,987 thousand).

Trade receivables increased by EUR 2,484, current financial and non-financial assets were up EUR 4,084 thousand. This increase mainly relates to the purchase of new companies during the fiscal year. It also contains purchase price receivables from the sale of the Glénay wind park totaling EUR 7,714 thousand.

The balance for liquid funds decreased by EUR 56,258 thousand – from EUR 114,728 thousand as of December 31, 2015, to EUR 58,469 thousand as of December 31, 2016. For more information about this decrease, please refer to the Notes to the Financial Position.

Assets held for sale are no longer listed as of December 31, 2016, due to the sale of the solar parks affected.

The increase in non-current liabilities from EUR 325,719 thousand on December 31, 2015, to EUR 395,187 thousand as of December 31, 2016, is mainly attributable to the increase in non-current financial liabilities and bank loans. The increase of EUR 69,467 thousand corresponds to 21 percent.

As of December 31, 2016, the Group had non-current bank loans and lease liabilities as well as obligations from derivatives transactions of EUR 363,081 thousand (2015: EUR 312,894 thousand) in connection with loans and leases for financing the solar and wind parks. All loan agreements are non-recourse loans, meaning that the liability is limited to the parks. The increase resulted from the purchases made during the fiscal year as well as from the acquisition of additional funds for completing some wind parks. Counter to this was the reduction in liabilities stemming from scheduled repayments. The obligations from derivatives transactions increased EUR 406 thousand – from EUR 7,775 thousand to EUR 8,181 thousand as a result of the remeasurement at the reporting date. The provisions for asset retirement obligations were up EUR 4,692 thousand from EUR 4,780 thousand to EUR 9,472 thousand, which also relates to the business combinations performed in the year under review.

Current liabilities decreased by EUR 3,078 thousand from EUR 52,986 thousand to EUR 49,908 thousand. This decrease was primarily due to the lower income taxes payable resulting from tax disbursements and due to the elimination of debts in connection with the sale of assets held in the solar parks affected.

Total assets amounted to EUR 676,266 thousand as of December 31, 2016, and therefore were 11 percent higher than on December 31, 2015 (EUR 610,745 thousand).

FINANCIAL POSITION

in EUR thousands	2016	2015
Net cash flow from operating activities	37,662	32,547
Cash used in investing activities	–62,545	–14,460
Cash used in financing activities	–33,897	62,156
Cash and cash equivalents at beginning of period	101,028	21,199
Minus cash and cash equivalents from assets held for sale	0	–413
Cash and cash equivalents at end of period	42,249	101,028
Net change in cash and cash equivalents	–58,779	80,242

The change in cash and cash equivalents amounted to EUR –58,779 thousand in the reporting period (2015: EUR 80,242 thousand) and comprised the following elements:

CHORUS generated a positive cash flow from its operating activities of EUR 37,662 thousand (2015: EUR 32,547 thousand) that is mainly attributable to the operation of solar and wind parks as well as its Asset Management activities. As a result of acquisitions, the operative cash flow was significantly up on the previous year.

Cash flow from investing activities of EUR –62,545 thousand (2015: EUR –14,460 thousand) is mainly attributable to the acquisitions and sales of subsidiaries as well as payments for investments in property, plant and equipment and intangible assets. The investments made during the fiscal year for the purchase of subsidiaries totaling EUR 56,447 thousand primarily relate to the new projects Amöneburg, Zellertal and Hürth as well as the French wind park portfolio. In contrast, the sale of the two Italian solar parks, the Glénay wind park and the return of the Zellertal wind park resulted in income totaling EUR 17,507 thousand for the Group. Furthermore, this was countered by the sale in the first half of 2015 of the acquired and temporarily held 35 percent stake in a wind park's limited partnership and a shareholder loan, which had a positive effect on the cash flow from investing activities (EUR 3,890 thousand). CHORUS invested EUR 1,967 thousand in financial assets in the year under review, particularly in profit-participation rights from CHORUS IPP Europe GmbH. Another EUR 25,697 thousand were invested in intangible assets and property, plant and equipment.

The cash flow from financing activities totaled EUR –33,897 thousand (2014: EUR 62,156 thousand) and is mainly related to repayments and interest payments on existing loans and liabilities from finance leases. The figure also reflects the payment of dividends amounting to EUR 4,987 thousand. Counter to this, liquid funds of EUR 19,395 thousand were paid out in 2016 for plants under construction under the terms of the completed project financing. In 2015, the cash flow from financing activities was characterized by income from the IPO (EUR 100,000 thousand), which was reduced by the cash outflow of EUR 5,930 thousand for equity procurement costs.

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

Funds from operations amounted to EUR 29,748 thousand in the fiscal year (2015: EUR 35,898 thousand). The decline compared to the previous year is mainly due to income taxes paid in the 2016 fiscal year.

2.5 EMPLOYEES

The number of employees working at the CHORUS Group rose in the fiscal year 2016. At the end of the fiscal year 2016, 35 employees were working in management and administration at CHORUS AG in Neubiberg. Compared to the previous year (2015: 33), the figure rose by two employees or 6 percent. Three trainees also bolstered the team at CHORUS AG in 2016 (2015: two). The share of female employees was over 50 percent as of December 2016. We plan to further expand this share in the coming years – also regarding management positions.

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

2.6 REMUNERATION REPORT

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

BASIC PRINCIPLES OF THE REMUNERATION SYSTEM FOR THE MANAGEMENT BOARD

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

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

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

FIXED REMUNERATION

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

PERFORMANCE-BASED REMUNERATION

The annual bonus of the Management Board members is determined via the Company-specific key performance indicator “Company value enhancement.” This compares the development of the CHORUS share to the (adjusted) German Share Index (DAX) in consideration of dividends paid. The annual bonus for the entire Management Board is limited to a total of EUR 275 thousand and is due within six weeks from the date when the Supervisory Board determines the increase in company value for the respective calendar year.

BASIC PRINCIPLES OF THE REMUNERATION SYSTEM FOR THE SUPERVISORY BOARD

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

2.7 REPORT ON RELATIONSHIPS TO ASSOCIATED COMPANIES

The Management Board of CHORUS AG is obligated to prepare a report on relationships to associated companies pursuant to Section 312 German Stock Corporation Act (AktG) for the period from October 20 to December 31, 2016. The Management Board made a report on relationships to controlling and their related companies and summarily declared that, according to the circumstances we were aware of at the time these legal transactions and measures were performed, the company received a fair compensation for every transaction and measure that was implemented, an was therefore not disadvantaged.

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

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

COMPOSITION OF THE SHARE CAPITAL

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

HOLDINGS THAT EXCEED 10 PERCENT OF THE VOTING RIGHTS

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

- Capital Stage AG, Hamburg, Germany, informed CHORUS AG in a letter dated October 20, 2016, that it was attributed with holding about 94.42 percent of the voting rights in CHORUS AG.

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

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

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

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

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

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

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

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

2.9 CORPORATE GOVERNANCE STATEMENT PURSUANT TO § 289A OF THE GERMAN COMMERCIAL CODE (HGB)

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

3 OPPORTUNITY REPORT

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

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

The following opportunities are of equal importance to the Group.

3.1 OPPORTUNITIES FROM ECONOMIC DEVELOPMENT

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

3.2 OPPORTUNITIES FROM INNOVATIONS

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

3.3 OPPORTUNITIES FROM THE REGULATORY ENVIRONMENT AND INTERNATIONAL DEVELOPMENTS

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

3.4 OPPORTUNITIES FROM IMPROVED FORECAST ACCURACY

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

3.5 OPPORTUNITIES FROM GEOGRAPHIC DIVERSIFICATION

CHORUS manages solar and wind parks, predominantly in Germany, but also in Italy, France, Austria and Finland. Investments were also made in Scotland and Sweden in 2016. The focus is on economically and financially stable countries with well-developed and sustainable subsidy programs for renewable energy. CHORUS plans to further diversify the geographical structure of its solar and wind park portfolio and therefore minimize the effect of local weather volatility. This will also reduce dependency on national subsidy programs.

3.6 OPPORTUNITIES FROM POSITIVE DEVIATIONS REGARDING METEOROLOGICAL CIRCUMSTANCES

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

4 RISK MANAGEMENT SYSTEM

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

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

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

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

4.1 MEASURING RISK

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

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

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

4.2 RISK MANAGEMENT

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

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

4.3 RISK CONTROLLING

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

Changes to the risks reported from the previous year, such as an upgrade or downgrade of the risk score or the identification of new risks in the “Medium” or “High” classes, are presented in detail in section 5 insofar as they exist.

4.4 RISK REPORT

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

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

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

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

4.6 RISK CLASSES

RISK CLASS “HIGH” (RISKS WITH A RISK SCORE ABOVE 50 POINTS)

Risks within this class have a high likelihood in combination with a large impact on the Group and CHORUS AG.

RISK CLASS “MEDIUM” (RISKS WITH A RISK SCORE BETWEEN 20 AND 50 POINTS)

Risks within this class have either a low likelihood in combination with a large impact or a high likelihood with a low impact on the Group and CHORUS AG.

RISK CLASS “LOW” (RISKS WITH A RISK SCORE BELOW 20 POINTS)

Risks within this class have a low likelihood in combination with a low impact on the Group and CHORUS AG.

5 RISK REPORT

5.1 RISKS IN THE "HIGH" RISK CLASS

5.1.1 FINANCIAL RISKS

Financing Risk

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

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

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

5.1.2 OPERATING RISKS

Project Development Risks

Unsubmitted or incorrectly submitted applications, missing or incorrect approvals, inaccurate or unsafe constructions and similarly grave violations of official requirements can delay the realization of a project or even completely prevent it, with the costs accrued to that point being partially or completely lost as a result.

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

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

With the Zellertal project, which was purchased in the spring of 2016, the contractually stipulated right to withdraw was used at the end of the year since the turbines there were not able to comply with the officially approved noise limits. The risks for CHORUS are limited due to contractual stipulations.

5.2 RISKS IN THE "MEDIUM" RISK CLASS

5.2.1 SALES RISKS

Risk from Expanding Asset Management Activities

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

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

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

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

Risk Stemming from Capital Procurement (Equity)

A solid and sustainable capital base is necessary for the implementation of the growth strategy of CHORUS and/or the purchase of plants for generating electricity from renewable energy sources. This requires the procurement of equity in noteworthy volumes. As part of the IPO, a high availability of funds was secured in October 2015 with the placement of a capital increase of EUR 100 million, whereby the capital base can currently be regarded as very well endowed. Over the course of the fiscal year 2016, some of these funds were invested in renewable energy parks.

5.2.2 FINANCIAL RISKS

Risk from Financial Key Figures in Connection with Loan Financing

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

5.2.3 OPERATING RISKS

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

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

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

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

Risks from Natural Catastrophes

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

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

5.3 RISKS IN THE "LOW" RISK CLASS

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

5.3.1 STRATEGIC RISKS

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

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

Aside from the possibility of financing the purchase price, there are no substantial barriers to entry for potential competitors in this market. As a result, it cannot be ruled out that other competitors could gain relevant knowledge, join the market and eat into the CHORUS Group's market share. CHORUS faces this risk with a proactive approach: We are approached with roughly 1,000 investment objects each year, which are subject to a strict selection process as part of our profitability analysis. The result of this process was a pipeline with over one gigawatt of suitable solar and wind parks at the end of 2016. This highlights the core competencies of CHORUS: With comprehensive industry knowledge and a far-reaching network, we get access to information regarding attractive investment opportunities at an early stage.

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

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

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

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

5.3.2 FINANCIAL RISKS

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

Interest Risk

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

5.3.3 ORGANIZATIONAL RISKS

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

5.4 TOTAL RISK

The risk report in the combined management report comprehensively presents the key risks for the CHORUS Group as of the reporting date, December 31, 2016. During the reporting period, these risks were analyzed, identified and actively managed within the framework of the risk management system. The Management Board of CHORUS AG is not aware of any risks that would endanger the continued existence of the Group or Company.

6 SUBSEQUENT REPORT

Events occurring subsequent to the reporting date can be found in the notes to the consolidated financial statements in note 13.9.

7 OUTLOOK

7.1 MACROECONOMIC CONDITIONS AND MARKET ENVIRONMENT

The global economy has recently regained momentum. Nevertheless, the world economy faces risks in 2017 – particularly those of a political nature. In the US, growth indicators were already improving again before the US presidential elections. If US President Donald Trump implements his previously announced fiscal policy measures, such as tax relief for US companies and greater investments in infrastructure, these measures could initially provide further growth impulses. By contrast, the protectionist measures announced by Trump may have a detrimental effect on US growth should they be enacted. In China, the economic slowdown is to be countered by a government credit and spending program. In the eurozone, elections will be held in several European economies such as France, the Netherlands and Germany in 2017. The signs seem to be pointing to new elections in Italy as well. If populist and anti-European parties gain a greater foothold, this will likely to have a negative effect on the future growth expectations of the eurozone. Additionally, geopolitical conflicts – particularly those in the Middle East – continue to weigh on global economic development. The risks to the global economic development thus remain high.

The International Monetary Fund (IMF) expects a slightly higher growth of 3.4 percent for the global economy in 2017 (2016: 3.1 percent). The US economy is expected to see significantly more pronounced growth than in the previous year at 2.3 percent (2016: 1.6 percent). Economic growth in the eurozone is expected to remain roughly at the level of the previous year at 1.6 percent (2016: 1.7 percent). For the German economy, the IMF expects a slight slowdown in growth, dropping from 1.7 percent in 2016 to around 1.5 percent in 2017.

With the US economy picking up, the US inflation rate is also likely to gain momentum, with the Fed expected to enact further rate hikes in 2017. However, the benchmark interest rate should still be at a very low level in historical terms. Monetary policy remains expansive in Europe. The European Central Bank announced in December 2016 that it was extending its bond purchase program to at least the end of December 2017. However, the current monthly volume of 80 billion euros is to be reduced to 60 billion from April 2017 onwards. Given the robust economic growth in the US and the slightly higher interest rate, the euro is likely to move towards parity against the US dollar in 2017. The development of the Brexit and the corresponding disadvantages for the British economy are likely to have a decisive effect on the price relationship between the British pound and the euro in 2017.

MEGATREND: RENEWABLE ENERGY

The end of the era of fossil fuels was rung in with the Paris Agreement on Climate Change from December 2015.

The goals agreed at the conference intended to hinder further global warming cannot be achieved without the continued massive expansion and use of renewable energy. It is estimated that by 2030, annual investments in renewable energy of up to one trillion euros will be necessary. Photovoltaics and wind energy have established themselves as new key technologies for the 21st century. Between 2004 and 2015 alone, global installed photovoltaic capacity increased more than eighteen times while installed generation capacity in the area of wind energy increased ninefold. At the same time, the costs for both technologies have declined significantly in recent years, which means that they can be operated cost-effectively and competitively in some regions without subsidies and at market prices. Renewable energy thus remains a global megatrend and a dynamic growth market.

Since the energy transition in March 2011 at the latest, Germany has taken a pioneering role in the expansion of renewable energy. The implementation of the planned nuclear phase-out until the year 2022 will also require further substantial investment in renewable energy in Germany in the coming years. Developing countries and newly industrialized countries have had a particular need to catch up on the development of renewable energy. In the context of the Paris Agreement on Climate Change, further financial aid was promised to assist in this area. The Chinese economy will also increasingly focus on the expansion of renewable energy. The government in Beijing recently stopped the construction of additional coal-fired power plants to further reduce their share in the Chinese energy mix. China's 13th Five-Year Plan provides for the installation of 150 to 200 GW of photovoltaics by 2020. Similarly, the Chinese want to cover around 15 percent of their electricity requirements with renewable energy.

In view of these developments, the significant expansion of generation capacities in the field of renewable energy is expected to continue well into the future.

The Global Wind Energy Council, for instance, expects a near doubling of the world's installed generation capacity in the area of wind energy by 2020 to almost 800 GW. SolarPower Europe expects an increase in worldwide photovoltaic output to just under 500 GW in its low growth scenario and to over 700 GW in a dynamic growth scenario.

Against this backdrop, CHORUS's business model is characterized by a long-term and sustainably favorable economic and socio-political environment that offers the company further growth potential. CHORUS has established itself on the secondary market for free-standing photovoltaic installations and wind turbines and is recognized for its expertise, reliability and transaction security as well as it orderly and rapid process workflow. The company benefits from this reputation in various ways – for instance, with being offered off-market and exclusive projects.

CHORUS ON GROWTH COURSE

The business environment for CHORUS as an investor and operator of solar and wind parks therefore remains in tact and offers optimal conditions for future growth. As an investor in existing solar and (onshore) wind parks, the company is not directly dependent on renewable energy growth in the four core regions of Germany, France, the UK and Italy. The existing portfolio in these countries already offers enough scope for the company to grow. According to information from the Solar Power Europe trade association, a total generating capacity of around 18.3 GW in free-standing photovoltaic systems had been installed in the four core regions of CHORUS as of December 2014.

By diversifying technologies and countries, CHORUS further reduces its operative risk while simultaneously reducing its dependency on solar radiation and wind as such or on individual countries and regions. The strategic focus on already existing or turnkey solar and wind power plants with fixed and long-term feed-in tariffs in stable and reliable regions as well as long-term non-recourse financing at the project level with attractive returns and predictable cash flows round off the company's conservative business model.

CHORUS also has a well-filled project pipeline in the various core regions and has gained some exclusivity agreements as well. In addition, the company is continually examining further attractive opportunities in other regions that meet the company's investment requirements. This includes, in particular, the markets in Western Europe (Scandinavia, Benelux) and North America (USA, Canada).

7.2 OVERALL ASSESSMENT OF EXPECTED FUTURE DEVELOPMENT

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

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

CHORUS expects the positive developments to continue in the fiscal year 2017. The Group managed to significantly expand its portfolio of solar and wind parks during the year under review and the resulting returns will be particularly noticeable in the coming years and positively contribute to the operative cash flow.

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

Furthermore, CHORUS wants to streamline the project management of its parks and improve its financial position by reaching new and improved financing conditions for its parks with the financing banks. The close cooperation with majority shareholder Capital Stage AG will also support these efforts.

Based on the company's own portfolio of solar and wind parks at the time of publication, along with its expectations of stable conditions in the renewable energy sector and no notable deviations from its long-term return forecasts, CHORUS plans high growth in the key figures revenue, EBITDA and EBIT. This result will likely be in large part attributable to the performance of the Wind segment thanks to the newly acquired wind parks.

On the whole, we are convinced that CHORUS is very well-positioned in view of the current outlook. For this reason, we look to the future with anticipation and expect our business to continue its positive performance in 2017.

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

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

8.1 BUSINESS OPERATIONS

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

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

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

RESULT OF OPERATIONS

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

in EUR thousands	2016	2015
Revenue	**4,929**	3,015
Other operating income	**260**	357
Material costs	**0**	0
Personnel costs	**–4,057**	–2,165
Other operating expenses	**–6,220**	–11,555
Depreciation and amortization	**–114**	–14
Financial result	**15,272**	870
Income before income taxes (EBT)	**10,069**	–9,492
Income taxes	**–273**	–418
Profit (loss) for the year	**9,796**	–9,910

In the fiscal year 2016, CHORUS Clean Energy AG generated total revenue of EUR 4,929 thousand (2015: EUR 3,015 thousand). The increase is mainly attributable to the expansion of the company's own portfolio of solar and wind parks over the course of the fiscal year.

Other operating income decreased in the fiscal year 2016 to EUR 260 thousand (2015: EUR 357 thousand), which was particularly due to the recharging of expenses relating to the company's successful IPO in the previous year to current shareholders.

Personnel expenses rose in 2016 from EUR 2,165 thousand in the previous year to EUR 4,057 thousand. This is predominantly due to the increase in personnel.

Other operating expenses amounted to EUR 6,220 thousand in the fiscal year 2016 (2015: EUR 11,555 thousand). The decrease is primarily due to the costs connected to the successful IPO in 2015. Offsetting this in the fiscal year 2016 were the costs accrued from the takeover by Capital Stage AG.

Amortization expenses amounted to EUR 114 thousand in the fiscal year 2016 (2015: EUR 14 thousand). This increase is due to the additions in property, plant and equipment as well as intangible assets in the 2016 fiscal year.

The financial result increased from EUR 870 thousand in fiscal year 2015 to EUR 15,272 thousand in the fiscal year 2016. The increase is mainly attributable to the profits realized in 2015 and 2016 from the company's own portfolio of solar and wind parks.

Income tax expenses of EUR 273 thousand were recognized for the fiscal year 2016 as compared to EUR 418 thousand in the previous year.

Profit for the year for CHORUS Clean Energy AG in the fiscal year 2016 was EUR 9,796 thousand (2015: loss of EUR –9,910 thousand), which corresponds to a margin of 199 percent (2015: –329 percent).

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 12,150 thousand in the fiscal year 2016 (2015: EUR –10,348 thousand). This mainly resulted from profits realized by associated companies. The EBITDA margin was 247 percent (2015: –343 percent).

This resulted in earnings before interest and taxes (EBIT) of EUR 8,386 thousand for the fiscal year 2016 (2015: EUR –10,362 thousand), which represents an EBIT margin of 170 percent (2015: –344 percent).

The EBT margin for 2016 was 204 percent (2015: –315 percent) with earnings before tax (EBT) of EUR 10,069 thousand (2015: EUR –9,492 thousand).

Comparison with the Outlook from the Previous Year

The moderate to high growth forecasts for revenue, EBITDA and EBIT in the 2015 annual report were exceeded in the 2016 fiscal year. This development is largely due to the realization of profits from subsidiaries and the expansion of the portfolio.

Special Effects

Similar to the presentation for the Group, the following results of operations are presented without consideration of special effects. To ensure greater comparability of the financial information across multiple reporting periods, earnings are adjusted for these effects. In the fiscal year 2016, other operating expenses contains one-time expenses that arose in connection with the takeover by Capital Stage AG. In the fiscal year 2015, extraordinary expenses occurred in connection with the IPO that could not be directly deducted from the capital reserve during the preparations for the IPO. This had the following impacts on the income statement for CHORUS Clean Energy AG:

in EUR thousands	2016	2015
EBITDA	**12,150**	–10,348
Adjustment for special effects	**2,242**	8,767
Adjusted EBITDA	**14,393**	**–1,581**
EBIT	**8,386**	–10,362
Adjustment for special effects	**2,242**	8,767
Adjusted EBIT	**10,628**	**–1,595**
Profit (loss) for the year	**9,796**	–9,910
Adjusted profit (loss for the year)	**2,242**	8,767
Adjusted consolidated income for the year	**12,038**	**–1,143**

EBITDA adjusted for special effects (EUR 2,242 thousand) amounted to EUR 12,150 thousand in the fiscal year 2016, which represents an adjusted EBITDA margin of 292 percent.

Adjusted EBIT was EUR 10,628 thousand in 2016. The adjusted EBIT margin was therefore 216 percent.

The adjusted earnings for 2016 was EUR 12,038 thousand, which corresponds to an adjusted margin of 244 percent.

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

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

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

NET ASSETS

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

in EUR thousands	December 31, 2016	December 31, 2015	Change absolute	Change in %
Assets	**231,908**	162,030	69,878	43
Current assets	**25,624**	87,582	–61,957	–70
Deferred Items	**77**	56	21	37
Total assets	**257,609**	**249,668**	**7,941**	**3**
Equity	**254,113**	247,432	6,681	3
Provisions	**1,449**	904	545	60
Liabilities	**2,047**	1,332	715	54

The total assets of CHORUS Clean Energy AG increased 3 percent to EUR 257,609 thousand (2015: EUR 249,668 thousand).

Non-current assets amounted to EUR 231,908 thousand as of December 31, 2016, and therefore were higher than on December 31, 2015 (EUR 162,030 thousand). This is particularly due to the rise in loans to associated companies as well as the purchase of servicing agreements. Counter to this were the changes to holdings in associated companies due to withdrawals and sales.

Current assets amounted to EUR 25,624 thousand as of the reporting date and therefore represented a decrease compared to December 31, 2015 (EUR 87,582 thousand). This is mainly attributable to the drop in bank balances stemming from investments made during the year under review.

Equity increased EUR 6,681 thousand – from EUR 247,432 thousand as of December 31, 2015, to EUR 254,113 thousand as of December 31, 2016. This increase is mainly tied to the positive profit for the year. Counter to this, the company distributed a dividend totaling EUR 4,987 thousand in the fiscal year. The equity ratio remained at 99 percent.

The increase in provisions from EUR 904 thousand on December 31, 2015, to EUR 1,449 thousand as of December 31, 2016, is mainly attributable to the increase in personnel provisions.

Compared to December 31, 2015, (EUR 1,332 thousand), liabilities increased to EUR 2,047 thousand. This was mainly due to higher intra-Group liabilities.

FINANCIAL POSITION

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

in EUR thousands	2016	2015
Cash outflow from operating activities	–6,862	–11,873
Cash inflow from investing activities	–71,246	–13,075
Cash outflow from financing activities	2,752	99,981
Change in cash and cash equivalents	**–75,356**	**75,034**
Cash and cash equivalents at beginning of period	80,768	5,734
Cash and cash equivalents at end of period	5,412	80,768

The change in cash and cash equivalents amounted to EUR –75,356 thousand in the reporting period (2015: EUR 75,034 thousand) and comprised the following elements:

CHORUS Clean Energy AG posted a cash outflow from operating activities of EUR 6,862 thousand in the fiscal year 2016 (2015: EUR 11,873 thousand), which primarily stems from administrative expenses incurred as a holding company. The increased cash outflow from the previous year is primarily connected to the payments made relating to the company's successful IPO.

The cash outflow from investing activities of EUR 71,246 thousand (2015: EUR 13,075 thousand) is particularly due to the increase in shareholder loans relating to the company's investing activities and corresponding interest income. Furthermore, a service agreement (EUR 3,046 thousand), profit-participation rights (EUR 4,616 thousand) and other holdings (EUR 1,118 thousand) were acquired in the year under review.

In fiscal year 2016, the cash inflow from financing activities amounted to EUR 2,752 thousand (2015: EUR 99,981 thousand) and is primarily due to the realization of profits from subsidiaries and withdrawals from these. Counter to this, the company distributed a dividend to company shareholders during the year under review. The cash inflow of the previous year was mainly attributable to the inflow from the company's successful IPO.

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

8.3 OPPORTUNITIES AND RISKS

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

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

8.4 OUTLOOK

Starting with the developments presented in the Group's outlook, the following expectations arise for CHORUS Clean Energy AG. Since the revenue from the 2016 fiscal year was significantly influenced by the settled project structuring fees for energy parks acquired, planned revenue for the fiscal year 2017 is notably lower than those realized in 2016. A similar development is expected for EBITDA and EBIT.

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

The fiscal year 2016 was highly successful for the CHORUS Group. In an overall economic environment that remains challenging, we hold a very positive assessment of the development of the fiscal year 2016 and the economic situation of the CHORUS Group. Our sustainable growth can be seen in the across-the-board improvement of our key figures as well as our solid balance sheet structure.

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

Furthermore, we reached an important milestone in our company's history with the successful IPO in October 2015. Over the course of the fiscal year, we invested the remaining proceeds in sustainable, value-enhancing projects. With the merger of CHORUS and Capital Stage, we are entering an important phase in the company's development. The collaboration will have a positive impact in several areas of both companies.

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

CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FISCAL YEAR ENDING ON DECEMBER 31, 2016

in EUR thousands	Note	2016	2015[1]
Revenue	8.2	**62,751**	58,582
Other income	8.3	**3,979**	2,621
Personnel costs	8.4	**–4,044**	–2,686
Other expenses	8.5	**–17,042**	–15,661
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**45,644**	42,856
Depreciation and amortization	8.6	**–26,669**	–21,976
Earnings before interest and taxes (EBIT)		**18,975**	20,880
Financial investments recognized using the equity method	9.3	**–21**	–26
Financial income	8.7	**376**	192
Financial expenses	8.7	**–10,261**	–10,076
Result from the valuation of interest-rate swaps		**–339**	1,872
Financial result	8.7	**–10,245**	–8,038
Earnings before taxes (EBT)		**8,730**	12,842
Income taxes	8.8	**–4,448**	–3,882
Profit for the year		**4,282**	8,961
Other comprehensive income			
Items that will be reclassified to profit or loss in the future			
Change in market value for financial assets available for sale	9.11	**–206**	998
Tax effect	9.11	**53**	–256
Other comprehensive income after taxes		**–153**	743
Total comprehensive income		**4,129**	9,704
Profit for the year		**4,282**	8,961
Attributable to the owners of CHORUS Clean Energy AG		**4,284**	8,965
Non-controlling interests		**–2**	–4
Total comprehensive income		**4,129**	9,704
Attributable to the owners of CHORUS Clean Energy AG		**4,131**	9,708
Non-controlling interests		**–2**	–4
Earnings per share (in EUR)	8.9		
Basic earnings per share (in EUR)	8.9	**0.15**	0.45
Diluted earnings per share (in EUR)	8.9	**0.15**	0.45

[1] Some figures differ from those found in the consolidated financial statements for the 2015 fiscal year due to adjustments made (for details, please see note 2 “Adjustments to Figures from the Previous Year”).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2016

ASSETS in EUR thousands	Note	12/31/2016	12/31/2015[1]	1/1/2015[1]
A) Non-current assets		**585,867**	**468,758**	**458,417**
Intangible assets and goodwill	9.1	**219,369**	177,149	187,656
Property, plant and equipment	9.2	**349,810**	273,147	252,521
Financial investments at equity	9.3	**334**	585	480
Non-current financial assets	9.4	**7,730**	5,761	4,374
Deferred tax assets	9.5	**8,624**	12,116	13,386
B) Current assets		**90,399**	**141,987**	**51,961**
Finished goods, work in progress	9.6	**14**	0	0
Trade receivables	9.7	**11,107**	8,623	6,420
Income tax receivables	8.8	**3,367**	439	826
Current financial assets	9.8	**9,865**	4,827	1,327
Current non-financial assets	9.9	**7,577**	8,532	6,098
Liquid funds:	9.10	**58,469**	114,728	37,290
Cash and cash equivalents	9.10	**42,353**	101,028	21,199
Restricted cash and cash equivalents	9.10	**16,116**	13,700	16,091
Assets held for sale	9.11	**0**	4,839	0
Total assets		**676,266**	**610,745**	**510,378**

[1] Some figures differ from those found in the consolidated financial statements for the 2015 fiscal year due to adjustments made (for details, please see note 2 “Adjustments to Figures from the Previous Year”).

EQUITY AND LIABILITIES in EUR thousands	Note	12/31/2016	12/31/2015[1]	1/1/2015[1]
A) Total equity		**231,172**	**232,039**	**125,717**
Share capital	9.12	**27,705**	27,705	50
Capital reserve	9.12	**192,347**	192,347	0
Accumulated other comprehensive income	9.12	**590**	743	0
Retained earnings	9.12	**10,530**	11,234	2,269
Cash contributions not yet registered		**0**	0	5,855
Contributions in kind not yet registered		**0**	0	117,518
Equity attributable to the owners of CHORUS Clean Energy AG		**231,172**	**232,029**	**125,692**
Non-controlling interests		**0**	**11**	**25**
B) Non-current liabilities		**395,187**	**325,719**	**351,182**
Liabilities to minority partners	9.13	**3,993**	4,368	4,034
Non-current provisions	9.14	**9,472**	4,780	3,358
Non-current financial liabilities	9.15	**363,081**	312,894	341,057
Deferred income	9.18	**1,470**	0	0
Deferred tax liabilities	9.5	**17,171**	3,678	2,733
C) Current liabilities		**49,908**	**52,986**	**33,479**
Current provisions	9.14	**75**	200	1,382
Trade payables	9.16	**8,340**	10,560	4,716
Income taxes payable	8.8	**1,300**	2,462	1,664
Current financial liabilities	9.15	**36,449**	34,840	21,446
Other current liabilities	9.17	**3,254**	1,682	3,431
Deferred income	9.18	**490**	245	840
Liabilities relating to assets held for sale	9.11	**0**	2,998	0
Total equity and liabilities		**676,266**	**610,745**	**510,378**

[1] Some figures differ from those found in the consolidated financial statements for the 2015 fiscal year due to adjustments made (for details, please see note 2 “Adjustments to Figures from the Previous Year”).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 OF THE YEAR 2016

	Attributable to the owners of CHORUS Clean Energy AG				
in EUR thousands	Note	Share capital	Capital reserve	Fair value reserve	
As of January 1, 2016[1]		27,705	192,347	743	
Total comprehensive income for the reporting period					
Result for the reporting period		–	–	–	
Other comprehensive income	9.12	–	–	–153	
Total comprehensive income		–	–	–153	
Transactions with the Company's owners					
Contributions and payments					
Payment of dividends	9.12	–	–	–	
Total contributions and payments		–	–	–	
Transactions with non-controlling interests					
Contributions and payments					
Acquisition of non-controlling interests		–	–	–	
Total contributions and payments		–	–	–	
Total transactions		–	–	–	
As of December 31, 2016		27,705	192,347	590	

[1] Some figures differ from those found in the consolidated financial statements for the 2015 fiscal year due to adjustments made (for details, please see note 2 "Adjustments to Figures from the Previous Year").

	Retained earnings	Equity attributable to the owners of CHORUS Clean Energy AG	Non-controlling interests	Total equity
	11,234	232,028	11	232,039
	4,284	4,284	–2	4,282
	–	–153	–	–153
	4,284	4,131	–2	4,129
	–4,987	–4,987	–	–4,987
	–4,987	–4,987	–	–4,987
	–	–	–9	–9
	–	–	–9	–9
	–4,987	–4,987	–9	–4,996
	10,530	231,172	–	231,172

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Attributable to the owners of CHORUS Clean Energy AG				
in EUR thousands	Note	Share capital	Capital reserve	Reserve from changes in fair value	
As of January 1, 2015 (published)		**50**	**–**	**–**	
Adjustment pursuant to IAS 8.41		–	–	–	
As of January 1, 2015 (adjusted[1])		**50**	**–**	**–**	
Total comprehensive income for the reporting period					
Profit (loss) for the year[1]		–	–	–	
Other comprehensive income	9.12	–	–	743	
Total comprehensive income[1]		**–**	**–**	**743**	
Transactions with the Company's owners					
Contributions and payments					
Contributions from the IPO	9.12	10,256	89,744	–	
Equity procurement costs, net[1]	9.12	–	–5,269	–	
Withdrawals by non-controlling interests	9.12	–	–	–	
Total contributions and payments		**10,256**	**84,475**	**–**	
Other changes					
Reclassification after entry in commercial register	9.12	17,399	105,975	–	
Equity procurement costs, net	9.12	–	–440	–	
Other changes		–	2,337	–	
Total other changes		**17,399**	**107,872**	**–**	
Total transactions with the Company's owners		**27,655**	**192,347**	**–**	
As of December 31, 2015 (adjusted[1])		**27,705**	**192,347**	**743**	

[1] Some figures differ from those found in the consolidated financial statements for the 2015 fiscal year due to adjustments made (for details, please see note 2 "Adjustments to Figures from the Previous Year").

	Retained earnings	Cash contributions not yet registered	Contributions in kind not yet registered	Equity attributable to the owners of CHORUS Clean Energy AG	Non-controlling interests	Total equity
	2,269	**5,855**	**115,645**	**123,819**	**25**	**123,844**
	–	–	1,873	1,873	–	1,873
	2,269	**5,855**	**117,518**	**125,692**	**25**	**125,717**
	8,965	–	–	8,965	–4	8,961
	–	–	–	743	–	743
	8,965	**–**	**–**	**9,708**	**–4**	**9,704**
	–	–	–	100,000	–	100,000
	–	–	–	–5,269	–	–5,269
	–	–	–	–	–11	–11
	–	**–**	**–**	**94,731**	**–11**	**94,720**
	–	–5,855	–117,518	–	–	–
	–	–	–	–440	–	–440
	–	–	–	2,337	–	2,337
	–	**–5,855**	**–117,518**	**1,897**	**–**	**1,898**
	–	**–5,855**	**–117,518**	**96,628**	**–11**	**96,618**
	11,234	**–**	**–**	**232,028**	**11**	**232,039**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FISCAL YEAR ENDING ON DECEMBER 31, 2016

in EUR thousands	Note	2016	2015[1]
Profit for the year		**4,282**	**8,961**
Adjustments			
Financial result	8.7	**10,245**	8,038
Income taxes	8.8	**4,448**	3,882
Earnings before interest and taxes (EBIT)		**18,975**	**20,880**
Income taxes paid		**–6,107**	–945
Depreciation and amortization	8.6	**26,669**	21,976
Losses from disposals of non-current assets		**242**	30
Other non-cash expenses		**215**	0
Other non-cash income		**–2,242**	–841
Increase/decrease in trade receivables		**–3,445**	–2,446
Increase/decrease in other assets		**794**	–1,280
Increase/decrease in provisions		**–122**	–520
Increase/decrease in trade payables		**647**	–1,731
Increase/decrease in other liabilities		**2,037**	–2,576
Net cash flow from operating activities		**37,662**	**32,547**
Proceeds from the disposal of financial assets		**4,040**	332
Acquisition of subsidiaries, minus liquid funds procured	6.1/6.2	**–56,447**	2,426
Sale of subsidiaries, minus liquid funds disposed	6.3	**17,507**	0
Payments for investments in financial assets		**–1,967**	–4,338
Payments for investments in property plant and equipment and intangible assets		**–25,694**	–12,931
Interest received		**19**	52
Cash used in investing activities		**–62,545**	**–14,460**
Proceeds from loans (borrowings)		**19,395**	4,424
Payments for redeeming financial liabilities		**–31,284**	–23,397
Payments for finance leasing liabilities		**–1,310**	–1,230
Interest paid		**–14,191**	–13,773
Dividend payout		**–4,987**	0
Payments to minority partners and other minority shareholders		**–658**	–330
Proceeds from capital increases		**0**	100,000
Payments on equity procurement costs		**0**	–5,930
Change in restricted cash and cash equivalents		**–864**	2,391
Cash used in financing activities		**–33,897**	**62,156**
Net change in cash and cash equivalents		**–58,779**	**80,242**
Cash and cash equivalents at beginning of period	9.10	**101,028**	**21,199**
Minus cash and cash equivalents from assets held for sale	9.11	**0**	–413
Cash and cash equivalents at end of period	9.10	**42,249**	**101,028**

[1] Some figures differ from those found in the consolidated financial statements for the 2015 fiscal year due to adjustments made (for details, please see note 2 "Adjustments to Figures from the Previous Year").

NOTES
FOR THE FISCAL YEAR ENDING ON DECEMBER 31, 2016 (IFRS)

1 GENERAL INFORMATION

THE REPORTING ENTITY

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

The consolidated financial statements for CHORUS AG for the fiscal year ending on December 31, 2016, cover the company and its subsidiaries (together "CHORUS Group" or "CHORUS").

The Group Management Board of CHORUS Clean Energy AG approved the consolidated financial statements for presentation to the Supervisory Board on March 31, 2017.

IPO AND SHAREHOLDER STRUCTURE

Shares in CHORUS Clean Energy AG became available for trading on the regulated market (Prime Standard) of the Frankfurt Stock Exchange on October 7, 2015. From August 11 to October 13, 2016, they were listed on the SDAX index. On January 18, 2017, the Management Board of CHORUS AG resolved, with the approval of the Supervisory Board, to propose the revocation of admission to the Prime Standard segment and move into the General Standard segment. According to the proposal of CHORUS AG submitted on February 2, 2017, the management revoked its admission to the Prime Standard segment of the Frankfurt Stock Exchange effective May 2, 2017. Admission to the General Standard segment will occur on May 3, 2017.

On May 30, 2016, Capital Stage AG, Hamburg, announced a voluntary public takeover bid for all shares in CHORUS Clean Energy AG in the form of an exchange offer. The acceptance period for this offer (including the extended deadline) ended on October 5, 2016. Since the technical implementation of this transaction in mid-October, Capital Stage AG holds about 94 percent of the shares in CHORUS Clean Energy AG and is therefore the majority shareholder. As before, the remaining shares are in free float.

DESCRIPTION OF BUSINESS ACTIVITIES

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

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

BASIS OF PREPARATION

The consolidated financial statements of CHORUS AG as of December 31, 2016, were prepared pursuant to and in compliance with all of the International Financial Reporting Standards (IFRS) and the publications of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the EU as well as the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB).

The consolidated financial statements cover the fiscal year from January 1, 2016, to December 31, 2016, with the comparative period of January 1, 2015, to December 31, 2015.

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

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

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

2 ADJUSTMENTS TO FIGURES FROM THE PREVIOUS YEAR

According to IAS 8, changes in accounting policies and certain other changes require retroactive adjustments. Therefore, adjustments were made for the years 2015 and 2014 in accordance with IAS 8.41 as follows:

The contribution of the shares in the operating and holding companies to CHORUS Clean Energy AG took place in 2014 at fair value. Predominantly higher values were carried in the tax balance sheet of the German companies. The tax values were adjusted retrospectively in the consolidated financial statements. As a result, current and deferred taxes as well as goodwill change at the time of transfer. The taxes also change in the subsequent years.

All previous year figures in the notes have been adjusted accordingly.

The following table shows the balance sheet items after taking this retrospective correction into account compared with the values originally reported in the 2015 consolidated financial statements:

ASSETS

	12/31/2015			1/1/2015		
in EUR thousands	Published	Change	Adjusted	Published	Change	Adjusted
A) Non-current assets	**467,214**	**1,544**	**468,758**	**457,343**	**1,074**	**458,417**
Intangible assets and goodwill	170,642	6,507	177,149	181,149	6,507	187,656
Property, plant and equipment	273,147	0	273,147	252,521	0	252,521
Financial investments at equity	585	0	585	480	0	480
Non-current financial assets	5,761	0	5,761	4,374	0	4,374
Deferred tax assets	17,079	–4,962	12,116	18,819	–5,433	13,386
B) Current assets	**141,955**	**32**	**141,987**	**51,961**	**0**	**51,961**
Finished goods, work in progress	0	0	0	0	0	0
Trade receivables	8,623	0	8,623	6,420	0	6,420
Income tax receivables	407	32	439	826	0	826
Current financial assets	4,827	0	4,827	1,327	0	1,327
Current non-financial assets	8,532	0	8,532	6,098	0	6,098
Liquid funds	114,728	0	114,728	37,290	0	37,290
Cash and cash equivalents	101,028	0	101,028	21,199	0	21,199
Restricted cash and cash equivalents	13,700	0	13,700	16,091	0	16,091
Assets held for sale	4,839	0	4,839	0	0	0
Total assets	**609,170**	**1,574**	**610,745**	**509,304**	**1,074**	**510,378**

EQUITY AND LIABILITIES	12/31/2015			1/1/2015		
	Published	Change	Adjusted	Published	Change	Adjusted
in EUR thousands						
A) Total equity	**230,335**	**1,705**	**232,039**	**123,844**	**1,873**	**125,717**
Share Capital	27,705	0	27,705	50	0	50
Capital reserve	190,700	1,647	192,347	0	0	0
Accumulated other comprehensive income	743	0	743	0	0	0
Retained earnings	11,176	58	11,234	2,269	0	2,269
Cash contributions not yet registered	0	0	0	5,855	0	5,855
Contributions in kind not yet registered	0	0	0	115,645	1,873	117,518
Equity attributable to the owners of CHORUS Clean Energy AG	**230,324**	**1,705**	**232,029**	**123,819**	**1,873**	**125,692**
Non-controlling interests	**11**	**0**	**11**	**25**	**0**	**25**
B) Non-current liabilities	**324,135**	**1,584**	**325,719**	**350,108**	**1,074**	**351,182**
Liabilities to minority partners	4,368	0	4,368	4,034	0	4,034
Non-current provisions	4,780	0	4,780	3,358	0	3,358
Non-current financial liabilities	312,894	0	312,894	341,057	0	341,057
Deferred tax liabilities	2,093	1,584	3,678	1,659	1,074	2,733
C) Current liabilities	**54,701**	**–1,715**	**52,986**	**35,352**	**–1,873**	**33,479**
Current provisions	200	0	200	1,382	0	1,382
Trade payables	10,560	0	10,560	4,716	0	4,716
Income taxes payable	4,177	–1,715	2,462	3,537	–1,873	1,664
Current financial liabilities	34,840	0	34,840	21,446	0	21,446
Other current liabilities	1,682	0	1,682	3,431	0	3,431
Deferred income	245	0	245	840	0	840
Liabilities held for sale	2,998	0	2,998	0	0	0
Total equity and liabilities	**609,170**	**1,574**	**610,745**	**509,304**	**1,074**	**510,378**

	2015		
in EUR thousands	Published	Change	Adjusted
Revenue	**58,582**	**0**	**58,582**
Other income	2,621	0	2,621
Personnel costs	–2,686	0	–2,686
Other expenses	–15,661	0	–15,661
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**42,856**	**0**	**42,856**
Depreciation and amortization	–21,976	0	–21,976
Earnings before interest and taxes (EBIT)	**20,880**	**0**	**20,880**
Financial investments recognized using the equity method	–26	0	–26
Financial income	192	0	192
Financial expenses	–10,076	0	–10,076
Result from the valuation of interest rate swaps	1,872	0	1,872
Financial result	**–8,038**	**0**	**–8,038**
Earnings before taxes (EBT)	**12,842**	**0**	**12,842**
Income taxes	–3,939	58	–3,882
Result for the reporting period	**8,903**	**58**	**8,961**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Change in market value for financial assets available for sale	998	0	998
Tax effect	–256	0	–256
Other comprehensive income after taxes	**743**	**0**	**743**
Total comprehensive income	**9,646**	**58**	**9,704**
Net income	**8,903**	**58**	**8,961**
Attributable to the owners of CHORUS Clean Energy AG	8,907	58	8,965
Non-controlling interests	–4	0	–4
Total comprehensive income	**9,646**	**58**	**9,704**
Attributable to the owners of CHORUS Clean Energy AG	9,650	58	9,708
Non-controlling interests	–4	0	–4
Earnings per share (in EUR)			
Basic earnings per share (in EUR)	0.45	0.00	0.45
Diluted earnings per share (in EUR)	0.45	0.00	0.45

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

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

New IFRS or revised IAS accounting principles applied for the first time in the fiscal year 2016:

New and revised standards and interpretations		Mandatory for fiscal years that start on or after the date stated	Status of EU endorsement (as of 12/31/2016)
IFRS 11	Amendment – Accounting for Acquisitions of Interests in Joint Operations	1/1/2016	Adopted
IFRS 10, IFRS 12, IAS 28	Amendment – Investment Entities: Applying the Consolidation Exception	1/1/2016	Adopted
IAS 1	Amendment – Disclosure Initiative	1/1/2016	Adopted
IAS 16, IAS 38	Amendment – Clarification of Acceptable Methods of Depreciation and Amortization	1/1/2016	Adopted
IAS 16, IAS 41	Amendment – Agriculture: Bearer Plants	1/1/2016	Adopted
IAS 19	Amendment – Defined Benefit Plans: Employee Contributions	2/1/2015 (EU)	Adopted
IAS 27	Amendment – Equity Method in Separate Financial Statements	1/1/2016	Adopted
AIP	Annual Improvements to IFRS – 2010 – 2012 Cycle	2/1/2015	Adopted
AIP	Annual Improvements to IFRS – 2012 – 2014 Cycle	1/1/2016	Adopted

Furthermore, additional standards and interpretations were published by the IASB that either had no notable impact on the consolidated financial statements of CHORUS AG or are currently being reviewed for their potential impact. The following accounting principles were not yet mandatory for the fiscal year 2016 and therefore not applied by CHORUS AG:

New and revised standards and interpretations		Mandatory for fiscal years that start on or after the date stated	Status of EU endorsement (as of 12/31/2016)
IFRS 9	New standard – Financial Instruments (2014)	1/1/2018	Adopted
IFRS 14	New standard – Regulatory Deferral Accounts	1/1/2016	Not adopted
IFRS 15	New standard – Revenue from Contracts with Customers	1/1/2018	Adopted
IFRS 16	New standard – Leases	1/1/2019	Not adopted
IFRS 10, IAS 28	Amendment – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred indefinitely by the IASB	Not adopted
IAS 7	Amendment – Disclosure Initiative	1/1/2017	Not adopted
IAS 12	Amendment – Recognition of Deferred Tax Assets for Unrealized Losses	1/1/2017	Not adopted
IFRS 2	Amendment – Classification and Measurement of Share-based Payment Transactions	1/1/2018	Not adopted
IFRS 15	Amendment – Clarifications to IFRS 15	1/1/2018	Not adopted
IAS 40	Transfers of Investment Property	1/1/2018	Not adopted
IFRS 4	Amendment – Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts"	1/1/2018	Not adopted
IFRIC 22	Foreign Currency Transactions and Advance Consideration	1/1/2018	Not adopted
AIP	Annual Improvements to IFRS – 2014 – 2016 Cycle	1/1/2017 or 1/1/2018	Not adopted

IFRS 9 "FINANCIAL INSTRUMENTS" (2014)

The new standard replaces the previous requirements for the classification and measurement of financial assets contained in IAS 39 "Financial Instruments: Recognition and Measurement" and contains new rules for hedge accounting. The provisions for determining impairments are replaced by the so-called Expected Credit Loss Model.

The re-classification of the financial assets, depending on the business model applicable to them, and the related contractual cash flows, is not expected to result in any material effects. The financial assets currently classified as available-for-sale are expected to be classified as fair value through measurement of changes in value in other comprehensive income (FVOCI).

The conversion to the Expected Credit Loss Model is not expected to have any material impacts on the consolidated financial statements of Capital Stage since the majority of the financial assets consist of trade receivables whose counterparties are semi-public network operators and comparable organizations due to the business model. The default rate for trade receivables was zero percent in the reporting period.

Accounting for financial liabilities remains essentially the same for the Group. The new rules only concern the recognition of financial liabilities for which the so-called fair value option was utilized. The Group does not make use of this option.

The quantitative impacts that could arise from the initial application of IFRS 9 are currently being examined by the Group. At present, CHORUS does not intend to apply IFRS 9 in advance.

IFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS"

IFRS 15 is a new standard that was published on May 28, 2014, and is to be applied to reporting periods beginning on or after January 1, 2018. IFRS 15 stipulates when and to what extent an IFRS reporting agent has to recognize revenue. In addition, those preparing the report are required to provide more informative and relevant information to the final addressees than before. The standard offers a single, principle-based, five-step model that can be applied to all contracts with customers.

The Group generates revenue mainly from the sale of energy. Revenue is also generated in the areas of service and asset management. The initial application of IFRS 15 leads primarily to new regulations for multi-component contracts and principal-agent relationships. Since these issues are not relevant to CHORUS, there is currently no impact is expected regarding the amount and timing of revenue recognition. However, the new regulations continue to lead to considerably broadened qualitative and quantitative disclosure requirements. These will be reflected in the scope of the notes to the consolidated financial statements.

IFRS 16 "LEASES"

IFRS 16 was published in January 2016 and will become mandatory for fiscal years beginning on or after January 1, 2019. The new standard governs the recognition, measurement, disclosure and disclosure requirements relating to leases in the financial statements of companies accounted for under IFRS. For the lessee, the standard provides for a single accounting model. This model leads the lessee to recognize all assets and liabilities from lease agreements in the balance sheet unless the term is 12 months or less or is a low-value asset. The lessor still distinguishes between finance or operating lease agreements for accounting purposes. The accounting model for IFRS 16 is not significantly different from IAS 17 Leases. The disclosures in the notes will be more comprehensive with the aim of enabling the addressees to assess the amount, timing and uncertainties related to leasing agreements.

At the balance sheet date, obligations from rental and leasing contracts amounting to EUR 33,118 thousand existed (see note 13.1 Contingencies and Other Financial Liabilities). Management currently expects a large portion of these obligations to fall within the scope of IFRS 16. The Group therefore expects a material increase in lease liabilities and non-current assets at the time of initial application. As a result of this balance sheet extension, the equity ratio will be reduced. Future depreciation and interest expenses will be recognized in the income statement instead of lease expenses. As a result, a significant improvement in the EBITDA figure and a moderate improvement to the EBIT figure is expected. With the change in presentation, the operative cash flow will improve while the cash flow from financing activities will be negatively impacted.

The quantitative impacts that could arise from the initial application of IFRS 16 are currently being examined by the Group. At present, CHORUS does not intend to apply IFRS 16 in advance.

CHORUS does not currently believe that the application of the other new accounting standards, if adopted by the EU in this form, will have a material effect on the consolidated financial statements.

4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTIES

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates, and the assumptions they are based on, are continuously reviewed. The revision of estimates are recognized in the period in which the revision was made and in any affected future period(s).

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

ACCOUNTING FOR BUSINESS COMBINATIONS

Goodwill is disclosed in the statement of financial position in connection with business combinations. This constitutes the excess of the aggregate of the consideration transferred and the amount of any non-controlling interest over the assets acquired and the liabilities assumed. All identifiable assets and liabilities are initially recognized at their fair value. The fair value is a material estimate. When intangible assets are measured, the fair value is determined using appropriate valuation methods that take into account their nature. These valuations are based on various input parameters and are based in part on management's assumptions about the future development of the relevant asset and the discount rate used.

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

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

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

For further details, please refer to note 6.2 Business Combinations.

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

For further details, please refer to note 9.1 Intangible Assets and Goodwill and note 9.2 Property, Plant and Equipment.

TAXATION

The Company and its subsidiaries are regularly subject to tax audits and are subject to a process whereby the tax calculation is discussed with the relevant authorities and established by law. While the ultimate outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of provisions required for both current and deferred tax on the basis of professional advice and the nature of current discussions with the tax authority concerned.

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

For further details, please refer to note 5.12 Income Taxes and 8.8 Income Taxes.

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

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

For further details, please refer to note 5.8 Intangible Assets and Goodwill and note 5.9 Property, Plant and Equipment.

PROVISIONS FOR ASSET RETIREMENT OBLIGATIONS RELATING TO SOLAR AND WIND PARKS

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

5 ACCOUNTING PRINCIPLES

5.1 BASIS OF CONSOLIDATION

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

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

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

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

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

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

5.2 FOREIGN CURRENCY TRANSLATION

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

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

EUR/USD	December 31, 2016	December 31, 2015
Period end rate	**1.05**	1.09
Average rate	**1.11**	1.11

5.3 REVENUE

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

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

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

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

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

5.4 GOVERNMENT GRANTS

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

5.5 FINANCE INCOME AND EXPENSES

FINANCE INCOME

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

FINANCE EXPENSES

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

5.6 EARNINGS PER SHARE

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

5.7 LEASES

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

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

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

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

5.8 INTANGIBLE ASSETS AND GOODWILL

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

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

Goodwill	n/a
Computer software	5 years
Advantageous project rights	13 – 25 years
Advance lease payments (advantageous lease agreements)	20 – 25 years
Contracts and other operative rights	16 – 25 years

The average remaining term for feed-in tariffs is 15 years.

GOODWILL

Goodwill represents the excess of the consideration transferred over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. If the surplus is negative, it is recognized in the income statement. Goodwill is not amortized. It is tested annually for impairment and can be assessed more frequently if there is an indication of impairment during the year.

ELECTRICITY FEED-IN RIGHTS

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

For further details, please refer to note 9.1 Intangible Assets and Goodwill.

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

5.9 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

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

5.10 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND GOODWILL

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

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

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

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

Detailed information is reported within note 9.1 Intangible Assets and Goodwill and note 9.2 Property, Plant and Equipment.

5.11 FINANCIAL INSTRUMENTS

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

Classes Pursuant to IFRS 7

The CHORUS Group organizes financial instruments into the following classes:

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

Non-current financial assets comprises only available-for-sale investments as described under note 9.4.

Financial liabilities are further split into the following classes:

- Bank loans
- Leasing liabilities
- Interest rate swaps with neg. FV

5.11.1 FINANCIAL ASSETS

Categories of Financial Assets

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

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

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

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

The company's financial instruments mainly comprise cash and cash equivalents, restricted cash and cash equivalents (for further details please refer to note 5.11), trade and other receivables and other financial assets.

Financial Assets Measured at Fair Value Through Profit or Loss

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

The Group's financial instruments measured at fair value through profit or loss as of December 31, 2016, consisted of interest rate swaps that were procured as an interest hedge and classified pursuant to IAS 39 as derivatives held for trading. Those interest rate swaps are derivatives that are not designated as hedging instruments in accordance with IAS 39.

Loans and Receivables

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

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

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

For further details please refer to note 9.4 Non-current Financial Assets.

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

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

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

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

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

If the impairment loss of a financial asset recognized at amortized cost is reduced in a subsequent fiscal year and this reduction can be attributed objectively to an event that occurred after recognition of the impairment, the previously recorded impairment is reversed in profit or loss. The impairment is calculated in such a way that the amount does not exceed the carrying amount that would have resulted if an impairment had not been recognized.

5.11.2 FINANCIAL LIABILITIES

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

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

Liabilities to Limited Partners

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

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

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

Other Financial Liabilities

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

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

The interest rate benefit from subsidized public-sector loans has already been taken into account in the carrying amounts of the loans.

Derecognition of Financial Liabilities

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

5.11.3 MEASUREMENT OF FAIR VALUES

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

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

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

5.11.4 SECURITIES PROVIDED

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

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

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

As of the reporting date December 31, 2016, the wind and solar parks (see movement schedule), trade receivables of EUR 8,836 thousand (2015: EUR 7,385 thousand) as well as other receivables are pledged as security.

5.12 FINISHED GOODS, WORK IN PROGRESS

Inventories of finished goods and work in progress mainly relate to spare parts for energy generation plants. They are measured at the lower of cost and net realizable value. Net realizable value is determined as the expected sales proceeds minus the estimated costs of completion and costs necessary to make the sale.

5.13 INCOME TAXES

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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

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

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

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

The tax reconciliation and additional information are reported within the note 8.8 Income Taxes and 9.5 Deferred Taxes.

5.14 (RESTRICTED) CASH AND CASH EQUIVALENTS

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

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

5.15 NON-CURRENT ASSETS HELD FOR SALE

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

5.16 PROVISIONS

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

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

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

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

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

5.17 RELATED PARTY TRANSACTIONS

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

Details of related party transactions and Management Board remuneration are given in note 13.2.

The Group has not made any allowance for bad or doubtful accounts in respect of related party debtors nor has any guarantee been given or received during 2016 or 2015 regarding related party transactions.

6 SCOPE OF CONSOLIDATION AND BUSINESS COMBINATIONS

6.1 SCOPE OF CONSOLIDATION

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

	Company name	Country	Location	December 31, 2016
	Parent			
1	CHORUS Clean Energy AG [1]	Germany	Neubiberg	
	Consolidated Companies			
2	Atlantis Energy di Chorus Solar Italia Centrale 5. Srl & Co. SAS	Italy	Bruneck	100.0%
3	Cagli Solar di Chorus Solar Italia Centrale 5. Srl & Co. SAS	Italy	Bruneck	100.0%
4	Centrale Eolienne de Bihy SARL	France	Vern sur Seiche	100.0%
5	CHORUS Clean Energy Advisor GmbH	Germany	Neubiberg	100.0%
6	CHORUS Clean Energy Assetmanagement GmbH	Germany	Neubiberg	100.0%
7	CHORUS Clean Energy Invest GmbH	Germany	Neubiberg	100.0%
8	CHORUS Clean Energy Verwaltungs GmbH [2]	Germany	Neubiberg	100.0%
9	CHORUS CleanTech 1. Fonds Invest GmbH	Germany	Neubiberg	100.0%
10	CHORUS CleanTech 2. Fonds Invest GmbH	Germany	Neubiberg	100.0%
11	CHORUS CleanTech 7. Solarinvest GmbH	Germany	Neubiberg	100.0%
12	CHORUS CleanTech GmbH & Co. Solardach Betze KG	Germany	Neubiberg	100.0%
13	CHORUS CleanTech GmbH & Co. Solarpark Bitterfeld KG	Germany	Neubiberg	36.0%
14	CHORUS CleanTech GmbH & Co. Solarpark Bockelwitz KG	Germany	Neubiberg	100.0%
15	CHORUS CleanTech GmbH & Co. Solarpark Burgheim KG	Germany	Neubiberg	100.0%
16	CHORUS CleanTech GmbH & Co. Solarpark Denkendorf KG	Germany	Neubiberg	100.0%
17	CHORUS CleanTech GmbH & Co. Solarpark Eisleben KG	Germany	Neubiberg	100.0%
18	CHORUS CleanTech GmbH & Co. Solarpark Gardelegen KG	Germany	Neubiberg	100.0%
19	CHORUS CleanTech GmbH & Co. Solarpark Greiz KG	Germany	Neubiberg	100.0%
20	CHORUS CleanTech GmbH & Co. Solarpark Gut Werchau KG	Germany	Neubiberg	100.0%
21	CHORUS CleanTech GmbH & Co. Solarpark Kemating KG	Germany	Neubiberg	100.0%
22	CHORUS CleanTech GmbH & Co. Solarpark Neuenhagen KG	Germany	Neubiberg	100.0%
23	CHORUS CleanTech GmbH & Co. Solarpark Pasewalk KG	Germany	Neubiberg	100.0%
24	CHORUS CleanTech GmbH & Co. Solarpark Richelbach KG	Germany	Neubiberg	100.0%
25	CHORUS CleanTech GmbH & Co. Solarpark Rietschen KG	Germany	Neubiberg	100.0%
26	CHORUS CleanTech GmbH & Co. Solarpark Rüdersdorf KG	Germany	Neubiberg	100.0%
27	CHORUS CleanTech GmbH & Co. Solarpark Ruhland KG	Germany	Neubiberg	100.0%
28	CHORUS CleanTech GmbH & Co. Solarpark Scheibenberg KG	Germany	Neubiberg	100.0%
29	CHORUS CleanTech GmbH & Co. Solarpark Vilseck KG	Germany	Neubiberg	100.0%
30	CHORUS CleanTech GmbH & Co. Solarpark Warrenzin KG [3]	Germany	Neubiberg	100.0%

[1] Due to the retroactive merger between CHORUS CleanTech Portfolio Alpha GmbH and CHORUS Clean Energy AG as of January 1, 2016, the former is no longer separately recognized in the scope of consolidation.
[2] Purchase of the remaining 60 percent of shares in the third quarter of 2016
[3] Purchase of the remaining 11.4 percent of shares in the second quarter of 2016

	Company name	Country	Location	December 31, 2016
31	CHORUS CleanTech GmbH & Co. Solarparks Niederbayern KG	Germany	Neubiberg	**100.0%**
32	CHORUS CleanTech GmbH & Co. Windpark Hellberge KG	Germany	Neubiberg	**100.0%**
33	CHORUS CleanTech GmbH & Co. Windpark Ruhlkirchen KG	Germany	Neubiberg	**100.0%**
34	CHORUS CleanTech GmbH & Co. Windpark Stolzenhain KG	Germany	Neubiberg	**100.0%**
35	CHORUS CleanTech Management GmbH	Germany	Neubiberg	**100.0%**
36	CHORUS Energieanlagen GmbH	Germany	Neubiberg	**100.0%**
37	CHORUS GmbH	Germany	Neubiberg	**100.0%**
38	CHORUS Solar 3. Srl	Italy	Bruneck	**100.0%**
39	CHORUS Solar 3. Srl & Co. SAS	Italy	Bruneck	**100.0%**
40	CHORUS Solar 3. Srl & Co. SAS 2	Italy	Bruneck	**100.0%**
41	CHORUS Solar 5. Srl	Italy	Bruneck	**100.0%**
42	CHORUS Solar 5. Srl & Co. SAS Alpha	Italy	Bruneck	**100.0%**
43	CHORUS Solar Banna 3. Srl	Italy	Bruneck	**100.0%**
44	CHORUS Solar Banna 3. Srl & Co. Torino Due SAS	Italy	Bruneck	**100.0%**
45	CHORUS Solar Banna 5. Srl	Italy	Bruneck	**100.0%**
46	CHORUS Solar Banna 5. Srl & Co. PP4 SAS	Italy	Bruneck	**100.0%**
47	CHORUS Solar Banna 5. Srl & Co. SAS Beta	Italy	Bruneck	**100.0%**
48	CHORUS Solar Banna 5. Srl & Co. Torino Uno SAS	Italy	Bruneck	**100.0%**
49	CHORUS Solar GmbH	Italy	Bruneck	**100.0%**
50	CHORUS Solar Italia Centrale 5. Srl	Italy	Bruneck	**100.0%**
51	CHORUS Solar Puglia 3. Srl	Italy	Bruneck	**100.0%**
52	CHORUS Solar Puglia 3. Srl & Co. Casarano SAS	Italy	Bruneck	**100.0%**
53	CHORUS Solar Puglia 3. Srl & Co. Matino SAS	Italy	Bruneck	**100.0%**
54	CHORUS Solar Puglia 3. Srl & Co. Nardò SAS	Italy	Bruneck	**100.0%**
55	CHORUS Solar Srl & Co. Foggia Cinque SAS	Italy	Bruneck	**100.0%**
56	CHORUS Solar Srl & Co. Foggia Due SAS	Italy	Bruneck	**100.0%**
57	CHORUS Solar Srl & Co. Foggia Nove SAS	Italy	Bruneck	**100.0%**
58	CHORUS Solar Srl & Co. Foggia Otto SAS	Italy	Bruneck	**100.0%**
59	CHORUS Solar Srl & Co. Foggia Quattro SAS	Italy	Bruneck	**100.0%**
60	CHORUS Solar Srl & Co. Foggia Sei SAS	Italy	Bruneck	**100.0%**
61	CHORUS Solar Srl & Co. Foggia Sette SAS	Italy	Bruneck	**100.0%**
62	CHORUS Solar Srl & Co. Foggia Tre SAS	Italy	Bruneck	**100.0%**
63	CHORUS Solar Srl & Co. SAS	Italy	Bruneck	**100.0%**
64	CHORUS Solar Toscana 5. Srl	Italy	Bruneck	**100.0%**
65	CHORUS Solar Toscana 5. Srl & Co. Ternavasso Due SAS	Italy	Bruneck	**100.0%**
66	CHORUS Solar Toscana 5. Srl & Co. Ternavasso Uno SAS	Italy	Bruneck	**100.0%**
67	CHORUS Vertriebs GmbH	Germany	Neubiberg	**100.0%**
68	CHORUS Wind Amöneburg GmbH & Co. KG [4)]	Germany	Wörrstadt	**100.0%**
69	CHORUS Wind Hürth GmbH & Co. KG [5)]	Germany	Neubiberg	**100.0%**

[4)] Transaction completed on March 31, 2016
[5)] Transaction completed on May 12, 2016

	Company name	Country	Location	December 31, 2016
70	Collechio Energy di Chorus Solar 5. Srl & Co. SAS	Italy	Bruneck	100.0%
71	Energia & Sviluppo di Chorus Solar 5. Srl & Co. SAS	Italy	Bruneck	100.0%
72	CHORUS Wind Appeln GmbH & Co. KG	Germany	Neubiberg	100.0%
73	Ferme Eolienne de Maisontiers-Tessonniere SAS [7)]	France	Strasbourg	100.0%
74	Ferme Eolienne de Marsais 1 SAS [7)]	France	Strasbourg	100.0%
75	Ferme Eolienne de Marsais 2 SAS [7)]	France	Strasbourg	100.0%
76	Infrastruktur Amöneburg-Roßdorf GmbH & Co. KG [6)]	Germany	Wörrstadt	71.43%
77	La Rocca Energy di Chorus Solar 3. Srl & Co. SAS	Italy	Bruneck	100.0%
78	Le Lame di Chorus Solar Toscana 5. Srl & Co. SAS	Italy	Bruneck	100.0%
79	Lux Energy di Chorus Solar 5. Srl & Co. SAS	Italy	Bruneck	100.0%
80	San Giuliano Energy di Chorus Solar Toscana 5. Srl & Co. SAS	Italy	Bruneck	100.0%
81	San Martino Energy di Chorus Solar 5. Srl & Co. SAS	Italy	Bruneck	100.0%
82	Solarpark Gelchsheim GmbH & Co. KG	Germany	Neubiberg	100.0%
83	Solarpark Gnannenweiler GmbH & Co. KG	Germany	Reußenköge	56.80%
84	Solarpark Staig GmbH & Co. KG	Germany	Reußenköge	75.70%
85	Sun Time Renewable Energy di Chorus Solar 3. Srl & Co. SAS	Italy	Bruneck	100.0%
86	Treponti di Chorus Solar 3. Srl & Co. SAS	Italy	Bruneck	100.0%
87	Windpark Breberen GmbH [7)]	Germany	Gangelt	100.0%
88	Windpark Herrenstein GmbH	Austria	Kilb	100.0%
89	Windpark Lairg Management GmbH [8)]	Germany	Neubiberg	100.0%
90	Windpark Lairg Services GmbH [9)]	Germany	Neubiberg	100.0%
91	Windpark Lairg Verwaltungs GmbH [10)]	Germany	Neubiberg	100.0%
92	Windpark Pongratzer Kogel GmbH	Austria	Wien	100.0%
93	Windpark Zagersdorf GmbH	Austria	Kilb	100.0%
	Accounting for Acquisitions of Interests in Joint Operations			
94	Richelbach Solar GbR	Germany	Reußenköge	60.0%
	Associated Companies			
95	CHORUS IPP Europe GmbH [11)]	Germany	Neubiberg	100.0%
96	Gnannenweiler Windnetz GmbH & Co. KG	Germany	Bopfingen	20.0%

6) Infrastructure company of the acquired CHORUS Wind Amöneburg GmbH & Co. KG
7) Transaction completed on August 18, 2016
8) Formerly Lloyd Fonds Energy Management GmbH, Hamburg; transaction completed on August 18, 2016
9) Formerly Lloyd Fonds Energy Commercial Services GmbH, Hamburg; transaction completed on August 18, 2016
10) Formerly Lloyd Fonds Energie Europa Verwaltungs GmbH, Hamburg; transaction completed on August 18, 2016
11) Purchase of the shares via CHORUS Clean Energy AG – closing on July 20, 2016

EXPANSION OF THE WIND PARK PORTFOLIO

In the fiscal year 2016, the following newly acquired operating companies were included in the consolidated financial statements of CHORUS AG for the first time:

- CHORUS Wind Amöneburg GmbH & Co. KG
- CHORUS Wind Zellertal GmbH & Co. KG
- CHORUS Wind Hürth GmbH & Co. KG
- Ferme Eolienne de Marsais 1 SAS
- Ferme Eolienne de Marsais 2 SAS
- Ferme Eolienne de Maisontiers-Tessonniere SAS
- Ferme Eolienne de Glénay SAS

The Amöneburg wind park also holds interests in one infrastructure company (Infrastruktur Amöneburg-Roßdorf GmbH & Co. KG, headquartered in Wörrstadt). With a 71.43 percent share of voting rights, this company is also fully consolidated.

For further information on the acquisitions, please refer to section 6.2 Business Combinations.

SALE OF THE ITALIAN IDEA AND RASENA PROJECTS

Effective as of January 1, 2016, Idea Energy SAS di Chorus Solar Toscana 5 Srl & C. and Rasena Solare SAS di Chorus Solar Toscana 5. Srl & C. were sold as planned to two German pension funds and are no longer included in the consolidated financial statements. The management of these sites continues to be provided by CHORUS as part of its Asset Management activities. The resulting deconsolidation gains from the sale of the companies amount to EUR 272 thousand and were recognized in the consolidated statement of comprehensive income. The assets and liabilities of the two companies were recognized as held for sale as of December 31, 2015.

CHORUS STRENGTHENS ASSET MANAGEMENT BUSINESS BY TAKING OVER PRIME RENEWABLES GMBH

On July 20, 2016, CHORUS took over Prime Renewables GmbH, Frankfurt, from Prime Capital AG, Frankfurt. The company headquarters have since been moved to Neubiberg near Munich and the company name changed to CHORUS IPP Europe GmbH. With this transaction, the managed portfolio is expanded by a good 86 MW. The company's portfolio includes renewable energy parks in five European countries, giving CHORUS access to the markets of Sweden and the UK. While the company is largely financed by institutional investors, CHORUS is responsible for portfolio management. Although CHORUS acquired all shares in the company, it is presented as an associated company due to the insignificant allocation of income to CHORUS. Control within the meaning of IFRS 10 does not exist. Alongside interests in CHORUS IPP Europe GmbH (estimate at acquisition date: EUR 181 thousand), which are recorded as financial investments at equity, the takeover also included profit-participation rights (fair value at acquisition date: EUR 1,752 thousand) and a service agreement relating to portfolio management by CHORUS AG (fair value at acquisition date: EUR 6,588 thousand). The profit-participation rights constitute non-current financial instruments in the "available-for-sale" category. Subsequent measurement will be performed under other comprehensive income and therefore recognized directly in equity. The service agreement is recognized as an intangible asset and amortized over its contractual term.

MANAGEMENT TAKEOVER AT TWO WIND PARKS IN GERMANY AND SCOTLAND

With the acquisition of the companies Windpark Breberen GmbH, Gangelt, Lloyd Fonds Energy Commercial Services GmbH, Hamburg, Lloyd Fonds Energie Europa Verwaltungs GmbH, Hamburg, and Lloyd Fonds Energy Management GmbH, Hamburg, CHORUS took over the management of two wind parks in Germany and Scotland from Lloyd Fonds AG, Hamburg, on August 18, 2016. With the exception of Windpark Breberen GmbH, the headquarters of the remaining companies have since been moved to Neubiberg near Munich and they have been renamed as follows: Windpark Lairg Services GmbH, Windpark Lairg Verwaltungs GmbH and Windpark Lairg Management GmbH. With this transaction, the nominal capacity of the total managed portfolio increased by about 25 MW. All management companies are included in the consolidated financial statements as part of full consolidation. This acquisitions are not shown as business combinations within the meaning of IFRS 3, but instead constitute the acquisition of assets. Therefore, no purchase price allocation has been carried out. In the course of the acquisition, project rights totaling EUR 316 thousand were capitalized. Furthermore, the service agreement for the Breberen wind park was acquired by CHORUS AG as part of the transaction and included in the consolidated financial statements as an intangible asset (estimate at acquisition date: EUR 229 thousand). It will be amortized over the corresponding term.

WITHDRAWAL FROM PURCHASE CONTRACT FOR ZELLERTAL WIND PARK

In December 2016, CHORUS made use of its contractually stipulated right of withdrawal from the purchase contract for CHORUS Wind Zellertal GmbH & Co. KG acquired in March 2016. In order to comply with the approved sound levels, the turbines would have to be operated at a lower efficiency. This would have resulted in significantly lower earnings than expected at the time of purchase. The company was part of the CHORUS Group as of the date of initial consolidation until the end of the year and was therefore fully consolidated. The company and the associated infrastructure company juwi Wind Germany 129 GmbH & Co. KG will be deconsolidated with the withdrawal. In addition to the purchase price refund, CHORUS will also receive an appropriate interest rate as compensation from the seller for the period of capital use. At the Group level, the transaction results in a total effect of EUR 64 thousand from the interest on the capital invested.

RESALE OF THE FRENCH WIND PARK GLÉNAY TO INSTITUTIONAL INVESTOR

At the end of December 2016, CHORUS decided to resell Ferme Eolienne de Glénay SAS, acquired on September 30, 2016, to its institutional investor. The company was therefore included in the CHORUS Group for the fourth quarter of 2016. The company was deconsolidated at the end of the year. This results in a deconsolidation gain of EUR 65 thousand, which is recognized under other operating income.

OTHER TRANSACTIONS AND EVENTS IN FISCAL YEAR 2016

On June 30, 2016, the remaining 11.4 percent interest in CHORUS CleanTech GmbH & Co. Solarpark Warrenzin KG was acquired, effective as of January 1, 2016. Since then, CHORUS has held all limited partner shares in CHORUS CleanTech GmbH & Co. Solarpark Warrenzin KG.

In the second quarter of 2016, CHORUS CleanTech Portfolio Alpha GmbH was merged with CHORUS Clean Energy AG. The merger has no effect on the Group.

Furthermore, CHORUS acquired the remaining 60 percent interest in CHORUS Clean Energy Verwaltungs GmbH in September 2016 and thus holds all shares in the company as of the reporting date. Owing to the exercising of management functions, the company was already controlled and fully consolidated. Recognition of minority interests is therefore no longer made in equity as of September 30, 2016.

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

The CHORUS Infrastructure Fund, S.A. SICAV-SIF, formerly designated as an associate, will no longer be identified as such after the departure of Holger Götze from the Management Board of CHORUS on October 20, 2016, since it cannot exert any decisive influence. The investment is now recognized as a financial instrument of the category AfS at amortized cost.

6.2 BUSINESS COMBINATIONS

The purchase price allocations (PPAs) determined for the initial consolidation are to be viewed as preliminary, since there can be instances leading to subsequent adjustments of the PPA within the year following the purchase.

ACQUISITIONS DURING 2016 FISCAL YEAR

Pursuant to its growth strategy, CHORUS acquired all shares in both the **Amöneburg and Zellertal wind parks** as of March 31, 2016. The Amöneburg wind park is situated in the Marburg-Biedenkopf district of the state of Hesse, while the Zellertal wind park is based in the Donnersbergkreis district of Rhineland-Palatinate.

From the initial consolidation, the Amöneburg wind park contributed EUR 1,460 thousand, and the Zellertal wind park EUR 675 thousand, to Group revenues. The contribution to the Group's profit or loss was EUR –16 thousand for Amöneburg and EUR 166 thousand for Zellertal. With an initial consolidation as of January 1, 2016, revenue would have increased by a total of EUR 2,554 thousand and the consolidated income for the year would have increased by EUR 258 thousand.

As consideration for the acquired shares, a purchase price of EUR 3 thousand was agreed upon with the seller for Amöneburg and EUR 3 thousand for Zellertal. Considerations in the form of issued equity instruments, share-based premiums or contingent considerations were not arranged.

The following summarizes the assets and liabilities acquired as part of the initial consolidation:

FAIR VALUE in EUR thousands	Amöneburg wind park	Zellertal wind park
Intangible assets	667	982
Property, plant and equipment	27,176	12,807
Financial assets	0	1
Trade receivables	195	385
Current non-financial assets	4,632	2,465
Cash and cash equivalents	0	24
Non-current provisions	1,517	338
Non-current financial liabilities	17,342	10,628
Deferred income	968	0
Deferred tax liabilities	30	119
Current provisions	2	75
Trade payables	2,681	1,185
Current financial liabilities	9,782	4,011
Deferred income	264	0

The value of the newly measured equity amounted to EUR 83 thousand for Amöneburg and EUR 310 thousand for Zellertal at the time of initial consolidation. At the time of acquisition, most of the turbines were already in operation.

Multiple directly related operative rights for constructing and operating the wind power plants were identified as intangible assets. The measurement of these operative rights was done using the residual value method. With this method, the present value of future expected net cash flows that are generated thanks to the rights are measured minus the cash flows that are connected with the supporting assets. The resulting fair value of the operative rights amounted to EUR 667 thousand for Amöneburg and EUR 982 thousand for Zellertal as of the initial consolidation.

Along with the measurement of the operative rights, adjustments to the fair value of an asset retirement obligation and an awarded loan were performed as of the initial consolidation. In accordance with IFRS, the asset retirement obligation was recognized as a liability. On 31 March 2016, the provision established was EUR 1,517 thousand for Amöneburg and EUR 338 thousand for Zellertal. The fair value of the loan was recognized as EUR 17,342 thousand (Amöneburg) and EUR 10,628 thousand (Zellertal) as of the initial consolidation.

Goodwill was determined as follows:

in EUR thousands	Amöneburg wind park	Zellertal wind park
Consideration transferred	3	3
Fair value of equity as of the initial consolidation	83	310
Negative difference	**81**	**307**

The value of the acquired companies primarily results from the wind power plants acquired and the operative rights for constructing and operating the wind power plants as well as the resulting revenue. The purchase of the two wind parks represents an advantageous acquisition that is underscored by the negative difference of EUR 81 thousand for Amöneburg and EUR 307 thousand for Zellertal. The negative difference was mainly made possible by the good market positioning and establishment of the CHORUS Group compared to its potential competitors. This positioning is also seen in exclusive negotiations and the Group's reputation for professionally processing transactions. Goodwill that could be used as a deduction for tax purposes did not exist for these purchases.

As described in section 6.1 Scope of Consolidation, the contractual right of withdrawal was exercised for the Zellertal wind park. As a result, it was deconsolidated at the end of the year. The overall effect resulting from the negative difference to the initial consolidation and deconsolidation gain amounted to EUR 68 thousand. Additionally, the Group received interest on the capital employed of EUR 64 thousand.

In addition, CHORUS also acquired all shares in the **Hürth wind park** near Cologne, effective May 13, 2016. From the initial consolidation on May 13, 2016, to December 31, 2016, the Hürth wind park contributed revenues of EUR 560 thousand and losses of EUR 85 thousand to the Group's net profit or loss. With an initial consolidation as of January 1, 2016, Group revenue would have increased by EUR 655 thousand and the consolidated income for the year would have decreased by EUR 514 thousand.

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

The following summarizes the recognized assets and liabilities acquired as part of the initial consolidation:

FAIR VALUE in EUR thousands	Hürth wind park
Intangible assets	2,043
Property, plant and equipment	9,289
Trade receivables	99
Current non-financial assets	694
Cash and cash equivalents	129
Non-current provisions	494
Non-current financial liabilities	8,973
Deferred tax liabilities	469
Current provisions	21
Trade payables	557
Current financial liabilities	1,155

The value of the newly measured equity amounted to EUR 586 thousand at the time of initial consolidation. The wind parks went into operation in April 2016.

Multiple directly related operative rights for constructing and operating the wind power plants were identified as intangible assets. The measurement of these operative rights was done using the residual value method. With this method, the present value of future expected net cash flows that are generated thanks to the rights are measured minus the cash flows that are connected with the supporting assets. The resulting fair value of the operative rights amounted to EUR 2,043 thousand as of the initial consolidation.

Along with the measurement of the operative rights, adjustments to the fair value of an asset retirement obligation and an awarded loan were performed as of the initial consolidation. In accordance with IFRS, the asset retirement obligation was recognized as a liability. The provision amounted to EUR 494 thousand as of May 13, 2016. The fair value of the loan was recognized as EUR 8,973 thousand as of the initial consolidation.

Goodwill was determined as follows:

in EUR thousands	Hürth wind park
Consideration transferred	1
Fair value of equity as of the initial consolidation	586
Negative difference	**585**

The value of the acquired company primarily results from the wind parks acquired and the operative rights for constructing and operating the wind parks as well as the resulting revenue. The purchase of the wind park represents an advantageous acquisition that is underscored by the negative difference of EUR 585 thousand. The negative difference was mainly made possible by the good market positioning and establishment of the CHORUS Group compared to its potential competitors. This positioning is also seen in exclusive negotiations and the Group's reputation for professionally processing transactions. Goodwill that could be used as a deduction for tax purposes did not exist for these purchases.

As of September 30, 2016, CHORUS acquired all shares in four wind parks in France (**wind park portfolio France**). The Marsais 1 and Marsais 2 wind parks began operation in the middle of 2015, while Maisontiers and Glénay both went online in the third quarter of 2016. Since the initial consolidation, the portfolio has contributed EUR 2,444 thousand to revenue and EUR 638 thousand to the Group's result. With an initial consolidation of the portfolio as of January 1, 2016, Group revenue would have increased by EUR 5,041 thousand and the consolidated income for the year would have decreased by EUR 964 thousand.

As consideration for the acquired shares, a purchase price of EUR 46,621 thousand was agreed upon with the seller for the entire portfolio. Considerations in the form of issued equity instruments, share-based premiums or contingent considerations were not arranged.

The following summarizes the recognized assets and liabilities acquired as part of the initial consolidation:

FAIR VALUE

in EUR thousands	Wind park Portfolio
Intangible assets	76,126
Property, plant and equipment	70,605
Trade receivables	390
Current non-financial assets	8,525
Cash and cash equivalents	3,112
Non-current provisions	2,816
Non-current financial liabilities	67,702
Deferred tax liabilities	23,784
Tax provisions	139
Trade payables	7,742
Current financial liabilities	8,991

The value of the newly measured equity amounted to EUR 47,585 thousand at the time of initial consolidation. The wind turbines began operations in the middle of 2015 and the third quarter of 2016 respectively.

Multiple directly related operative rights for constructing and operating the wind power plants were identified as intangible assets. The measurement of these operative rights was done using the residual value method. With this method, the present value of future expected net cash flows that are generated thanks to the rights are measured minus the cash flows that are connected with the supporting assets. The resulting fair value of the operative rights amounted to EUR 76,126 thousand as of the initial consolidation.

Along with the measurement of the operative rights, adjustments to the fair value of an asset retirement obligation and an awarded loan were performed as of the initial consolidation. In accordance with IFRS, the asset retirement obligation was recognized as a liability. The provision amounted to EUR 2,816 thousand as of September 30, 2016. The fair value of the loan was recognized as EUR 67,702 thousand as of the initial consolidation.

Goodwill was determined as follows:

in EUR thousands	Wind park Portfolio
Consideration transferred	46,621
Fair value of equity as of the initial consolidation	47,585
Negative difference	**964**

The value of the acquired company primarily results from the wind parks acquired and the operative rights for constructing and operating the wind parks as well as the resulting revenue. The purchase of the wind park portfolio represents an advantageous acquisition that is underscored by the negative difference of EUR 964 thousand. The negative difference was mainly made possible by the good market positioning and establishment of the CHORUS Group compared to its potential competitors. This positioning is also seen in exclusive negotiations and the Group's reputation for professionally processing transactions. Goodwill that could be used as a deduction for tax purposes did not exist for these purchases.

As of December 31, 2016, a company from the wind park portfolio, Ferme Eolienne de Glénay SAS, was sold to an institutional investor, for whom CHORUS provides Asset Management services. The management of the company thus remains with the Group. The sale of the company resulted in a deconsolidation gain of EUR 65 thousand, which is reflected in the Group's other operating income.

COMPANIES ACQUIRED IN THE PREVIOUS YEAR

In the 2015 fiscal year, the scope of consolidation expanded as a result of the acquisition of the Appeln wind park in Germany. The negative difference for this transaction amounted to EUR 419 thousand.

The two Austrian wind parks, Zagersdorf and Herrenstein, were also acquired in the 2015 fiscal year. No purchase price allocations were carried out for these acquisitions. As projects under construction, they did not meet the definition of a business operation as defined by IFRS at the time of acquisition and thus did not fall within the scope of this standard. The transactions were recognized as asset purchases. The Zagersdorf wind park began operations in March 2016, while the Herrenstein wind park is scheduled to go online in the summer of 2017.

6.3 SALE OF SUBSIDIARIES

Effective as of January 1, 2016, Idea Energy SAS di Chorus Solar Toscana 5 Srl & C. and Rasena Solare SAS di Chorus Solar Toscana 5. Srl & C. were sold as planned to two German pension funds and are no longer included in the consolidated financial statements. The management of these sites continues to be provided by CHORUS as part of its Asset Management activities. The resulting deconsolidation gains from the sale of the companies amount to EUR 272 thousand and were recognized in the consolidated statement of comprehensive income. The assets and liabilities of the two companies were recognized as held for sale as of December 31, 2015.

The disposal and deconsolidation effects of this transaction break down as follows:

in EUR thousands	Disposal of Assets and Liabilities
Assets held for sale	4,839
Liabilities relating to assets held for sale	–2,998
Net assets sold	**1,841**
Total consideration received	1,312
Redemption of working capital	801
Net assets sold	–1,841
Deconsolidation gains	**272**
Net cash flow from sale	1,312

CHORUS sold the French wind park Glénay to a pension fund as of December 31, 2016. The management of the wind park continues to be provided by CHORUS as part of its asset management activities. The resulting deconsolidation gains from the sale of the company amount to EUR 65 thousand and were recognized in the consolidated statement of comprehensive income. The purchase price for the wind park had not yet been received in full as of the reporting date.

The disposal and deconsolidation effects of this transaction break down as follows:

in EUR thousands	Disposal of Assets and Liabilities
Assets held for sale	72,288
Liabilities relating to assets held for sale	–52,464
Net assets sold	**19,824**
Total consideration received	19,889
Net assets sold	–19,824
Deconsolidation gains	**65**
Net cash flow from sale	14,511

7 SEGMENT REPORTING

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

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

Energy Generation Solar consists of 55 solar parks in Germany and Italy.

Energy Generation Wind comprises the 13 existing wind parks in Germany, France and Austria.

Asset Management covers the general commercial and administrative services as well as investment management for the CHORUS Group's own portfolio as well as the portfolio it manages for third parties. The advisory services consist of the initiation of funds for professional investors and the creation of tailored and structured investments for these investor groups in the field of renewable energy. Subsequent to such structuring work, CHORUS typically provides asset management services to such institutional funds and other investment vehicles of professional investors and the operating companies held by these. The segment contains EUR 3,123 thousand in revenue from CHORUS Clean Energy AG as well as the companies allocated to it.

None of the operating segments were aggregated.

The reconciliation item lists business activities and circumstances that do not have a direct connection to the reporting segments of the CHORUS Group. In addition to the consolidation of business relationships between the segments and administration, this includes revenue and expenses from Group headquarters as well as personnel costs. The management of the segments by the members of the Management Board is performed based on various key figures (e.g. EBIT or EBITDA). These key figures are subject to the same disclosure, accounting and measurement methods as used for the consolidated financial statements. Interest income from shareholder loans that were provided within the Group to operating companies in the Energy Generation Solar and Energy Generation Wind segments are allocated to their respective segments (Energy Generation Solar: EUR 1,325 thousand; Energy Generation Wind: EUR 640 thousand). Internal Group revenue is transacted at market prices. Information on segment assets and liabilities is not reported to the Management Board.

The segment information break down as follows:

in EUR thousands	Energy Generation Solar	Energy Generation Wind	Asset Management	Total for operating segments	Reconciliation	Group
Revenue	46,071	12,926	6,628	65,625	–2,873	62,751
Previous year	49,263	5,931	4,833	60,027	–1,445	58,582
Revenue with third parties	46,071	12,926	3,754	62,751	0	62,751
Previous year	49,263	5,931	3,388	58,582	0	58,582
Revenue with other segments	0	0	2,873	2,873	–2,873	0
Previous year	0	0	1,445	1,445	–1,445	0
Earnings before interest, taxes, depreciation and amortization (EBITDA)	39,777	9,750	6,181	55,708	–10,064	45,644
Previous year	41,290	4,846	4,552	50,688	–7,833	42,855
Depreciation and amortization	–18,992	–7,382	–11	–26,385	–284	–26,669
Previous year	–19,551	–2,336	0	–21,887	–89	–21,976
Earnings before interest and taxes (EBIT)	20,785	2,368	6,170	29,323	–10,348	18,975
Previous year	21,739	2,510	4,552	28,801	–7,922	20,880
Interest income	105	1	3	109	268	376
Previous year	108	1	28	137	55	192
Interest expenses	–8,146	–2,082	–1	–10,229	–33	–10,261
Previous year	–8,727	–542	–3	–9,272	–803	–10,076
Financial investments recognized using the equity method	–21	0	0	–21	0	–21
Previous year	–26	0	0	–26	0	–26
Result from the measurement of interest rate swaps	–65	–274	0	–339	0	–339
Previous year	1,836	37	0	1,872	0	1,872
Financial result	–8,127	–2,355	2	–10,481	235	–10,245
Previous year	–6,809	–505	25	–7,289	–748	–8,038
Earnings before taxes (EBT)	12,658	12	6,172	18,843	–10,113	8,730
Previous year	14,930	2,005	4,577	21,512	–8,669	12,842
Income taxes	–3,315	988	–325	–2,652	–1,796	–4,448
Previous year	–2,765	–845	–349	–3,959	77	–3,882
Profit (loss) for the year	9,343	1,001	5,847	16,190	–11,909	4,282
Previous year	12,165	1,160	4,228	17,553	–8,592	8,961
Earnings per share (EUR)	0.34	0.04	0.21	0.58	–0.43	0.15
Previous year (EUR)	0.61	0.06	0.21	0.88	–0.43	0.45

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

in EUR thousands	2016	2015
Revenue		
Total for operating segments	65,625	60,027
Administration	–	14
Consolidations	–2,873	–1,460
Group	62,751	58,582
Earnings before interest, taxes, depreciation and amortization (EBITDA)		
Total for operating segments	55,708	50,688
Administration	–10,064	–7,833
Consolidations	–	–
Group	45,644	42,856
Earnings before interest and taxes (EBIT)		
Total for operating segments	29,323	28,801
Administration	–10,348	–7,922
Consolidations	–	–
Group	18,975	20,880
Financial result		
Total for operating segments	–10,481	–7,289
Administration	235	–748
Consolidations	–	–
Group	–10,245	–8,038
Earnings before taxes (EBT)		
Total for operating segments	18,843	21,512
Administration	–10,113	–8,669
Consolidations	–	–
Group	8,730	12,842
Profit (loss) for the year		
Total for operating segments	16,190	17,553
Administration	–11,909	–8,592
Consolidations	–	–
Group	4,282	8,961
Earnings per share (EUR)		
Total for operating segments	0.58	0.88
Administration	–0.43	–0.43
Consolidations	0.00	0.00
Group	0.15	0.45

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

	Revenue with third parties		Non-current assets	
in EUR thousands	2016	2015	2016	2015
Germany	37,945	35,476	326,926	284,609
Italy	19,530	20,972	112,963	119,446
France	3,006	677	84,432	5,168
Austria	2,270	1,457	29,773	24,270
Total	62,751	58,582	554,095	433,494
Goodwill	–	–	23,148	23,148
Group	62,751	58,582	577,243	456,642

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

60 percent of revenue was generated in Germany (previous year: 61 percent), 31 percent in Italy (previous year: 36 percent), 5 percent in France (previous year: 1 percent) and 4 percent in Austria (previous year: 2 percent).

Revenue from the largest buyer in the Energy Generation Solar segment amounted to EUR 19,038 thousand (2015: EUR 20,995 thousand). Despite this fact, CHORUS is not dependent on an individual customer. The compensation for the electricity generated is either guaranteed by the statutory feed-in tariffs of the respective country or covered by direct marketing contracts. Due to the arrangements of the existing contracts with direct marketers and the underlying statutory provisions, CHORUS is not dependent on individual customers.

8 DISCLOSURES REGARDING THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

8.1 EXTRAORDINARY EFFECTS

The business activities can be affected by one-off occurrences, whose effects are recognized in the consolidated financial statements as "extraordinary effects". To ensure greater comparability of the financial information across multiple reporting periods, earnings pursuant to IFRS are adjusted for these effects. In the fiscal year 2016, other operating expenses contains one-time expenses that arose in connection with the takeover by Capital Stage AG. Additionally, some of the tax losses carried forward in the CHORUS Group expired with the takeover. In the fiscal year 2015, extraordinary expenses occurred in connection with the planned IPO that could not be directly deducted from the capital reserve during the preparations for the planned IPO.

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

in EUR thousands	EBITDA	EBIT	Profit for the year	Earnings per share (in EUR)
Adjusted earnings 2016	47,886	21,217	7,856	0.28
Expenses in connection with the takeover	2,242	2,242	3,574	0.13
2016 earnings pursuant to IFRS	45,644	18,975	4,282	0.15

in EUR thousands	EBITDA	EBIT	Profit for the year	Earnings per share (in EUR)
Adjusted earnings 2015	45,693	23,716	11,071	0.56
IPO-related expenses	2,837	2,837	2,110	0.11
2015 earnings pursuant to IFRS	42,856	20,880	8,961	0.45

8.2 REVENUE

Revenue can be broken down as follows:

in EUR thousands	2016	2015
Energy Generation Solar	**46,071**	49,263
Energy Generation Wind	**12,926**	5,931
Asset Management	**3,754**	3,388
Revenue	**62,751**	58,582

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

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

Revenue breaks down by country as follows:

in EUR thousands	Germany	Italy	France	Austria	2016
Energy Generation Solar	26,541	19,530	–	–	**46,071**
Energy Generation Wind	7,651	–	3,006	2,270	**12,926**
Asset Management	3,754	–	–	–	**3,754**
Total	37,945	19,530	3,006	2,270	**62,751**

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

8.3 OTHER INCOME

in EUR thousands	2016	2015
Income from business combinations	1,699	418
Income from deconsolidation	336	0
Recharges	81	612
Out of period income	965	389
Other income	898	1,202
Total	3,979	2,621

Due to an adjustment to the classification within other operating income in internal reporting, some of the previous year's figures no longer conform to those published in the previous year's financial statements.

8.4 PERSONNEL COSTS

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

in EUR thousands	2016	2015
Salaries	3,647	2,317
Social security costs	398	369
Total	4,044	2,686

In 2016, the CHORUS Group employed an average of 37 people (2015: 29 employees) – all of whom worked in administration.

Salaries include expenses for employee bonuses and other additional benefits.

8.5 OTHER EXPENSES

The Group's other operating expenses can be broken down as follows:

in EUR thousands	2016	2015
Operating costs for solar and wind parks	10,470	9,230
Legal, consultancy and auditing costs	4,175	3,897
Insurances, contributions and fees	107	233
Advertising and travel expenses	621	571
Space and building costs	345	178
Vehicle costs and other lease expenses	169	121
Telecommunications and office expenses	238	229
Supervisory Board remuneration	85	85
Out of period expenses	102	153
Other operating expenses	729	964
Total	17,042	15,661

The following table provides a more detailed breakdown of the item "Operating costs for solar and wind parks":

in EUR thousands	2016	2015
Technical and commercial management	4,368	3,406
Lease	1,574	772
External services and reference current	764	556
Costs for lawyers, tax advisors, notaries	790	523
Tax expenses for parks	167	1,081
Repairs and maintenance	510	387
Insurances	495	525
Fees, incidental costs and usual expenses	220	248
Out of period expenses	249	402
Other	1,333	1,330
Total	10,470	9,230

Due to an adjustment to the classification within other operating expenses in internal reporting, some of the previous year's figures no longer conform to those published in the previous year's financial statements.

8.6 DEPRECIATION AND AMORTIZATION/ IMPAIRMENTS

Amortization charges on intangible assets of EUR 11,761 thousand (2015: EUR 10,513 thousand) and depreciation charges on property, plant and equipment of EUR 14,908 thousand (2015: EUR 11,463 thousand) are reported under this line item. Amortizations on intangible assets are attributable to computer software and project rights as well as service contracts and other operative rights. Depreciation charges on property, plant and equipment can be attributed mainly to the wind and solar parks as well as other operating and office equipment. No impairment expense was recorded in the fiscal year 2016 and 2015.

8.7 NET FINANCIAL RESULT

in EUR thousands	2016	2015
Interest and similar income	376	192
Financial income	**376**	**192**
Expenses from fair value changes to entitlements towards limited partners	–428	–657
Interest and similar expenses	–9,785	–9,375
Interest accrued on provisions for asset retirement	–48	–44
Finance costs	**–10,261**	**–10,076**
Result from the measurement of interest rate swaps	–339	1,872
Result from the measurement of interest rate swaps	**–339**	**1,872**
Result for financial investments at equity	–21	–26
Net financing expenses recognized in comprehensive income	**–10,245**	**–8,038**

8.8 INCOME TAXES

Income taxes can be broken down as follows:

in EUR thousands	2016	2015
Current tax expense:		
Current year	1,716	1,804
Adjustments for previous years	139	80
Total	**1,855**	**1,884**
Deferred tax expense:		
Occurrence/reversal of temporary differences	1,574	1,788
Differences from tax rate changes	1,019	210
Total	**2,593**	**1,998**
Total	**4,448**	**3,882**

Income from corporations in Germany is subject to a corporate income tax rate of 15.0 percent plus solidarity surcharge of 5.5 percent and trade tax at the headquarters of 9.8 percent (combined tax rate of 25.6 percent) in accordance with the tax laws applicable in fiscal year 2016 and 2015. For limited partners in 2016, the respectively applicable current trade tax factor of the municipality where the company is located is applied in Germany.

The applied tax rate for the fiscal year 2016 in Italy amounts to 28.65 percent (2015: 32.15) for corporate entities and 2.68 percent for limited partnerships. The applied tax rate of companies in Austria amounts to 25 percent and the applied tax rate of companies in France amounts to 33.33 percent as of December 31, 2016. Deferred tax liabilities and deferred tax assets are calculated using the respective tax rate for each country.

Taxes recognized in other comprehensive income:

in EUR thousands	2016 Before taxes	2016 Tax expense	2016 After taxes	2015 Before taxes	2015 Tax income (expense)	2015 After taxes
Market value changes in financial assets available for sale	–206	53	–153	998	–256	743
Total	–206	53	–153	998	–256	743

Taxes recognized directly in equity:

in EUR thousands	2016 Before taxes	2016 Tax income	2016 After taxes	2015 Before taxes	2015 Tax income (expense)	2015 After taxes
Transaction costs for equity procurement	–	–	–	–6,905	1,195	–5,710
Total	–	–	–	–6,905	1,195	–5,710

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

in EUR thousands	2016	2015
Profit before tax	8,730	12,842
Expected tax rate	25.6%	25.6%
Expected income tax expense	2,237	3,291
Differences due to different local tax rates	49	102
Tax effects from tax rate changes	1,019	210
Effects from non-deductible operating expenses	277	316
Increases/reductions in corporate income tax rate	–195	320
Tax-free income	–584	–107
Tax effects from permanent differences	110	37
Subsequent payments/reimbursements on income taxes from earlier periods	139	80
Deferred taxes from equity transactions	0	–250
Tax benefits from regional funding in foreign countries	–93	–144
Deferred tax assets not recognized on tax losses carried forward and temporary differences (Section 8c KStG)	1,408	110
Other tax effects	80	–84
Current income tax expense	4,448	3,882
Effective tax rate	51.0%	30.2%

8.9 EARNINGS PER SHARE

Earnings per share breaks down as follows:

in EUR	2016	2015
Profit/loss attributable to the owners of CHORUS Clean Energy AG	**4,284,246**	8,964,998
Weighted average number of ordinary shares outstanding	**27,704,950**	19,865,118
Earnings per share	**0.15**	0.45

The issue of new shares from the IPO also flow into the weighted average number of ordinary shares outstanding since October 2015. After this increase, there were no further changes to the number of shares.

No shares were outstanding on either December 31, 2015, or December 31, 2016, that could dilute earnings per share.

8.10 OTHER COMPREHENSIVE INCOME

Other comprehensive income comprises the effects from the market value changes in non-current assets classified as held for sale minus the associated deferred tax effects. In particular, these are holdings in investment funds as well as the profit-participation rights in CHORUS IPP Europe GmbH. For further details, please refer to note 9.4 Non-current Financial Assets.

9 NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

9.1 INTANGIBLE ASSETS AND GOODWILL

The development of intangible assets and goodwill can be broken down as follows for fiscal year 2015 to 2016:

	Historical cost				
in EUR thousands	January 1, 2016	Additions	Disposals	Acquisition via business combinations	December 31, 2016
Other rights and contracts	0	7,162	0	0	**7,163**
Goodwill	23,148	0	0	0	**23,148**
Advance lease payments	7,630	88	0	0	**7,718**
Advantageous project rights	156,589	0	33,815	79,818	**202,592**
Computer software	368	143	0	0	**511**

in EUR thousands	Depreciation and amortization				
	January 1, 2016	Additions	Disposals	Acquisition via business combinations	December 31, 2016
Other rights and contracts	0	203	0	0	**203**
Goodwill	0	0	0	0	**0**
Advance lease payments	895	484	0	0	**1,378**
Advantageous project rights	9,493	11,007	585	0	**19,915**
Computer software	200	68	0	0	**268**
Net book values	**177,148**	**–4,367**	**33,231**	**79,819**	**219,369**

in EUR thousands	Historical cost					
	January 1, 2015	Additions	Disposals [1]	Reclassifications and other changes	Acquisition via business combination	December 31, 2015
Goodwill	24,229	0	137	–944	0	23,148
Advance lease payments	7,418	362	150	0	0	7,630
Advantageous project rights	155,778	0	924	0	1,736	156,589
Computer software	366	2	0	0	0	368

in EUR thousands	Depreciation and amortization					
	January 1, 2015	Additions	Disposals [1]	Reclassifications and other changes	Acquisition via business combination	December 31, 2015
Goodwill	0	0	0	0	0	0
Advance lease payments	0	902	7	0	0	895
Advantageous project rights	0	9,548	55	0	0	9,493
Computer software	136	64	0	0	0	200
Net book values	**187,655**	**–10,149**	**1,149**	**–944**	**1,736**	**177,149**

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

Of the additions regarding advance lease payments of EUR 88 thousand (2015: EUR 362 thousand), EUR 88 thousand (2015: EUR 341 thousand) are non-cash items.

Further details on other changes to goodwill in the previous year are reported in note 9.12 Equity – Capital Reserve.

The contracts and other operative rights contain service agreements acquired for administration of energy parks as well as acquired project rights. All contracts and operative rights are amortized on a straight-line basis over the remaining contract term.

IMPAIRMENT TESTING FOR CGUs CONTAINING GOODWILL

CHORUS acquires renewable energy parks (either for its own CHORUS' portfolio or for third party investors) and generally operates such parks until the end of the operations. Currently, CHORUS AG owns and operates 55 solar parks and 13 wind parks in Germany, Italy, Austria and France.

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

The goodwill to be tested breaks down as follows:

GOODWILL OF CGUs

in EUR thousands	December 31, 2016	December 31, 2015
Energy Generation Solar	**9,541**	9,541
Energy Generation Wind	**4,089**	4,089
Asset Management	**9,518**	9,518
Total	**23,148**	23,148

CHORUS AG performed its annual impairment test on September 30, 2016. The recoverable amount of the individual CGUs was determined by calculating the fair value, which was done by discounting the expected cash flows that would result from the continued operation of the segment. The cash flow estimates used stem from the financial plans approved by the Management Board and Supervisory Board and which are based on specific estimates for the individual companies. The assumptions made for the planning are based on past figures and experiences as well as external opinions.

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

To determine the fair value, the key assumptions were the 1 percent average growth rate for extrapolating the cash flows outside of the planning period in all segments as well as the discounting rate of the weighted average cost of capital (WACC) of 3.55 percent for Energy Generation Solar in Germany and Italy, 3.23 percent for Energy Generation Wind in Germany, Austria and France and 3.08 percent for Asset Management.

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

Based on the assumptions and expectations presented, no impairments were identified for any of the three CGUs as of September 30, 2016. A plausibility check of the results was performed based on market capitalization.

SENSITIVITY ANALYSES ON THE IMPAIRMENT TEST

The results of the impairment test are primarily based on the assumptions of management presented above. In order to validate the results, the assumptions made were subjected to a sensitivity analysis, whereby the value impacts resulting from changes to the measurement parameters are assessed.

Reducing the growth rate of the perpetual annuity from one percent to zero percent over the course of the sensitivity analyses did not result in an impairment for any of the three CGUs. By increasing the respective discounting rate by one half of one percent, the analysis also did not give any indication for an impairment of the CGUs. In the case of the CGU Asset Management, the proportional achievement of the annual placement volume was also lowered by 10 percent. This sensitivity analysis did not result in any impairment requirements for the affected CGU.

9.2 PROPERTY, PLANT AND EQUIPMENT

The development of property, plant and equipment can be broken down as follows for fiscal years 2015 to 2016:

	Historical cost					
in EUR thousands	January 1, 2016	Additions	Disposals	Reclassification	Acquisition via business combinations	December 31, 2016
Land and buildings	753	0	0	0	0	**753**
Solar and wind parks	271,180	12,098	46,881	11,433	119,878	**367,708**
Other operating and office equipment	236	178	0	0	0	**414**
Advance payments made and plants under construction	12,501	5,514	0	–11,433	0	**6,582**

	Depreciation and amortization					
in EUR thousands	January 1, 2016	Additions	Disposals	Reclassification	Acquisition via business combinations	December 31, 2016
Land and buildings	0	0	0	0	0	**0**
Solar and wind parks	11,314	14,883	785	0	0	**25,412**
Other operating and office equipment	210	25	0	0	0	**235**
Advance payments made and plants under construction	0	0	0	0	0	**0**
Net book value	273,147	2,882	46,096	0	119,878	**349,810**

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

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

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

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

Of the additions regarding wind and solar parks of EUR 12,098 thousand (2015: EUR 14,492 thousand), EUR 614 thousand (2015: EUR 1,633 thousand) are non-cash items. The additions to the plants under construction from the previous year are also non-cash items.

The carrying amount of the leased assets (solar plants Italy) shown under “Solar and wind parks” amounts to EUR 15,342 thousand (2015: EUR 14,409 thousand).

The collateral provided is described in note 5.11.4.

9.3 FINANCIAL INVESTMENTS AT EQUITY

As of December 31, 2016, associated companies include Gnannenweiler Windnetz GmbH & Co. KG of EUR 153 thousand (2015: EUR 174 thousand) as well as the shares of CHORUS IPP Europe GmbH totaling EUR 181 thousand, acquired in the 2016 fiscal year. All these shares are to be accounted for using the equity method.

CHORUS AG holds all shares in CHORUS IPP Europe GmbH, headquartered in Neubiberg. Despite the majority interest, the company is not fully consolidated, but classified as an associate, since the majority of the returns from the investment are passed to a third party via interest on profit-participation rights. In addition to the shares in CHORUS IPP Europe GmbH, CHORUS also holds profit-participation rights in the company and provides services for it. Overall, the investment serves to expand the Group’s asset management business by assuming management of the solar and wind park portfolio. Quantitative information can be found in section 13.2. of the notes.

CHORUS Infrastructure Fund S. A. SICAV-SIF, based in Munsbach, Luxembourg, will no longer be classified as an associate after the departure of Holger Götze from the Management Board of CHORUS AG on October 20, 2016, as significant influence can no longer be assumed. The shares are therefore reported in non-current financial assets. Transactions with the company up through this date are listed under section 13.2 of the notes in Transactions with Related Parties.

Due to the immateriality of the equity results for the companies named, no follow-up measurement using the equity method has been performed.

in EUR thousands	January 1, 2016	Additions	Loss	Disposals	December 31, 2016
CHORUS Infrastructure Fund S. A. SICAV-SIF	411	0	–15	–396	**0**
CHORUS IPP Europe GmbH	0	181	0	0	**181**
Gnannenweiler Windnetz GmbH & Co. KG	174	0	–21	0	**153**
	585	181	–36	–396	**334**

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

9.4 NON-CURRENT FINANCIAL ASSETS

INVESTMENTS AVAILABLE FOR SALE

Investments available-for-sale in four investment funds in the renewable energy sector in the form of limited partners registered in the UK and the Cayman Islands belong to non-current financial assets: CleanTech Europe I L.P., London/U.K. (“Zouk I”), CleanTech Europe II L.P., London/U.K. (“Zouk II”), Hudson Clean Energy Partners (Cayman) L.P., Cayman Islands (“Hudson”) and European Renewable Energy Fund I L.P., London/U.K. (“Platina”), totaling EUR 5,363 thousand (2015: EUR 5,687 thousand). Furthermore, profit-participation rights of EUR 1,902 thousand in CHORUS IPP Europe GmbH, Neubiberg, are recognized here as are the shares in CHORUS Infrastructure Fund S. A. SICAV-SIF (EUR 396 thousand), which was previously recognized as an associate, and diverse other capital holdings held as available for sale totaling EUR 69 thousand as of December 31, 2016 (2015: EUR 75 thousand).

Other available-for-sale equity investments totaling EUR 69 thousand as of December 31, 2016 (2015: EUR 75 thousand) are generally measured at cost because a fair value could not be determined reliably. Sundry other available-for-sale equity investments comprise investments in unlisted shares that are not traded in an active market. CHORUS has no intention to sell these investments as of the respective balance sheet date.

9.5 DEFERRED TAXES

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

	December 31, 2016			
in EUR thousands	Net status as of January 1, 2016	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity
Intangible assets and goodwill	–37,619	3,498	0	0
Property, plant and equipment	23,021	–3,689	0	0
Financial investments at equity	0	4	0	0
Non-current financial assets	433	–36	53	0
Other non-current assets	0	0	0	0
Other current assets	3,986	–280	0	0
Non-current provisions	472	876	0	0
Non-current financial liabilities	17,265	–4,926	0	0
Other non-current liabilities	0	0	0	0
Other current liabilities	–768	2,746	0	0
Deferred tax assets on loss carry forwards	1,647	–786	0	0
	8,439	**–2,593**	**53**	**0**
Offsetting	–	–	–	–
Total	**8,439**	**–2,593**	**53**	**0**

	December 31, 2015			
in EUR thousands	Net status as of January 1, 2015	Recognized in profit or loss	Recognized in other comprehensive income	Recognized directly in equity
Intangible assets and goodwill	–39,531	2,183	0	0
Property, plant and equipment	26,392	–2,887	0	0
Financial investments at equity	0	0	0	0
Non-current financial assets	685	4	–256	0
Other non-current assets	–1,898	1,898	0	0
Other current assets	3,805	86	0	0
Non-current provisions	820	–348	0	0
Non-current financial liabilities	20,221	–2,452	0	0
Other non-current liabilities	43	–43	0	0
Other current liabilities	114	–891	0	0
Deferred tax assets on loss carry forwards	0	452	0	1,195
	10,651	**–1,998**	**–256**	**1,195**
Offsetting	–	–	–	–
Total	**10,651**	**–1,998**	**–256**	**1,195**

Acquired via business combination	Disposals via company sales	Net status as of December 31, 2016	Deferred tax assets	Deferred tax liabilities
–26,450	11,025	**–49,544**	2,852	–52,397
–202	106	**19,235**	26,366	–7,130
0	0	**4**	4	0
0	0	**450**	450	0
0	0	**0**	0	0
0	–105	**3,601**	3,601	0
0	0	**1,348**	1,452	–104
1,438	–645	**13,132**	13,274	–142
0	0	**0**	0	0
0	–69	**1,909**	1,934	–25
813	–357	**1,318**	1,318	0
–24,401	**9,955**	**–8,547**	**51,251**	**–59,798**
–	–	**–**	–42,627	42,627
–24,401	**9,955**	**–8,547**	**8,624**	**–17,171**

Acquired via business combination	Other	Net status as of December 31, 2015	Deferred tax assets	Deferred tax liabilities
–492	221	–37,619	3,590	–41,208
0	–484	23,021	29,086	–6,065
0	0	0	0	0
0	0	433	962	–529
0	0	0	0	0
95	0	3,986	4,304	–318
0	0	472	472	0
–29	–475	17,265	17,324	–59
0	0	0	0	0
0	9	–768	48	–816
0	0	1,647	1,647	0
–425	**–729**	**8,439**	**57,434**	**–48,995**
–	–	–	–45,318	45,318
–425	**–729**	**8,439**	**12,116**	**–3,678**

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

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

For further details on other changes to deferred taxes on non-current financial liabilities from the previous year, please refer to note 9.12: Equity – Capital Reserve.

As of December 31, 2016, differences of EUR 253 thousand (2015: EUR 307 thousand) existed in connection with interests in subsidiaries. This debt was not recognized, however, as the Group controls the dividend policy of its subsidiaries. In other words, the Group can guide the reversal of the temporary differences. The Management Board does not expect any reversals in the foreseeable future.

As of the reporting date, some companies that had generated a tax loss showed a net excess of deferred tax assets of EUR 4,521 thousand (2015: EUR 7,485 thousand). The deferred tax assets were capitalized insofar as they were viewed as recoverable within the framework of the planning calculations at the company level. The recoverability of the tax assets is reported in the amount that the respective company expects to gain in future positive results.

9.6 FINISHED GOODS, WORK IN PROGRESS

Inventories of finished goods and work in progress contains spare parts for the energy parks.

9.7 TRADE AND OTHER RECEIVABLES

Trade receivables amount to EUR 11,107 thousand (2015: EUR 8,623 thousand) and mainly contain receivables from electricity supplied to the power grid. The receivables are unimpaired and due in the short term. Valuation allowances were not necessary as of the reporting dates. There were no overdue receivables as of the reporting date.

9.8 CURRENT FINANCIAL ASSETS

Current financial assets mainly comprise purchase price receivables from the sale of the French wind park Glénay (EUR 7,714 thousand) and deposits (EUR 944 thousand; 2015: EUR 1,104 thousand) as of December 31, 2016. In the previous year, this also contained shares in a limited partner (EUR 818 thousand) and a shareholder loan (EUR 2,880 thousand).

9.9 CURRENT NON-FINANCIAL ASSETS

Current non-financial assets of EUR 7,577 thousand (2015: EUR 8,532 thousand) mainly comprise other tax receivables in the amount of EUR 5,892 thousand (2015: EUR 7,364 thousand) as well as other accruals and deferrals.

9.10 LIQUID FUNDS

Liquid funds of EUR 58,469 thousand (2015: EUR 114,728 thousand) consists of cash and cash equivalents amounting to EUR 42,353 thousand (2015: EUR 101,028 thousand) as well as restricted cash and cash equivalents amounting to EUR 16,116 thousand (2015: EUR 13,700 thousand). Both of these items refer to cash balances and bank balances. The restricted cash and cash equivalents relate to cash for debt repayment and project reserves as collateral for the loan for solar and wind parks. These can only be used in agreement with the banks for the respective company.

The cash equivalents from the statement of cash flows and cash and cash equivalents are balanced as follows:

in EUR thousands	2016	2015
Cash and cash equivalents	42,353	101,028
Bank overdrafts	105	0
Cash equivalents from the statement of cash flows	42,249	101,028

For further information on collateral, please refer to section 5.11.4.

9.11 NON-CURRENT ASSETS HELD FOR SALE

The operating companies sold as of January 1, 2016, Idea Energy SAS di Chorus Solar Toscana 5 Srl & C. and Rasena Solare SAS di Chorus Solar Toscana 5. Srl & C., were presented as held for sale at the end of 2015. At the end of 2016, the classification is no longer necessary due to the sale of the companies.

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

in EUR thousands	12/31/2015
Intangible assets and goodwill	1,150
Property, plant and equipment	2,505
Deferred tax assets	291
Trade and other receivables	285
Cash and cash equivalents	413
Restricted cash and cash equivalents	195
Assets held for sale	4,839

in EUR thousands	12/31/2015
Provisions	33
Financial liabilities	2,952
Trade payables and other liabilities	12
Liabilities relating to assets held for sale	2,998

As of December 31, 2015, no cumulative income or expenses recognized in other comprehensive income existed in connection with the disposal groups.

9.12 EQUITY

CAPITAL MANAGEMENT

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

As of December 31, 2016, the equity ratio amounted to 34.2 percent (2015: 37.8 percent).

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

SHARE CAPITAL

The share capital of the CHORUS Group amounted to EUR 27,705 thousand as of December 31, 2016 (2015: EUR 27,705 thousand). The subscribed capital is fully paid in and comprises 27,704,950 no-par-value shares.

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

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

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

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

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

Each share represents a proportionate amount of EUR 1 of the subscribed capital and entitles the holder to one vote at the company's annual general meeting.

The share capital is conditionally increased by up to EUR 300 thousand by issuing up to 300,000 new no-par-value bearer shares, each representing a proportionate amount of EUR 1 of subscribed capital (Conditional Capital 2015/I). This conditional capital increase serves solely to grant subscription rights (share options) to members of the company's Management Board. As of December 31, 2016, none of these subscription rights were issued.

The share capital was conditionally increased by up to EUR 8,424 thousand distributed across 8,424,269 no-par value bearer shares (Conditional capital 2015/II). This conditional capital increase serves to grant shares in the event of option or conversion rights being exercised or in the event of option or conversion obligations to the bearers/creditors being settled due to the option bonds, convertible bonds, profit participation rights and/or profit-participating bonds to be issued in the resolution passed by the annual general meeting on March 10, 2015. As of December 31, 2016, none of these subscription rights were issued.

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

The Management Board is also authorized, with the consent of the Supervisory Board, to increase the Company's share capital once or several times until March 19, 2020, by up to EUR 2,276 thousand via the issue of new no-par-value bearer shares against contribution in cash and/or in kind (Authorized capital 2015/II).

CAPITAL RESERVE

The capital reserve amounted to EUR 192,347 thousand as of the reporting date (2015: EUR 192,347 thousand).

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

Further, an increase to the capital reserve of EUR 89,744 thousand took place in connection with the company's IPO on October 7, 2015. Similarly, the transaction costs incurred in connection with the equity procurement of EUR 6,314 thousand were accounted as a deduction from the capital reserve, minus the corresponding income tax component of EUR 1,045 thousand.

An increase to the capital reserve of EUR 2,337 thousand also resulted from an immaterial adjustment to certain balance sheet items due to a purchase price allocation performed in 2014. This adjustment mainly concerns a change to the measurement and disclosure of the contributed loans and the measurement of the corresponding deferred taxes as well as the considerations rendered. This would have resulted in a decrease to goodwill of EUR 944 thousand, a reduction in deferred tax assets of EUR 424 thousand, a decline in non-current financial liabilities of EUR 7,991 thousand, an increase in current financial liabilities of EUR 4,286 thousand as well as the already mentioned rise in capital reserve of EUR 2,337 thousand.

The capital reserve was retroactively adjusted as of January 1, 2015, by EUR 1,873 thousand as part of the contribution of the energy parks into CHORUS AG. Furthermore, the tax benefit on the equity procurement costs recognized directly in equity were retroactively adjusted for 2015 by EUR –226 thousand. For further information on these adjustments, please refer to note 2 Adjustments to Figures from the Previous Year.

RETAINED EARNINGS

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

CONSOLIDATED BALANCE SHEET PROFIT

Consolidated balance sheet profit was determined as follows:

in EUR thousands	12/31/2016	12/31/2015
Consolidated net profit after minority interests	**4,284**	8,965
Retained profits from the previous year	**11,234**	2,269
Dividends distributed	**–4,987**	0
Consolidated balance sheet profit	**10,530**	11,234

ACCUMULATED OTHER COMPREHENSIVE INCOME

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

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

9.13 LIABILITIES TO LIMITED PARTNERS

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

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

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

Liabilities to limited partners of EUR 152 thousand were derecognized with the purchase of the minority shareholdings in CHORUS CleanTech GmbH & Co. Solarpark Warrenzin KG in fiscal year 2016.

9.14 PROVISIONS

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

	Development for the fiscal year ending 12/31/2016								
in EUR thousands	January 1, 2016	Acquired via business combination	Additions	Used	Disposal	Interest effect	Change to discount rate	Disposal from the scope of consolidation	December 31, 2016
Asset retirement obligations for solar and wind parks	4,780	5,164	0	0	–	48	614	–1,134	9,472
Other	200	–	7	118	14	–	–	–	75
Total	4,980	5,164	8	118	14	48	614	–1,134	9,547
of which non-current	4,780	5,164	0	0	–	48	614	–1,134	9,472
of which current	200	–	7	118	14	–	–	–	75

PROVISIONS FOR ASSET RETIREMENT OBLIGATIONS

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

From interest accrued on the existing provisions for asset retirement obligations, the provisions increased EUR 48 thousand in the fiscal year 2016. Furthermore, the provisions increased EUR 614 thousand due to the change in the discount rate. The acquisitions from business combinations relate to the wind parks acquired during the fiscal year. The disposals from the scope of consolidation relate to the deconsolidated Zellertal and Glénay wind parks.

OTHER PROVISIONS

Other provisions mainly contains provisions for repairs.

9.15 FINANCIAL LIABILITIES

Non-current financial liabilities:

in EUR thousands	December 31, 2016	December 31, 2015
Bank loans	329,177	277,819
Leasing liabilities	25,723	27,300
Interest rate swaps with neg. FV	8,181	7,775
Non-current financial liabilities	363,081	312,894

Current financial liabilities:

in EUR thousands	December 31, 2016	December 31, 2015
Bank loans	33,472	31,855
Leasing liabilities	2,977	2,985
Interest rate swaps with neg. FV	0	0
Current financial liabilities	36,449	34,840

An adjustment of the measurement and disclosure of the loans contributed was performed in the previous year that relates to the purchase price allocation from the previous year. For further details are provided in note 9.12 Equity – Capital Reserve.

All of the Group's bank loans were collateralized as of December 31, 2016. The loans contain some contractual clauses that require compliance with a debt service coverage ratio (DSCR).

A violation of the clause can result in CHORUS having to repay the loan earlier than stated in note 11.3 Liquidity Risk. As part of the contract, the clauses are regularly monitored by the operations team and regular reports are given to management to ensure compliance with the contracts. Management views the risk of a violation of these clauses are low and expects that CHORUS will continue to operate for the foreseeable future.

Financing via subsidized public-sector loans resulted in an imputed interest rate of around six million euros as of December 31, 2016, which is already taken into account in the carrying amounts for the loans. The interest rate is recognized using the effective interest rate method over the respective interest rate period and is allocated to financial expenses.

Lease liabilities from the finance leases break down as follows:

	Lease Payments		Present value of the payments	
in EUR thousands	12/31/2016	12/31/2015	12/31/2016	12/31/2015
With a remaining term of up to one year	**3,054**	3,054	**2,977**	2,985
With a remaining term between one and five years	**12,209**	12,220	**10,846**	10,733
With a remaining term of more than five years	**24,310**	27,290	**14,877**	16,567
	39,573	42,564	**28,700**	30,285
Minus financing costs	**10,874**	12,265	**0**	0
Present value of the minimum lease payments	**28,700**	30,299	**28,700**	30,285
Of which current liabilities	**2,977**	2,985		
Of which non-current liabilities	**25,723**	27,300		

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

Further information on interest rate swaps with negative fair value is available in note 10.2.

9.16 TRADE PAYABLES

Trade payables result from the normal course of operations.

9.17 OTHER CURRENT LIABILITIES

Other current liabilities mainly consists of other current tax liabilities and liabilities relating to personnel.

9.18 DEFERRED INCOME

Deferred income mainly relates to payments received for which no service has yet been rendered. As of December 31, 2016, EUR 1,470 thousand was attributable to long-term accruals. EUR 770 thousand thereof is from a collected reservation fee relating to the infrastructure company of the Amöneburg wind park while the other EUR 700 thousand relates to a compensation payment from Solarpark Niederbayern.

10 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

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

	December 31, 2016					
	Statement of financial position value in accordance with IAS 39					
in EUR thousands	Note	Measurement category under IAS 39	Carrying amount	Amortized cost	At cost	
Assets						
Non-current financial assets	9.4	AfS	7,730	–	69	
Trade and other receivables	9.7	LaR	11,107	11,107	–	
Current financial assets	9.8	LaR	9,865	9,865	–	
Liquid funds	9.10					
of which cash and cash equivalents	9.10	LaR	42,353	42,353	–	
of which restricted cash and cash equivalents	9.10	LaR	16,116	16,116	–	
Liabilities						
Liabilities to limited partners	9.13	FLAC	3,993	3,993	–	
Financial liabilities	9.15		399,530	362,649	–	
of which bank loans	9.15	FLAC	362,649	362,649	–	
of which leasing liabilities	9.15	n/a	28,699	–	–	
of which interest rate swaps with neg. FV	9.15	HfT	8,181	–	–	
Trade payables	9.16	FLAC	8,340	8,340	–	

	December 31, 2016				
	Statement of financial position value in accordance with IAS 39				
in EUR thousands	Measurement category under IAS 39	Carrying amount	Amortized cost	At cost	
of which aggregated based on measurement categories in accordance with IAS 39					
Loans and receivables (LaR)	LaR	79,441	79,441	–	
Financial assets available for sale	AfS	7,730	–	69	
Financial liabilities at amortized cost	FLAC	374,983	374,983	–	
Financial liability at fair value through P&L	FLVP&L	8,181	–	–	

Fair value recognized directly in equity	Fair value recognized through profit or loss	Measurement pursuant to IAS 17	Fair value Level 1	Fair value Level 2	Fair value Level 3	Total
7,661	–	–	–	–	7,661	**7,661**
–	–	–	–	–	–	**–**
–	–	–	–	–	–	**–**
–	–	–	–	–	–	**–**
–	–	–	–	–	–	**–**
–	–	–	–	–	–	**–**
–	8,181	28,699	–	8,181	389,518	**426,399**
–	–	–	–	–	389,518	**389,518**
–	–	28,699	–	–	–	**28,699**
–	8,181	–	–	8,181	–	**8,181**
–	–	–	–	–	–	**–**

Fair value recognized directly in equity	Fair value recognized through profit or loss	Fair value
–	–	79,441
7,661	–	7,730
–	–	389,518
–	8,181	8,181

in EUR thousands	December 31, 2015					
	Statement of financial position value in accordance with IAS 39					
	Note	Measurement category under IAS 39	Carrying amount	Amortized cost	At cost	
Assets						
Non-current financial assets	9.4	AfS	5,761	–	75	
Trade and other receivables	9.7	LaR	8,623	8,623	–	
Current financial assets	9.8	LaR	4,009	4,009	–	
Current financial assets	9.8	AfS	818	–	–	
Liquid funds	9.10					
of which cash and cash equivalents	9.10	LaR	101,028	101,028	–	
of which restricted cash and cash equivalents	9.10	LaR	13,700	13,700	–	
Liabilities						
Liabilities to limited partners	9.13	FLAC	4,368	4,368	–	
Financial liabilities	9.15		347,734	309,674	–	
of which bank loans	9.15	FLAC	309,674	309,674	–	
of which leasing liabilities	9.15	n/a	30,285	–	–	
of which interest rate swaps with neg. FV	9.15	HfT	7,775	–	–	
Trade payables	9.16	FLAC	10,560	10,560	–	

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

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

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

10.1 FAIR VALUE HIERARCHY

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

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE:

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

FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE:

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

No reclassifications of financial instruments were made in the fiscal year 2016.

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

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

	December 31, 2016		
in EUR thousands	Impairment	Other net gains/ losses	Total
Loans and receivables (LaR)	0	376	376
Assets and liabilities held for trading	0	–339	–339
Financial liabilities measured at amortized cost	0	–9,785	–9,785
Financial liabilities measured at fair value	0	–428	–428

	December 31, 2016		
in EUR thousands	Impairment	Other net gains/ losses	Total
Loans and receivables (LaR)	0	192	192
Assets and liabilities held for trading	0	1,872	1,872
Financial liabilities measured at amortized cost	0	–9,375	–9,375
Financial liabilities measured at fair value	0	–657	–657

Financial instruments are measured as follows:

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

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

- **at fair value through equity:**

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

- **at amortized cost:**

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

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

in EUR thousands	December 31, 2016	December 31, 2015
Interest income	376	192
Interest expenses	–9,785	–9,375
Interest result	–9,409	–9,184

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

10.3 LEVEL 3 FAIR VALUES

RECONCILIATION OF LEVEL 3 FAIR VALUES

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

in EUR thousands	Financial assets available for sale
Balance as of January 1, 2016	**6,504**
Gain/loss recognized in financial income	0
Net change in fair value (not realized)	*0*
Net change in fair value (realized)	*0*
Gain recognized in other comprehensive income	–206
Net change in fair value (not realized)	*–206*
Purchase/additions	2,330
Sales/disposals	–967
Balance as of December 31, 2016	**7,661**

A deviation of the fair values of the funds booked as financial assets available for sale of +/- 200 basis points would increase/decrease other comprehensive income after taxes by EUR 80 thousand.

11 RISK MANAGEMENT

11.1 PRINCIPLES OF FINANCIAL RISK MANAGEMENT

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

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

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

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

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

The following risks from financial assets are identified:

11.2 CREDIT RISK

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

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

(RESTRICTED) CASH AND CASH EQUIVALENTS

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

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

TRADE AND OTHER RECEIVABLES

With respect to trade and other receivables, the Group is not exposed to a significant default risk. The main customers of CHORUS are the big energy suppliers, experienced direct marketers and the governments of Germany, Austria, Italy and France. The maximum risk of default is limited to the carrying amount of the trade and other receivables. For loans and receivables, partial collateral is held, for example, in the form of bank guarantees. The management regularly reviews the potential need for risk provisions. It is assumed that future default rates will not change significantly. There were no overdue receivables as of the reporting dates.

11.3 LIQUIDITY RISK

To ensure that CHORUS can always meet its financial obligation, the Group has negotiated sufficient cash lines and credit facilities with its banking partners. The Group has total cash and cash equivalents in the amount of EUR 58,469 thousand (2015: EUR 114,728 thousand), of which EUR 42,353 thousand is at its free disposal (2015: EUR 101,028 thousand). In addition, cash inflows are expected with near certainty from the operation of solar and wind parks that can serve the payment of interest and principal amounts of financial liabilities with matching maturities. Ultimately, the responsibility for liquidity risk management lies with the Management Board, which has established a concept for the management of short, medium, and long-term financing and liquidity requirements. CHORUS manages liquidity risk by holding sufficient reserves and by monitoring the forecasted and actual cash flows as well as coordinating the maturity profile of financial assets and liabilities.

In order to ensure solvency and financial flexibility within the Group, the CHORUS Group forecasts the financial funds it requires within a set planning period by means of a liquidity outlook and holds a corresponding liquidity reserve in the form of cash. The risk of insolvency is currently regarded as remote due to the portfolio of cash and cash equivalents within the Group as well as the overall financing structure.

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

in EUR thousands	Carrying amount as of 12/31/2016	Total cash flows	Cash flows < 1 year	Cash flows 1-5 years	Cash flows > 5 years
Liabilities to limited partners	3,993	3,993	0	0	3,993
Financial liabilities	399,530	391,435	34,223	127,210	230,002
of which bank loans	362,649	343,436	29,342	109,796	204,297
of which leasing liabilities	28,699	39,573	3,054	12,209	24,310
of which interest rate swaps with neg. FV	8,181	8,426	1,826	5,205	1,394
Inflows		–1,423	0	–178	–1,246
Outflows		9,849	1,826	5,383	2,640
Trade payables	8,340	8,340	8,340	0	0

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

11.4 MARKET RISK

INTEREST RATE RISK

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

The Group's solar and wind parks are mainly financed for the long-term at fixed rates of interest for periods extending until their maturities up to the year 2033. To the extent that variable interest-rate loans are used for financing, the Group has mostly entered into corresponding interest-rate swap agreements. The potential risk from a change in variable interest rates reflects the fact these could result in an effective interest rate above the contractual rates in the underlying loan agreements.

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

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

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

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

DECEMBER 31, 2016:

OUTSTANDING "RECEIVE-FLOATING PAY-FIXED" SWAPS in EUR thousands	Contractually agreed fixed interest rates	Nominal value	Fair value
Less than 1 year	0	0	0
1 to 2 years	0	0	0
2 to 5 years	0	0	0
More than 5 years	0.78% to 3.45%	74,654	–8,181
Total		**74,654**	**–8,181**

DECEMBER 31, 2015:

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

The interest rate swaps expire in the years 2021 to 2033. The variable interest rate of the interest rate swaps corresponds mainly to the 3-month Euribor. CHORUS pays a fixed interest rate.

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

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

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

in EUR thousands	December 31, 2016	December 31, 2015
Variable-interest financial liabilities	**81,890**	84,813
Fixed-interest financial liabilities	**309,458**	255,146
Total interest-bearing liabilities	**391,348**	**339,959**
Effect of interest rate swaps	**8,181**	**7,775**

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

	Profit or loss	
	50 bp	50 bp
in EUR thousands	Increase	Decrease
Variable-interest financial liabilities	360	–329
Interest rate swaps	1,900	–1,980
Cash flow sensitivity (net)	**2,260**	**–2,309**
Variable-interest financial liabilities	417	–417
Interest rate swaps	2,153	–2,193
Cash flow sensitivity (net)	**2,570**	**–2,610**

11.5 OTHER RISKS

RISKS RELATING TO THE SOLAR AND WIND PARKS

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

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

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

RISKS RELATING TO FINANCIAL INVESTMENTS

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

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

12 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

Interest payments made are reported under cash flow from financing activities. In 2016, interest payments were made in the amount of EUR 14,191 thousand (2015: EUR 13,773 thousand). Cash flow from operating activities includes tax expenditures in the amount of EUR 6,107 thousand (2015: EUR 945 thousand).

In the fiscal year, the cash flow from investing activities includes payments of EUR 56,447 thousand for the acquisition of subsidiaries. Of this amount, EUR 5,553 thousand is attributable to the Amöneburg wind park, EUR 1,478 thousand to the Zellertal wind park and EUR 299 thousand to the Hürth wind park. EUR 48,645 thousand was invested in the wind park portfolio in France. This includes the payment or redemption of shareholder loans in the course of the acquisitions totaling EUR 10,691 thousand for all projects.

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

13 OTHER NOTES

13.1 CONTINGENT LIABILITIES AND OTHER FINANCIAL COMMITMENTS

No contingent liabilities exist for the Group.

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

in EUR thousands	1 year	1 to 5 years	More than 5 years
Rental agreements	125	251	–
Lease agreements	170	103	–
Lease contracts	1,676	6,715	24,078
Total	**1,972**	**7,068**	**24,078**

The expense from obligations under operate leases in the fiscal year amounted to EUR 2,088 thousand (2015: EUR 1,129 thousand).

13.2 TRANSACTIONS WITH RELATED PARTIES

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

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

With the resolution of the Annual General Meeting from March 10, 2015, the individual remuneration figures for the members of the Management Board will not be disclosed. The disclosures to be provided pursuant to Section 285 sentence 1 no. 9 letter a sentences 5 to 8 as well as Section 314 (1) no. 6 letter a sentences 5 to 8 of the German Commercial Code will not be disclosed through the year 2019. As a result, remuneration will be disclosed as total remuneration.

The total remuneration paid to key management positions amounted to EUR 1,131 thousand in 2016 (2015: EUR 732 thousand).

REMUNERATION EXPENSES in EUR thousands	2016	2015
Short-term employee benefits	716	594
Variable remuneration	525	180
Post-employment benefits	220	–
Total compensation paid to key management personnel	**1,461**	774

REMUNERATION PAYMENTS in EUR thousands	2016	2015
Short-term employee benefits	716	642
Variable remuneration	415	90
Post-employment benefits	–	–
Total compensation paid to key management personnel	**1,131**	732

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

There were no long-term benefits with regard to persons in key management positions. For information on share-based remuneration, please refer to note 13.3 Share-based Payment Arrangements.

In the fiscal year, EUR 85 thousand (2015: EUR 85 thousand) of Supervisory Board remuneration was recognized in the Group's profit or loss, of which EUR 75 thousand was paid out (2015: EUR 85 thousand).

ASSOCIATED COMPANIES

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

in EUR thousands	2016	2015
Transactions		
Services	993	2,639
Total transactions	993	2,639
Balances	384	292
Total balances	384	292

In addition, the second quarter of 2016 saw the sale of 35 percent of the shares in a limited partnership and 35 percent of the corresponding shareholder loan, which had been held temporarily by CHORUS, for a total of EUR 3,890 thousand to the (formerly) associated company CHORUS Infrastructure Fund S. A. SICAV-SIF. The transaction was completed at standard market terms.

In the second quarter of 2016, the formerly associated company CHORUS Infrastructure Fund S. A. SICAV-SIF distributed EUR 15 thousand to CHORUS. A non-cash allocation of EUR –21 thousand (2015: EUR –26 thousand) resulted from Gnannenweiler Windnetz GmbH & Co. KG.

In the fiscal year, EUR 0 thousand (2015: EUR 5 thousand) from Richelbach Solar GbR was recharged to the CHORUS Group. No receivables or liabilities towards Richelbach Solar GbR were disclosed as of December 31, 2016, or December 31, 2015.

The associated company CHORUS IPP Europe GmbH reports the following financial information for the fiscal year 2016.

in EUR thousands	2016
Current assets	22,504
Non-current assets	112,929
Current liabilities	7,696
Non-current liabilities	151,023
Revenue	15,134

CONSULTING CONTRACT WITH PELABA CONSULT GMBH

On March 2, 2015, the company finalized a consulting contract at arm's-length terms with PELABA Consult GmbH, a company attributable to former Supervisory Board Chairman Peter Heidecker. According to this contract, PELABA Consult GmbH will provide consulting services in connection with identifying potential targets for future investments as well as, in consultation with the Management Board, supporting the company on sales initiatives and measures. This contract was terminated as of September 30, 2016.

RENTAL CONTRACT WITH PELABA VERMÖGENSVERWALTUNGS GMBH & CO. KG

The company finalized a rental contract with PELABA Vermögensverwaltungs GmbH & Co. KG, a company attributable to former Supervisory Board Chairman Peter Heidecker, regarding the Group's headquarters in Neubiberg. It became effective as of January 1, 2015. The rental contract has a fixed term to 2019 and is automatically extended by a year insofar as it is not terminated by one of the parties with a period of six months' notice. The monthly rent is based on arm's-length terms. With the departure of Peter Heidecker from the Supervisory Board of CHORUS on October 21, 2016, he and companies attributable to him will no longer be considered related parties.

13.3 SHARE-BASED PAYMENT ARRANGEMENTS

The contracts for the Management Board members contain, among other items, performance-based remuneration components in the form of an annual variable remuneration based on the Company's share price development. The goal of this remuneration is to recognize their contribution to increasing the company's value.

The annual bonus of the Management Board members is measured according to the company-specific key figure "Company value enhancement", which is based on the development of the CHORUS share for the fiscal year compared to the (adjusted) DAX during the same period, while accounting for dividends paid. Target attainment is 100 percent when the actual increase in company value for a year correspond to the contractually stipulated target. If the increase in company value falls below the target threshold by 50 percent or more, the bonus for the Management Board members is annulled for the respective calendar year. If the increase in company value exceeds the target threshold, the bonus is increased at the same ratio as the company value exceeded the target. The bonus is capped at 250 percent of the target bonus. Intermediate values are interpolated. The compensation is paid out in cash.

In the fiscal year 2016, the company's increase in value based on share performance exceeded the target threshold so that a variable remuneration of the maximum target bonus was paid to the members of the Management Board. A provision for the bonus claim in the amount of EUR 200 thousand was taken into account in the statement of comprehensive income for the CHORUS Group.

13.4 ACCOUNTING FOR ACQUISITIONS OF INTERESTS IN JOINT OPERATIONS

The investment in Richelbach Solar GbR of EUR 258 thousand as of December 31, 2016 (2015: EUR 275 thousand) is classified as a joint operation under IFRS 11. CHORUS accounts for its interests in the joint operation by recognizing its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations. The CHORUS Group has a 60 percent interest in Richelbach Solar GbR.

13.5 ACQUISITION OF HOLDINGS IN OTHER COMPANIES

Effective from March 2015, the CHORUS Group acquired a 35 percent holding in a limited partner for a consideration of EUR 818 thousand and 35 percent of the shareholder loan for a consideration of EUR 2,830 thousand. The purchase of the shares and the shareholder loan are disclosed under current financial assets. The 35 percent of the shares were recognized as investments available for sale. The 35 percent of the shareholder loan was recognized at amortized cost. In fiscal year 2016, both the shares and the shareholder loan were resold and are therefore no longer disclosed in the consolidated financial statements. CHORUS generated a total interest income of EUR 242 thousand from this transaction.

13.6 AUDITOR REMUNERATION

The expenses incurred for remuneration of the Group auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, were as follows:

in EUR thousands	2016	2015
Auditing services	**252**	498
of which voluntary auditing services from the previous year	***37***	*298*
Other attestation engagements	**12**	924
of which voluntary other attestation engagements from the previous year	***0***	*552*
Other services	**391**	77
Total	**655**	1,499

13.7 CORPORATE GOVERNANCE

The Declaration of Compliance by the Management Board and the Supervisory Board on the Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) was issued and is available on the Group's website at www.chorus.de/en/investor-relations/corporate-governance/declaration-of-compliance.

13.8 DISCLOSURES PURSUANT TO SECTION 160 (1) NO. 8 GERMAN STOCK CORPORATION ACT (AKTG)

As of the 2016 balance sheet date, participating interests are held in the company that were notified pursuant to Section 20 (1) or (4) AktG or Section 21 (1) or (1a) WpHG and published as follows pursuant to Section 20 (6) AktG or Section 26 (1) WpHG:

Carne Global Fund Managers (Luxembourg) S. A., Senningerberg, Luxembourg, informed us on October 27, 2016, pursuant to Section 26 (1) WpHG that its share of the voting rights in CHORUS Clean Energy AG fallen below the threshold of three percent on October 18, 2016, and stood at 0 percent (0 voting rights) as of this date. All voting rights were held indirectly via the shareholder Farringdon I-SICAV and were allocated to Carne Global Fund Managers (Luxembourg) S. A. pursuant to Section 22 (1) sentence 1, no. 6 WpHG.

Peter Heidecker, Germany, informed us on October 25, 2016, pursuant to Section 26 (1) WpHG that his share of the voting rights in CHORUS Clean Energy AG fell below the threshold of three percent on October 18, 2016, and stood at 0.1 percent (21,149 voting rights) as of this date.

Bram Cornelisse, Amsterdam, Netherlands, informed us on October 21, 2016, pursuant to Section 26 (1) WpHG that his share of the voting rights in CHORUS Clean Energy AG fell below the threshold of three percent on October 18, 2016, and stood at 0 percent (0 voting rights) as of this date. All voting rights were held indirectly via the shareholder Farringdon I-SICAV and were allocated via shareholders to Bram Cornelisse pursuant to Section 22 (1) sentence 1, no. 6 WpHG.

Farringdon I–SICAV, Luxembourg, Luxembourg, informed us on October 21, 2016, pursuant to Section 26 (1) WpHG that its share of the voting rights in CHORUS Clean Energy AG fell below the threshold of three percent on October 18, 2016, and stood at 0 percent (0 voting rights) as of this date. Farringdon I-SICAV holds all voting rights directly.

Capital Stage AG, Hamburg, Germany, informed us on October 20, 2016, pursuant to Section 26 (1) WpHG that its share of the voting rights in CHORUS Clean Energy AG exceeded the threshold of three percent on October 18, 2016, and stood at 94.42 percent (26,159,985 voting rights) as of this date. Capital Stage AG holds all voting rights directly.

Daniel Crasemann, Hamburg, Germany, informed us on March 11, 2016, pursuant to Section 26 (1) WpHG that his share of the voting rights in CHORUS Clean Energy AG fell below the threshold of three percent on March 8, 2016, and stood at 1.21 percent (335,000 voting rights) as of this date. All voting rights were or are held indirectly via Barralina Asset Management GmbH and were or are allocated to Daniel Crasemann pursuant to Section 22 (1) no. 1 WpHG.

Invesco Ltd., Hamilton, Bermuda, informed us on February 16, 2016, pursuant to Section 26 (1) WpHG that its share of the voting rights in CHORUS Clean Energy AG exceeded the threshold of three percent on February 11, 2016, and stood at 3.03 percent (840,613 voting rights) as of this date. All voting rights were held indirectly via Invesco Asset Management Ltd. and were allocated to Invesco Ltd. pursuant to Section 22 (1) no. 1 WpHG.

13.9 EVENTS AFTER THE REPORTING DATE

On March 8, 2017, the Management Board of CHORUS Clean Energy AG received a written request from the majority shareholder Capital Stage AG to resolve the transfer of the minority shareholders' shares to Capital Stage AG in return for an appropriate cash compensation (squeeze-out procedure) at the Annual General Meeting. After the last purchase of shares at the end of February 2017, Capital Stage AG owns more than 95 percent of the share capital of CHORUS Clean Energy AG according to its own figures.

CHORUS is not aware of any other events after the reporting date that had an impact on its performance.

FURTHER INFORMATION

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by CHORUS Clean Energy AG, Neubiberg, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, and its report on the position of the Company and the Group prepared by the Company for the business year from January 1 to December 31, 2016. The preparation of the consolidated financial statements and the report on the position of the Company and the Group in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the report on the position of the Company and the Group based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch „German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the report on the position of the Company and the Group 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 report on the position of the Company and the Group are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the report on the position of the Company and the Group. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The report on the position of the Company and the Group is consistent with the consolidated financial statements, complies with the German statutory requirements, and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, March 31, 2017

KPMG AG

Wirtschaftsprüfungsgesellschaft

Möhring	Bergler
Wirtschaftsprüferin	Wirtschaftsprüfer

RESPONSIBILITY STATEMENT

We hereby confirm that, to the best of our knowledge and in accordance with the applicable reporting principles, the consolidated financial statements of 2016 give a true and fair view of the net assets, financial position and results of operations of the Group, and that the combined management report includes a fair review of the development and performance of the business and the position of the Group as well as an accurate description of the principal opportunities and risks associated with the expected development of the Group.

Neubiberg/Munich, March 31, 2017

The Management Board

Helmut Horst | Karsten Mieth

MANAGEMENT BOARD

Helmut Horst,
born 1982 in Munich
Member of the Management Board

Karsten Mieth,
born 1966 in Essen
Member of the Management Board
(from July 1, 2016)

Heinz Jarothe,
born 1962 in Scheßlitz
Member of the Management Board
(until December 31, 2016)

Holger Götze,
born 1969 in Hameln
Chairman of the Management Board
(until October 20, 2016)

SUPERVISORY BOARD

Holger Götze,
(Member of the Supervisory Board from November 16, 2016;
Chairman of the Supervisory Board from November 25, 2016)
Chairman of the Supervisory Board
MBA

Dr. Heinrich Riederer,
Vice Chairman of the Supervisory Board
Physicist

Dr. Christoph Husmann,
(from November 16, 2016)
Member of the Supervisory Board
Business administration graduate

Christine Scheel,
(until October 20, 2016)
Member of the Supervisory Board
Corporate consultant

Peter Heidecker,
(until October 21, 2016)
Chairman of the Supervisory Board
Business administration graduate

MEMBERSHIPS IN SUPERVISORY BOARDS AND OTHER SUPERVISORY COMMITTEES

Holger Götze
CHORUS Infrastructure Fund S. A. SICAV-SIF
Advisory Board

Christine Scheel
NATURSTROM AG
Member of the Supervisory Board

Barmenia Versicherungsgruppe
Member of the Advisory Board

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Kirchhoff Consult AG, Hamburg, Germany

Photography
CHORUS Clean Energy AG , Neubiberg, Germany

Note to the Annual Report
This Annual Report is the English translation of the original German version; in case of deviations between these two, the German version prevails.

Note regarding the rounding of figures
Due to the commercial rounding of figures and percentages, small deviations may occur.

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