



Rethink – It's worth it



»» SHORT PORTRAIT OF ENERGIEKONTOR AG

For the last 25 years, Energiekontor has stood for a sound approach to business and a wealth of experience in wind power. Formed in Bremerhaven in 1990, the Company was one of the pioneers in the industry and is now one of the leading German project developers. The Company's core business covers the planning, construction and operational management of wind farms in Germany and abroad, and was expanded to include solar power in 2010. In addition, Energiekontor also currently owns and operates 33 wind farms with a total rated power of around 269 megawatts (MW).

In addition to its headquarters in Bremen, Energiekontor also maintains offices in Bremerhaven, Hagen im Bremischen, Aachen, Bernau (near Berlin), Dortmund and Neubrandenburg. The Company also has subsidiaries in England (Leeds), Scotland (Glasgow) and Portugal (Lisbon). Our track record speaks for itself: 102 wind farms completed with around 580 turbines and a total rated power of just under 850 MW. This corresponds to an investment volume of over EUR 1.3 billion.

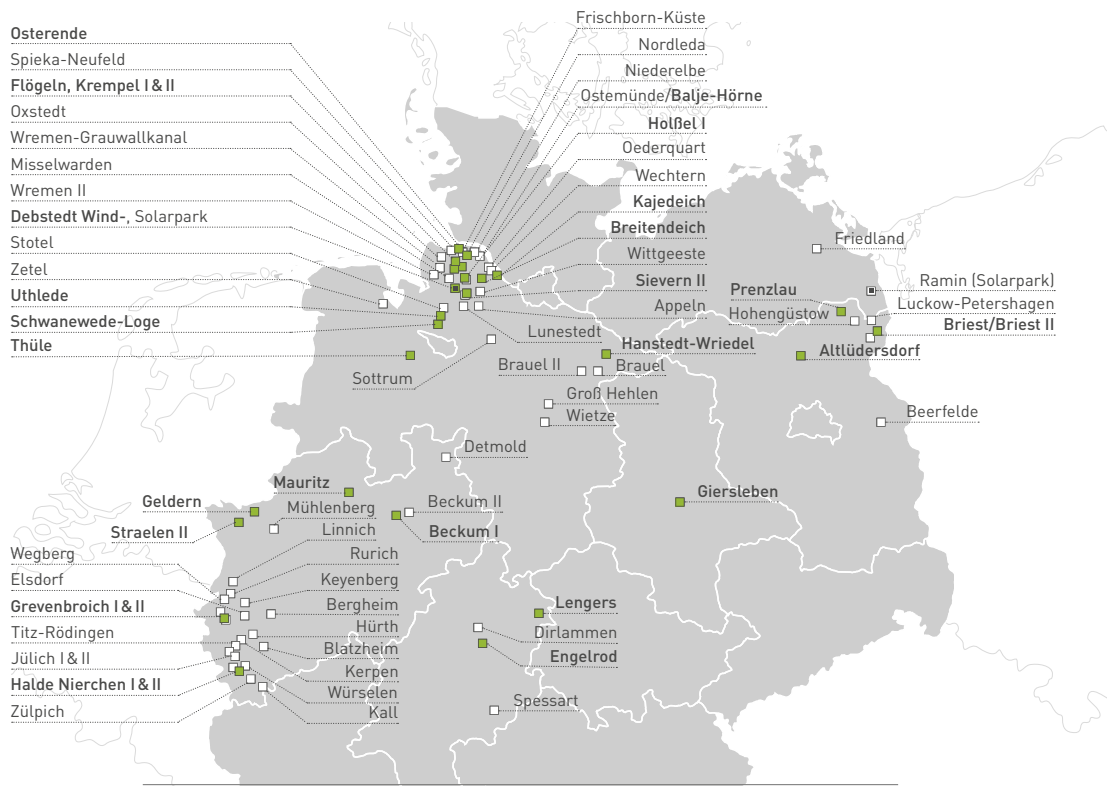
The Company went public on 25 May 2000. Energiekontor AG (WKN 531350/ISIN DE0005313506) is listed in the General Standard segment of the Frankfurt Stock Exchange and the Energiekontor shares can be traded on all German stock exchanges.

»» INVESTOR INFORMATION (OVERVIEW)

Stock exchange listing	Deutsche Börse, Frankfurt (traded on the Frankfurt Stock Exchange, Xetra and all other German trading venues)
Market segment	General Standard
Class of shares	Bearer shares
Sector	Renewable Energy
Initial listing (IPO)	25 May 2000
WKN (German securities identification number)	531350
ISIN	DE0005313506
Reuters	EKT
Shareholder structure	57.1% management and supervisory bodies; 42.5% free float, 0.4% Energiekontor AG
Research	Dr Karsten von Blumenthal, First Berlin
Designated Sponsor	Oddo Seydler Bank AG
Financial calendar	15 November 2016: Publication of Q3/2016 Interim Report 21 November 2016: Presentation at the German Equity Forum, Frankfurt a.M. 05 January 2017: Presentation at the Oddo Forum in Lyon 11 April 2017: Publication of 2016 Annual Report 23 May 2017: Annual General Meeting of Energiekontor AG
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» REALISED WIND FARMS AND SOLAR PARKS

Germany



Great Britain



Portugal



■ Group owned □ Sold ■ Solar ■ both Group-owned and third-party-owned

Our mission statement

100% RENEWABLE ENERGY

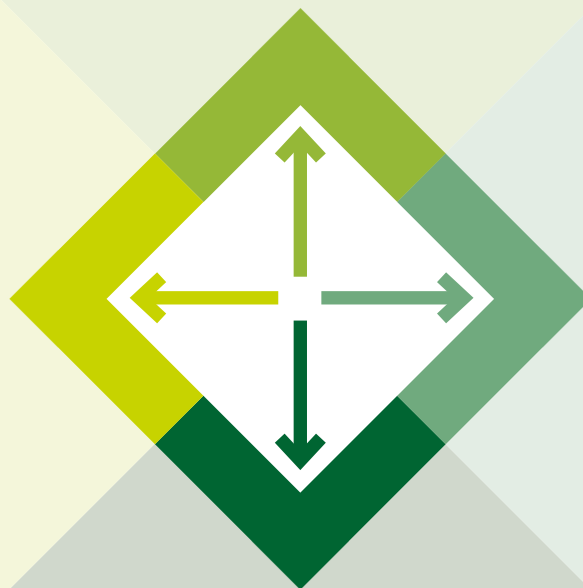
As a pioneer of renewable energy, Energiekontor is actively shaping the transition to 100% renewables. Concentration on our core competences and innovation will drive our business to a successful future.

INDIVIDUAL RESPONSIBILITY AND AUTONOMY

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

TEAM SPIRIT AND COLLEGIALITY

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



FINANCIAL STABILITY AND SUSTAINABLE GROWTH

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



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» SECTOR AND MARKET TREND

The renewable energy sector is facing new challenges throughout Europe. The goals set across the continent for power generated sustainably are pitted against a decline in subsidy programmes and restrictions on the expansion of renewable energy. Wind farms and solar parks in particular are expected to prepare for the free market conditions and adapt their new installations to the expansion of distribution networks.

The German Renewable Energy Sources Act (EEG) forms the framework for the expansion of renewable energies. Since the EEG was introduced, the share of renewable energies has increased from 6 percent of gross electricity consumption in 2000 to exceed 30 percent in 2015. The German federal government hopes to improve this to 45 percent by 2025 in the course of the energy transition.* According to the Federal Ministry for Economic Affairs and Energy (BMWi), the expansion of renewable energy sources focuses on cost-efficient technologies such as wind energy and solar power.

The competitive conditions for profitable implementation of renewable energy projects have become much harder since the revision of the EEG in 2014. The next step in the amendment process was decided on 8 July 2016 with the 2017 EEG. The aim is to bring the technologies in line with the conditions of the free market. The most important new aspect of the 2017 EEG is the introduction of an auctioning procedure to determine the amount of subsidies that will be granted. These rate auctions, which are already in place in the photovoltaic (PV) sector, are expected to replace the legally guaranteed compensation practice.

The first auction for all power generation technologies was held in the UK at the end of 2014. The goal was to reduce carbon dioxide emissions, make subsidy programmes more cost-efficient and ease the strain on consumers. There has been a degree of uncertainty over the future of the general legal conditions since the UK's parliamentary election in May 2015, which has also not changed much with the political shifts following the Brexit vote.

Wind

In **Germany**, the new EEG will take effect starting 1 January 2017. With the transition rules of the 2014 EEG, onshore wind turbine systems that are approved by the end of 2016 and will go into operation in 2017 or 2018 can still get the legally stipulated compensation. The subsidy amount will be lowered by 1.05 percent per month between 1 March and 1 August 2017 in order to ensure continuous expansion.

In future, the expansion will be controlled via the auctioning volume. A total of 2,800 MW will be tendered each year from 2017 to 2019 and 2,900 MW per year will be tendered starting in 2020. Germany will be split into two grid regions. In the regions with the most realised wind farms to date (Schleswig-Holstein, Lower Saxony and parts of Hesse), no more than 58 percent of the wind farm capacity put into operation on average between 2013 and 2015 may be tendered. The other German states make up the rest.

If a project receives an award, the compensation will be geared towards the respective bid (pay-as-bid) corrected for a location-dependent factor. This is determined with the help of a new, single-tier reference yield model. The subsidy rate then applies over a period of 20 years. The bids will relate to a 100 percent reference site that is defined via the average expected wind speeds. Depending on the concrete project's site quality, the actual tariff amount results from the adjustment factors along the reference yield curve. The Federal Network Agency will determine a price ceiling of EUR 7 cents/kWh in the first auction round in May 2017 for the 100 percent reference site.

The aim of the reference yield curve is to shift profitability in favour of sites with weaker winds, which pays heed to the desire of expanding wind energy to southern Germany. The requirements for successful project realisation already increased with the 2014 EEG amendment for many sites, especially for places with very strong winds. The economic implementation of repowering projects in particular has become more difficult at certain locations.

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

From the point of view of Energiekontor and other leading representatives of the wind energy sector, determining a price ceiling stands the entire auctioning procedure on its head, as it can prevent "actual" free competition on prices.

Energiekontor looks positively at the prerequisites concerning participation in auctions. The projects submitted must be approved. Moreover, financial collateral of EUR 30,000 per megawatt of installed rated power is required. Energiekontor welcomes this condition as it prevents strategic bidding and secures project realisation.

The legislation on subsidies for renewable energies in the **UK** is in the throes of upheaval after the parliamentary elections in May 2015. The situation also has not changed much with the change of some political offices following the Brexit decision. The aim of the new government is to restrict the expansion of onshore wind power. This mainly affects England, as Scotland insists on its own independent planning rights and can determine its own targets for the expansion of renewable energies. Wind energy is still being supported in Scotland despite the fact that the remuneration system for the whole of the UK is determined in London. Given Scotland's good wind conditions, it is now already possible to realise the projects financially without any government-subsidised feed-in tariffs.

Originally, a transition to a new remuneration system, also with auctions, was planned for the period between 2015 and 2017. It was based on so-called Contracts for Difference (CFD), a structure similar to the German market bonus scheme that remunerates the differential value between the market price and a fixed cap (award price). The difference amounts are to be determined in an auctioning procedure, which increases competitive pressure and is also likely to lead to lower feed-in tariffs.

The previous system was far more complex than the German EEG and also contains many remuneration elements that take into account the environmental benefits of renewable energy sources. In the UK, it is still customary to conclude power purchase agreements (PPAs) that usually form the contractual basis for transactions between operators and energy suppliers. In the case of the Energiekontor projects,

however, PPAs are negotiated directly by operators and end users, usually large industrial conglomerates. The PPA determines the basic remuneration for the electricity generated over a certain period of time. In addition, the project company used to receive the certificates commonly awarded to renewable energy plants, i.e. renewable obligation certificates (ROCs) and embedded benefits, a financial bonus for power plants not feeding electricity to a high voltage transmission network but only using the medium-voltage grid. The so-called levy exemption certificates (LECs) were generally abolished in the summer of 2015. On balance, the resulting remuneration per kWh thus used to be considerably higher than in Germany, for example.

The new conservative government moved the cancellation of this ROC scheme forward by one year. This expired at the end of the first quarter 2016. Only those projects that were already undergoing the public hearing process (inquiry) on 15 June 2015, have received approval and will go into operation by the end of January 2018 have a chance at compensation according to the ROC scheme.

Otherwise the provisions for obtaining planning permission have become stricter in the UK. In the future, projects will apparently only receive permission if they are located in an area that is designated as a wind area in the development plan. This does not apply to Scotland, though. Moreover, the local communities are being considered more in the permitting process (community backing). As is also the case in Germany, the aim is to raise the attractiveness of wind farms for the local population and municipalities, for instance by opening up the possibility to invest. In addition, subsidies in the form of feed-in tariffs are to be cancelled for projects with more than 1.5 MW rated power.

The CFD model with all the limitations described above is only relevant for Energiekontor if onshore wind projects are also admitted to future auction rounds. It is as yet unclear, though, in how far this will be the case. It has, however, become clear in the meantime that onshore wind will not be included in the 2016 auction round, although Parliament is discussing whether onshore wind farms are to be admitted to the auctions again as early as 2017 in the scope of the so-called market stabilisation mechanism.

Regardless, in addition to selling the power at the respective market price on the electricity exchange, there would still be the possibility of concluding PPAs with terms of several years directly with a utility or a major industrial customer, albeit without the previously granted certificates (ROC). This business model requires the concentration on large project locations with strong wind.

The effects of the economic and financial crisis are still felt in **Portugal**. While there are first indications of an improvement of the conditions for promoting wind power, investment activity continues to be slow. As in Germany, energy suppliers in Portugal are legally obliged to purchase wind energy. New tendering procedures for the allocation of network licenses have not yet been announced.

Solar

Since 2015, the remuneration tariffs for ground-mounted solar arrays in the pay-as-bid process (see above) have been determined via auctions. One exception was the auction in December 2015, during which the uniform pricing model was tested. In the case of uniform pricing, the highest bid to which overhead is applied is the award value for all successful bids by participants. The new installation rate is controlled by the total rated power tendered in the case of wind. In 2015, three test auction rounds were conducted with a total capacity of 500 MW. A total of 400 MW are being tendered in 2016. The 2017 EEG stipulates tenders totalling 600 MW annually, which is twice the originally intended 300 MW for 2017. Furthermore, cross-border participation in other EU member states' tenders is to be introduced with immediate effect. This shall allow foreign project developers to participate in German auctions and vice versa.

Although the new auctioning procedures open up new possibilities for developing ground-mounted solar arrays, the potential locations are limited basically to conversion areas and areas along highways and railway tracks. One of the essential factors in calculating profitability is the distance to the nearest grid connection point.

Current evaluation suggests that unlike smaller developers, larger companies such as Energiekontor AG can actually benefit from the new auctioning system, as they have more flexibility. Subject to the remuneration amounts resulting from the auctions, the procedure in combination with the expansion of solar power generation abroad could lead to a slight revival of the German PV market.

In analogy to wind energy and similar to Germany, the ROC scheme in the UK is also being replaced by the auction-based contracts for difference (CFD) procedure (see section "Wind"). All of the solar parks under 5 MW that go into operation after the end of the first quarter of 2016 will fall under the new CFD system. The ROC subsidy scheme for solar parks over 5 MW expired on 1 April 2015.

Portugal also regulates feed-in tariffs, but only for small and medium-sized PV plants. Feed-in tariffs for larger plants in particular are determined here in tender procedures, in which participants bid for apportioned grid connections. Given Portugal's high irradiation values, it can be assumed that in principle the PV market would even be competitive here without government subsidies. However, there are currently no tenders for available grid capacities. The euro debt crisis still hampers investment in renewable energy sources on the Iberian Peninsula. In view of mixed economic prospects, it is difficult to project how the situation will change in the next few years.

In all, both wind and solar power are expected to be independent of charged levies and subsidies and to prepare for the free market conditions. This will increase the cost and margin pressure along the entire value chain and intensify competition. Concepts such as direct marketing and power purchase agreements directly with consumers (PPAs) will be at the centre of focus for larger turbines in particular. The electricity price in the medium to long term and assumptions of this will have a major influence on the success of implementation, but also on the utilisation of further cost reduction potential as well as the risk tolerance of financing banks and other financing partners/financial backers.

»» THE COMPANY

The Energiekontor AG business model

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

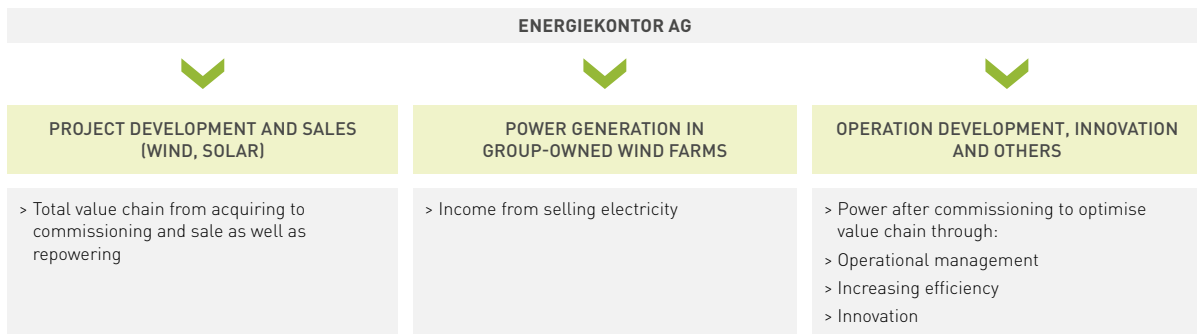
A few years ago, the Company's business model was also expanded to include the project development of solar parks. The markets in France and the US in particular are being reviewed for this purpose.

At the time of publication of this interim report, the Energiekontor Group had developed and installed a total of 580 wind turbines with a total rated power of nearly 850 MW at 102 wind farms in Germany, the UK and Portugal, as well as two ground-mounted solar arrays rated at around 20 MW in Germany. Total capital spending on these projects amounts to over EUR 1.3 billion.

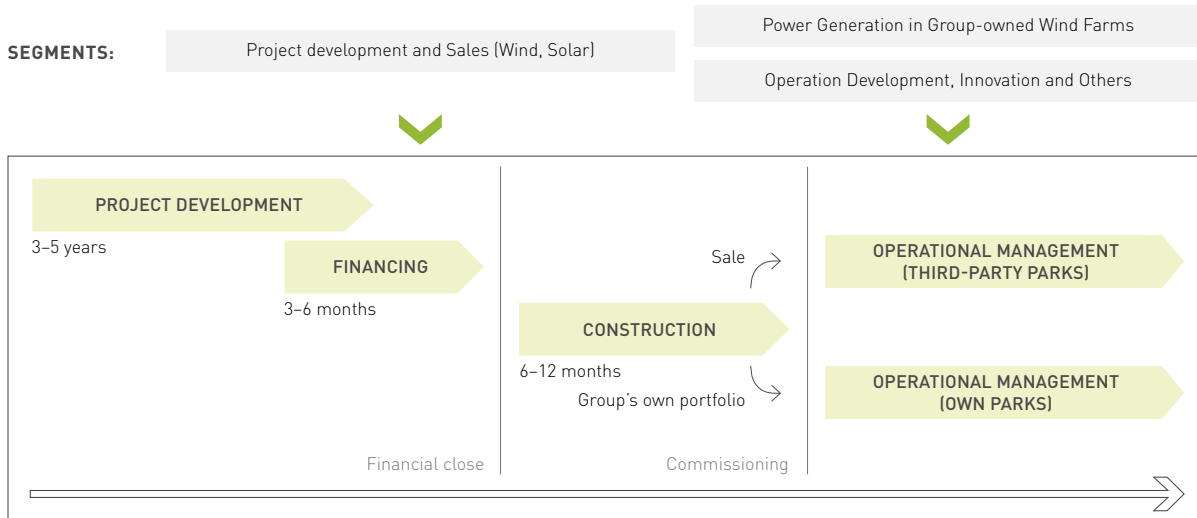
Complementing the sale of turnkey projects, the Energiekontor Group also operates a steadily increasing number of Group-owned wind farms as an independent power producer. Owner-operated facilities currently amount to around 269 MW.

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

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



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



a) Project Development and Sales (Wind, Solar)

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

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

b) Power Generation in Group-owned Wind Farms

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

The first addition to the Energiekontor Group's wind farm portfolio was made in 2002. Since then, the portfolio has seen regular expansion. On the one hand, this is done by assuming final ownership of projects that the Group has developed itself. Another strategy is to acquire attractive business propositions offered by operational wind farms. Such wind farms may either be projects that Energiekontor developed itself and sold at an earlier point in time or projects developed and operated by other companies. The total rated power of the wind farms operated by Energiekontor in Germany, the UK and Portugal currently amounts to 269.05 MW.

Group-owned wind farms, reference date 30 September 2016

Name of the wind farm	Total rated power/MW
Debstedt (Tandem I)	11.0
Breitendeich (Tandem I)	7.5
Sievern (Tandem II)	2.0
Briest (Tandem II)	7.5
Briest II	1.5
Geldern	3.0
Mauritz-Wegberg (Energiekontor holds 88.52 percent)	7.5
Halde Nierchen I	5.0
Halde Nierchen II	4.0
Grevenbroich II (Energiekontor holds 96.2 percent)	5.0
Osterende	3.0
Nordleda (Energiekontor holds 51 percent)	6.0
Kajedeich	4.1
Engelrod	5.2
Krempel	14.3
Schwanewede	3.0
Giersleben	11.25
Beckum	1.3
Balje-Hörne	3.9
Hanstedt-Wriedel	16.5
Lengers	4.5
Krempel II	6.5
Prenzlau	1.5
Flögeln	9.0
Altlüdersdorf	13.5
Thüle	14.0
Marão	10.4
Montemuro	10.4
Penedo Ruivo	13.0
Mafomedes	4.2
Hyndburn	24.6
Withernwick	18.5
Gayton le Marsh	16.4
<i>Wind farms in Germany</i>	<i>171.55</i>
<i>Wind farms in Portugal</i>	<i>38.0</i>
<i>Wind farms in the UK</i>	<i>59.5</i>
Total	269.05

c) Operation Development, Innovation and Others

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

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

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

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

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

Another key topic within operational management is direct power marketing, which has become legally binding for all new wind farms in Germany since the amended German Renewable Energy Sources Act (EEG) was passed in mid-2014. Unlike the previous market bonus scheme, no bonuses (management bonus or remote control bonus) are now paid for new power systems. These bonuses have since been rolled up into the payment of the current EEG tariff.

Technical innovations such as rotor blade extension also form part of activities designed to optimise performance, yield and cost savings. This extension process invented and

patented by Energiekontor is a technique for lengthening the rotor diameter that has now been tested and implemented successfully in the field for some four years. Installation is carried out with the blade attached, i.e. without dismantling the blade. This concept allows crane costs and downtimes to be kept at a minimum. Currently, manufacturing of the rotor blade extension for serial operation is being prepared.

Goals and Strategy

In the 25 years since the formation of our Company, the renewable energy market has undergone ongoing change and continuous development. Back in 1990 when the first Electricity Feed-in Act (StrEG) was introduced, renewable energies were still widely regarded as a rather crazy eco-idealist idea. Especially the large power companies that now play a major role in renewable energies were initially highly critical of these modern technologies. Today, a quarter of a century later, renewable energies have evolved into sophisticated, established and recognised technologies, making a significant contribution to energy production in many industrial nations. In Germany alone, the share of renewable energies accounted for 30 percent of the total energy produced in 2015. The higher the share of renewable energies in meeting demand, the more sustainable and environmentally friendly the entire energy supply.

New self-perception of the pioneering role

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

A solid foundation for sustainable growth

The growth model of Energiekontor AG is closely linked to the Company's mission statement. The intensified regional approach and the diversification to new markets is aimed at strengthening organic company growth in order to continue actively accelerating the expansion of renewable energies, also in a more intense competitive environment. The management believes in employee involvement and development and creates the organisational framework required for achieving this goal. Basis and foundation of Energiekontor's growth strategy is its financial stability. This stability is predominately based on the steady surplus cash from Power Generation in Group-owned Wind Farms and from commercial and technical operation management activities.

Intensifying the regional approach

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

Tapping into new foreign markets

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

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

whereby this country preselection may be extended or reduced within the course of the further market review process.

There is no direct market entry and cost-intensive project development planned in the individual countries; instead, a systematic review, analysis and selection process is being carried out to analyse and evaluate the specific conditions for wind and solar projects in these countries (legal, political, subsidy systems, grid connection regulations, authorisation etc.). Furthermore, the intention is to identify and, if suitable, take under contract the first partners for site acquisitions and further market development in order to create the structural prerequisites for a possible market entry at an early stage. The aim of this gradual and inexpensive review process – which can mainly be carried out

A solid foundation for sustainable growth



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

Innovation and efficiency measures

Energiekontor intends to realise the most economically viable projects in its industry, thus contributing to the 100 percent renewables vision. At the same time, this ensures the Company's competitive position in an increasingly market-oriented environment. Energiekontor will continue to strengthen its measures to increase innovation and efficiency in this environment. Innovation may refer to technical in-house developments such as e.g. rotor blade extension. However, innovation mostly refers to the fastest possible adaptation of new technologies and methods to benefit Energiekontor's projects. There are three approaches: increasing the economic viability of projects planned by Energiekontor, increasing profits of Group-owned wind farms and accelerating project development solution finding. These measures are closely linked to broadening the decentralised organisation, the decentralised project organisation led by employees and creating a culture of development.

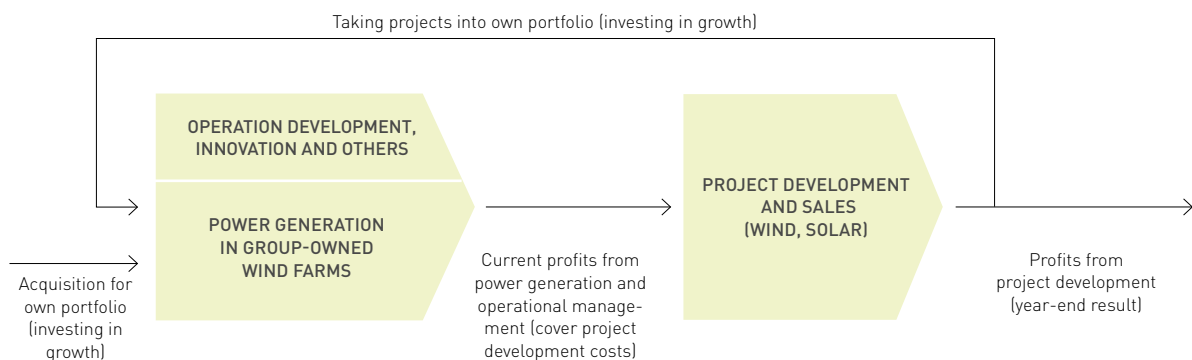
Room for initiative and organisational decentralisation

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

Owner-operated wind farms as a reliable growth driver

Expansion of power generation from Group-owned wind farms is the driving power behind and the central element of the growth model. Steady income is generated by selling the power generated on our own wind farms. Another source of steady income is the provision of management services for completed and operational wind farms by specialised teams from the Energiekontor Group – possibly extending to solar parks in the future. This applies not only to the wind farms owned by the Group but also to turnkey facilities that have been sold to energy suppliers, strategic investors or financial investors. The provision of operational management services to the Company's facility buyers

Growth model of Energiekontor AG



ensures that Energiekontor AG can retain the majority as customers, thus securing regular income from these wind farms well beyond their project completion dates.

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

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

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

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

Varying growth dynamics

Company growth varies in the individual segments. In the area of project development, Energiekontor drives growth by increasing site acquisitions and the regional approach as well as by expanding to new markets. In contrast, growth in the Power Generation in Group-owned Wind Farms division is based on the incorporation of projects from project development into Company ownership and/or acquisition of external operational wind farms. The more wind farms become Group-owned wind farms, the higher the surplus cash that is generated by the Group's own wind farms and operational management. Thus, more funds are available for project development in order to promote growth. Further growth is thus mainly supported by additional expansion of the Group-owned farm portfolio and the increase in surplus cash by the operation of own wind farms and operational management. This organic growth process is supported by accompanying innovation and efficiency measures that lead to further rises in profits and that further increase the surplus cash from power generation in group-owned wind farms.

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

Business objectives

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

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

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

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

» BUSINESS DEVELOPMENT BY SEGMENT

a) Project Development and Sales (Wind, Solar)

The financial year 2016 is thus far in line with Energiekontor AG's plan. There is no significant news compared to the half-year report as most of the projects, for which contracts had been signed by mid-year, are still under construction. The Onshore **Wind** division saw the following developments in **Germany**:

In the key region of **Lower Saxony**, the activities so far have focused mainly on the district of Cuxhaven, where the planned restrictions for repowering projects were eased with the second draft of the regional planning programme to such an extent that Energiekontor was ultimately able to obtain planning permission and secure the financial close for the repowering project in Debstedt in December 2015. In the course of 2016, eight of the total of eleven existing 1 MW wind turbine systems are to be replaced by three to four new turbines with rated power of 4.5 MW each at this coastal location in the district of Cuxhaven. Progress on construction of the first three turbines is still on schedule. Permission for the fourth was obtained in the second quarter of 2016. At the end of May 2016, the contract for the sale of the Debstedt repowering project was signed with the Hamburg-based solar park and wind farm operator Capital Stage, which is listed on the SDAX.

Energiekontor is also carrying out another repowering project, Breitendeich, in the Stade district. The Company received planning permission for Breitendeich at the end of the first quarter 2016. The financial close, which is required for construction to begin, was secured in April 2016. In July, this repowering project was also sold to Capital Stage AG subject to conditions precedent as usual on the market. The Breitendeich wind farm consists of two turbines with a total of some 6.4 MW rated power and is south of the Elbe estuary. Progress in the construction is also on schedule here.

Furthermore, planning permission for the Hammelwarder Moor project was granted in October 2016. Three wind turbines with rated power of 3.4 MW and a hub height of 119 meters each are planned at this wind farm near the city of Brake.

In the key regions of **North Rhine-Westphalia**, the Hürth wind farm (8.55 MW), which had been approved at the end of 2015, was built in the first few months of 2016 and went into operation in April 2016. Shortly thereafter, Energiekontor signed the contract to sell this project. The buyer is the listed wind farm and solar park operator Chorus Clean Energy AG from Neubiberg near Munich. The Hürth wind farm, located southwest of Cologne, consists of three turbines with rated power of 2.85 MW each.

Energiekontor had already received the planning permission for a third repowering project near the city of Grevenbroich back in the first quarter of 2016. This project with total rated power of 7.5 MW was also sold to Capital Stage in August 2016. The construction is progressing as scheduled.

In February 2016, we concluded a new cooperation agreement with Thüga AG on joint wind farm development and construction projects, with a focus on the Lippe district in North Rhine-Westphalia. Currently, projects with a total volume of about 50 MW are being examined. The first permissions are expected to be granted in 2017. Construction is not expected to commence before early 2018.

Permission for the Klein Woltersdorf project in the key region **Brandenburg** was obtained at the end of 2015. This was followed by the financial close at the end of February 2016 for the project consisting of a single turbine with rated power of 2.4 MW. The turbine now sold is currently being built.

Once the review of the **Mecklenburg-Western Pomerania** region revealed that the potential for projects that could be implemented financially is limited in this region, the activities were merged with those of the Brandenburg key region. In future, they will be coordinated from Bernau near Berlin.

Furthermore, Energiekontor is looking into a commitment in **Thuringia**. This German state offers good conditions for realising efficient onshore wind projects. The Thüringer Energie- und GreenTech-Agentur (TheEGA) awarded Energiekontor the seal of "Fair Wind Energy Thuringia" for adhering to the guidelines on cooperation and transparency when it comes to the state's citizens, municipalities and companies.

Including the repowering projects, acquisitions in Germany in 2016 until publication of this report resulted in areas being contractually secured for a total of around 240 MW in wind energy power.

Subsidies for onshore wind in the **UK** are still up in the air. Following the end of the certificate-based ROC regime in April 2016, the Contracts for Difference auctioning system (CFD) now applies. However, no auctions are scheduled for onshore wind this year.

At the end of June 2015, the Hyndburn II wind farm, i. e. an expansion of the already existing Hyndburn wind farm, received permission. Four wind turbine systems with rated power of 2 MW each are to be erected in Hyndburn II. Given the unanswered questions with the air traffic control authority, however, implementation of the project has been delayed. Talks with the operator and manufacturer of the radar systems are showing a positive tendency.

Regardless, a number of projects in the UK are in the permitting process. Planning permission for Pencarreg (2 x 2.5 MW) in Wales was obtained in the first quarter of 2016. In order to improve the profitability of this project, new permission with improved parameters is being sought out.

Areas for roughly 220 MW were secured in the UK as a result of acquisitions from the start of 2016 until publication of this report. Total rated power for the projects for which the Energiekontor Group secured exclusivity in England and Scotland has thus climbed to more than 600 MW. The majority of this area is in Scotland.

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

In the **Solar** business, Energiekontor has been awarded two projects in the auctioning procedure. The first one, the Nadrensee project (about 9 MWp), which emerged as one of the winners from the first German auction round for PV ground-mounted solar arrays in the spring of 2015, was commissioned and sold to an investor in the late summer.

The second one, the Garzau-Garzin project in Brandenburg with rated power of around 10 MWp, was awarded to Energiekontor at the solar auction conducted early in April 2016. This project is still in the area development planning phase.

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

The Energiekontor Group has strengthened its personnel resources in order to explore the **new markets** of the Netherlands, France and the US. An office was opened in the Dutch town of Nijmegen at the end of the first half-year with the aim of coordinating project development activities for wind farms with national experts there. The first sites have already been identified. The team in the Netherlands is expected to grow gradually to secure these and other locations.

In France, Energiekontor is initially focusing on the field of solar. Experienced native speakers will also be of help here when it comes to acquiring sites and establishing the Company's own office in the country. Following various discussions with French renewable energy experts, the Company will now start to identify suitable areas and projects.

Both options of Wind and Solar are being looked into in the US. Energiekontor has selected suitable states and possible sites here. As in the other markets examined, there are also plans to establish the Company's own office in the US.

b) Power Generation in Group-owned Wind Farms

In the first quarter of 2016, Energiekontor was able to successfully place the step-up bond IX with a volume of nearly EUR 12 million. This bond was issued to finance the acquisition of the Portuguese Mafomedes wind farm and to refinance the Breitendeich wind farm in Lower Saxony. As agreed in the contract, the Mafomedes wind farm (4.2 MW) was incorporated into the Group's own portfolio on 1 January 2016. The number of wind farms operated by Energiekontor AG thus increased to 33, with total rated power of around 269 MW.

Moreover, the Withernwick wind farm operated by Energiekontor in England was refinanced in order to make use of the current low capital market interest level. This measure is one of the options to improve efficiency and thus earnings from Group-owned wind farms. Refinancing of other wind farms in the Company's own portfolio is still being looked into.

The trend of weak wind years in comparison to the long-term average persisted in the third quarter of 2016. Therefore, income in all of the countries where Energiekontor operates wind farms continued to fall short of expectations.

Several wind farms on the market were assessed based on technological, economical and legal considerations to evaluate their eligibility for the further expansion of the portfolio.

c) Operation Development, Innovation and Others

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

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

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

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

»» OUTLOOK

The outlook for the current financial year takes into account Energiekontor AG's growth plans based on a solid business model, with a view to the upcoming regulatory changes in the remuneration of electricity from renewable sources. In principle, nothing has changed concerning the expectations for the current financial year with regard to the statements in the 2015 annual report and in particular the 2016 half-year report. The outlook for the full year is as follows:

a) Project Development and Sales (Wind, Solar)

The Management Board of Energiekontor AG continues to expect a positive performance of the Project Development and Sales (Wind, Solar) segment in the 2016 financial year. This is to be supported by the implementation of wind farm and solar park projects in Germany and the UK, which have already reached the permit stage or financial close, which are currently under construction or which are in the final pre-construction stages.

Since the beginning of the year 2016, the Debstedt repowering projects (ca. 13.5 MW) with three turbines of 4.5 MW has been under construction in **Lower Saxony**. Another repowering wind farm in the Stade district is currently being built, namely Breitendeich (7.5 MW). Both projects are still scheduled to be commissioned in 2016. The permission for a fourth 4.5 MW turbine was also issued in Debstedt. This is scheduled for completion in 2017.

After the Company received the planning permission for the Hammelwarder Moor project (10.2 MW) in the autumn of 2016, it is now striving to obtain planning permission for another two smaller projects with total output of approximately 8 MW in Lower Saxony in 2016. These projects are to be commissioned in 2017. Following commissioning of the Hürth wind farm (8.55 MW), the Energiekontor Group has now started the permitting process for several other smaller and medium-sized wind farms in **North Rhine-Westphalia**. All in all, the Group intends to get planning permission for projects totalling about 37 MW by the end of the year; commissioning is scheduled in 2017.

Following the successful commissioning and sale of the Luckow-Petershagen wind farm (11.0 MW) in the key region of **Brandenburg** at the end of 2015, we are still awaiting a decision by the regulatory authority regarding the application for a fifth 2.75 MW turbine. We expect this to be granted before the end of this year.

The approval of the 2.4 MW turbine in Klein Woltersdorf was followed by the financial close in February 2016. The aim is to finish the construction work now begun by the end of the year.

In addition, there are two more projects with a combined capacity of just under 13 MW that are currently undergoing the permitting process in Brandenburg. The permitting process of the remaining Brandenburg pipeline will probably be postponed by one year as the regional development planning is being completely revised.

Energiekontor is further planning to seek approval for projects totalling to date about 70 MW at the German auctions commencing in May 2017.

The acquisition of new sites is also crucial for the Energiekontor Group's long-term expansion of wind power. Germany, however, is starting to show signs of excessive lease charges, which could prove a heavy burden for future projects. However, the **cooperation** between the Energiekontor Group and Thüga AG is bound to have a positive effect. The first planning permissions for projects under this cooperation that initially targets projects in the range of about 50 MW in the Lippe district in **North Rhine-Westphalia** are expected to be obtained in 2017. Energiekontor is now in negotiations with other potential partners, including in **Thuringia**, where the company is pursuing its first acquisitions. Energiekontor expects that these cooperations will not only bring an expansion of the project pipeline because of joint investment and the might of a strong group with common interest, but also create stronger regional ties and cooperation with the municipalities and their inhabitants.

The pipeline for the development of new projects in Germany is continuously being expanded. Only the projects that are highly likely to be realised are being included in the pipeline. Energiekontor Group has a total pipeline for projects in Germany covering nearly 740 MW in various project phases. Option agreements were concluded for all of these projects. Some of the projects have already entered

the planning permission or permitting process, while others have already been approved or are under construction. The Company thus has sufficient provisioning for its medium-term growth targets in Germany.

Project development in the **UK** was rendered more difficult in 2015 by the uncertainty regarding subsidies following the elections in May. Following expiration of the ROC scheme at the end of the first quarter of 2016, the extent to which the government in London will continue to subsidise onshore wind remains to be seen.

The events surrounding Britain's decision to leave the European Union (Brexit) have put these discussions on hold for the most part. The Brexit itself is having an impact on Energiekontor AG's business to the extent that the potential reintroduction of customs duties and interest rate fluctuations could increase costs for the construction of wind farms and the financing thereof. These kinds of effects are already priced in to the profitability calculations for Energiekontor's development projects. Currency fluctuations would have a significant impact on the income from British wind farms in the company's own portfolio. However, it should be noted here that the British pound had already been at a very high level in the months prior to the Brexit.

In sum, the short term will be plagued with a degree of uncertainty over the possible effects of Brexit on the domestic European market, and investments could potentially be withheld prematurely. In the medium term, however, Energiekontor does not expect it to have any lasting effects on the project business in the field of renewable energy sources.

With this in mind, Energiekontor is clearly focusing on Scotland at the moment and maybe Wales, where the development of onshore wind farms is clearly welcome and receives political support. The Scottish government has expressed its commitment to the expansion targets for renewable energy previously defined. Energiekontor secured locations for more than 600 MW by means of exclusivity agreements and option agreements with landowners, most of which are in Scotland. In addition, the Company is seeking to conclude option agreements for another 100 MW this year. Given the excellent wind conditions, wind farm projects in Scotland and, in select cases, in England can even be economically feasible without a tariff system and auctioning procedure by concluding direct power purchase agreements with the respective contracting partners. Energiekontor is planning

to file another planning application for a project with twelve turbines in Scotland around the turn of the year, and another three to four applications for additional projects in 2017.

Energiekontor further assumes that there will be further possibilities for successfully implementing wind projects in the future. Even if onshore wind projects will not be included in the auction round planned in 2016, onshore wind farms might be readmitted to the auctions again as early as in 2017, in the scope of the so-called market stabilisation mechanism. Parliament is currently discussing a corresponding proposal.

The situation in **Portugal** has not changed materially. There are first signs of an improvement in the business environment, but the government has not announced any new procedures for tendering grid capacities as yet.

In the **Solar** market, both Germany and the UK introduced an auctioning system. In **Germany**, the Company is concentrating on the key regions of Brandenburg and Mecklenburg-Western Pomerania. Two Energiekontor Group projects there, Nadrensee (approx. 9 MW) and Garzau-Garzin (approx. 10 MW), have already received an award in the first auctions in Germany. The Nadrensee solar park was completed and sold in the late summer of 2016. Garzau-Garzin is scheduled for completion in 2017.

With the two awards in the solar auctions, the Company has shown itself to be in a position to realise projects financially despite the increasing degree of pricing pressure. Energiekontor intends to become involved in future auctions with other projects in the planning phase.

In the **UK**, Energiekontor is contemplating expanding its position in 2016 by acquiring project rights or developing its own projects. However, the remuneration tariffs levelled out at such a low level in the last auction rounds that the prospects for economically feasible projects are rather dismal at present.

The Company also wants to expand its solar activities on the French market. In both the UK and France Energiekontor is currently negotiating with potential cooperation partners.

The general objective of the Energiekontor Group is to stabilise and sustainably increase the level of project realisations, which has been varying from year to year in the past. Roughly half of revenue and earnings are to be generated abroad in the future.

b) Power Generation in Group-owned Wind Farms

The Power Generation in Group-owned Wind Farms segment is to be further expanded systematically in order to decrease the Group's dependence on the volatile project development market. In addition to the acquisition of external wind farms and the inclusion of Energiekontor projects in the Group's own portfolio, the option of repowering Group-owned wind farms is also reviewed regularly. The objective is to optimise the use of current locations and boost profits by exchanging existing turbines for modern, more powerful wind turbines.

Since the repowering bonus was abolished in the amendment to the German Renewable Energy Sources Act (EEG) in August 2014 and the reference yield model was adapted with the consequence that sites with strong winds receive lower remuneration, this way of enhancing the efficiency of Group-owned wind farms was further restricted. Therefore, Energiekontor has decided to focus more strongly on innovative technologies like the in-house developed rotor blade extension. The management expects that the output can thus be increased by several percent at comparably low cost.

The expansion of Energiekontor's own wind farm portfolio is mostly based on the takeover of projects developed by the Company itself and, when appropriate, the acquisition of operational wind farms. After the purchase of the Mafomedes wind farm (4.2 MW) in Portugal at the beginning of 2016, there are no plans to expand the Company's own farm portfolio any further this year. The total capacity could even decline temporarily with the sale of individual repowering projects. However, net income (EBT) from this segment is of primary importance for the Company. This also gets a boost from innovation and efficiency measures and the planned reduction of the interest burden.

c) Operation Development, Innovation and Others

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

One of the focal areas in expanding the technological innovations area is the patented rotor blade extension process for existing wind turbines. Based on the successful development for a 1 MW wind turbine, additional promising turbine types will be adapted in the future. Meanwhile, ten of the 26 1.3 MW wind turbines in Portugal approved for conversion have been equipped with rotor blade extensions. Moreover, market research and feasibility studies support the development of rotor blade extensions for additional turbine types. However, it is becoming increasingly difficult to equip new turbines with extended rotor blades in Germany because of regulatory height limits that apply to many locations and concerns of the financing banks.

The Portuguese and Spanish markets still appear to offer the largest implementation potential for rotor blade extensions, as these regions have more of the relevant wind turbines in place than Germany, where in most cases profitability of existing systems cannot be enhanced substantially by repowering. On the Iberian Peninsula, on the other hand, it is usually not profitable to replace existing turbines with more powerful ones, as in most cases the grid capacity required to feed in all electricity generated cannot be expanded. This means that income improvements can only be achieved through better utilisation of the wind farms, supported by technical optimisation such as rotor blade extension.

Group-level

A sustainable and reliable regulatory environment for wind and solar power in our current target markets is essential for the further growth of the Group. The amendment to the EEG in Germany has created investment security until 2016. This should continue beyond 2017, as the current remuneration structure applies to all projects approved until the end of 2016 and implemented by the end of 2018. Starting in 2018, the management expects to see the financial impact of the auction system, although Energiekontor has prepared for this for years by developing a sustainable growth strategy described in detail in the chapter "The Company". This has been combined with an innovation and cost-cutting programme.

The situation in the UK has changed substantially. As explained above, it is unclear since the parliamentary elections in May 2015 to what extent onshore wind projects will receive support in the future. The Brexit decision has not exactly made things easier overall for the time being. The effect of Britain leaving the EU in the medium term, however, should be marginal for Energiekontor AG's business. By concentrating on regions with very strong winds in Scotland, England and Wales, Energiekontor is already set to continue planning and constructing wind farms in the UK without subsidies on a market price basis (electricity exchange, PPAs).

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

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

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

In the Solar division, in-house development and turnkey implementation of projects in Germany has considerably lost appeal in recent years due to decreasing feed-in tariffs and fixed module prices in the Far East because of punitive tariffs. The auctioning system will bring new opportunities in Germany. Moreover, the management plans to expand the scope for the further implementation of PV projects by reviewing opportunities to develop the Company's own projects or take over project rights from third parties in the UK as well as in new markets such as France. The Group is also investigating the possibilities of working together with potential cooperation partners from within the industry.

The Power Generation in Group-owned Wind Farms segment is of crucial importance for the further growth path of the Energiekontor Group. Despite wind-related fluctuations in income, revenue generated in this segment is easier to forecast than revenue generated in project development. Income from the sale of energy is generally a stable foundation for liquidity planning in the Group. Even in times of economic difficulties, overall operations could be covered by such income. As a consequence, the portfolio of Group-owned wind farms is a strategic key element at Energiekontor AG. Surplus liquidity generated in the operations of Group-owned wind farms is to be steadily increased in coming years by expanding the existing portfolio of own facilities. Both the purchase of existing wind farms and the takeover of new development projects carry potential here. The prerequisite in both cases is that the turbines can be operated profitably and sustainably in the long term. The decision to take over wind farms into the Group's own portfolio always depends on situational and project parameters.

The management's objective is to continue improving the basis for sustainable company growth by gradually and sustainably increasing total output and Group EBT in the coming years. The key measures planned include intensifying the acquisition efforts in all planning areas (Germany, Solar, Repowering, UK), gaining a foothold in new foreign markets (other larger markets, e.g. the U.S., are also being investigated in addition to France and the Netherlands) and increasing efficiency by implementing commercial and technical optimisation measures, especially in the field of electricity generation in Group-owned wind farms and operational management. At the same time, headcount is to be gradually expanded in the key growth areas in a targeted fashion. Even though the growth process will not follow a straight line in the next few years due to policy changes and the conversion of the remuneration systems in all the relevant target markets, and income fluctuations cannot be ruled out either, Energiekontor is pursuing a growth strategy that enables the Company to gradually and sustainably reach its growth targets, thereby maintaining a solid financial basis.

All in all, the Management Board continues to expect an overall positive business performance and net income in the 2016 financial year, at the AG level as well as for the Group. The course set in the last few years will also be adhered to in the 2016 financial year. The top objective is to maintain the income level of 2015 despite the imminent changes to the regulatory environment in Germany and the unclear remuneration situation in the UK or to even to achieve a slight improvement. The Group confirms that it has the relevant projects and potential needed to achieve these objectives. Risks are mainly related to potential project delays that could have a negative effect on commissioning and the sales of the projects planned for 2016. Therefore, reaching the net income target is in actual fact conditional upon all the projects that have been sold and are under construction in the current financial year being commissioned as planned and upon the valid conclusion of the contract for another major wind farm, which is currently in the process of being sold.

» OTHER DISCLOSURES

Share capital

The Company's subscribed capital (share capital) as entered in the commercial register amounts to EUR 14,653,160 as at 30 June 2016 and is divided into 14,653,160 bearer ordinary shares.

Share buy-back programme

In line with the resolution of the General Meeting on 25 May 2011, a total of 182,380 shares were repurchased by Energiekontor AG between the date the resolution was passed and 30 September 2016, 17,010 thereof in the 2016 financial year; the purpose was to retire treasury shares and thus reduce share capital. After the decrease of share capital in September 2014, Energiekontor AG held 57,930 shares on 30 September 2016.

Directors' dealings

On 19 September 2016 the company founders and Supervisory Board members of Energiekontor AG, Dr Bodo Wilkens (Chairman of the Supervisory Board) and Günter Lammers (Deputy Chairman of the Supervisory Board), notified the Company pursuant to Art. 19 MAR (Market Abuse Regulation) that they had each sold around 7.0 percent of their Energiekontor AG shares to institutional investors via private placement on 15 September 2016. They stated that the transaction was aimed at increasing the free float and potentially also the liquidity and attractiveness of the Energiekontor shares, while diversifying their private assets.

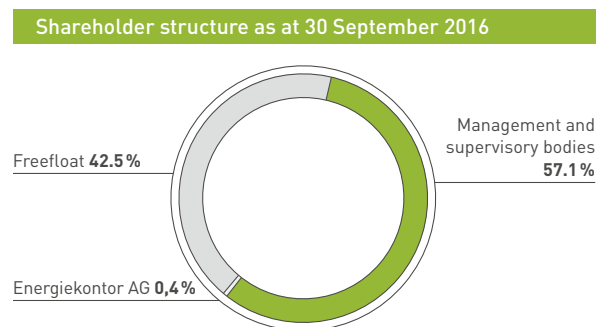
The member of the Supervisory Board Darius Oliver Kianzad and the members of the Management Board Peter Szabo (Chairman) and Günter Eschen did not hold any shares of the Company in the period under review.

Shareholder structure

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

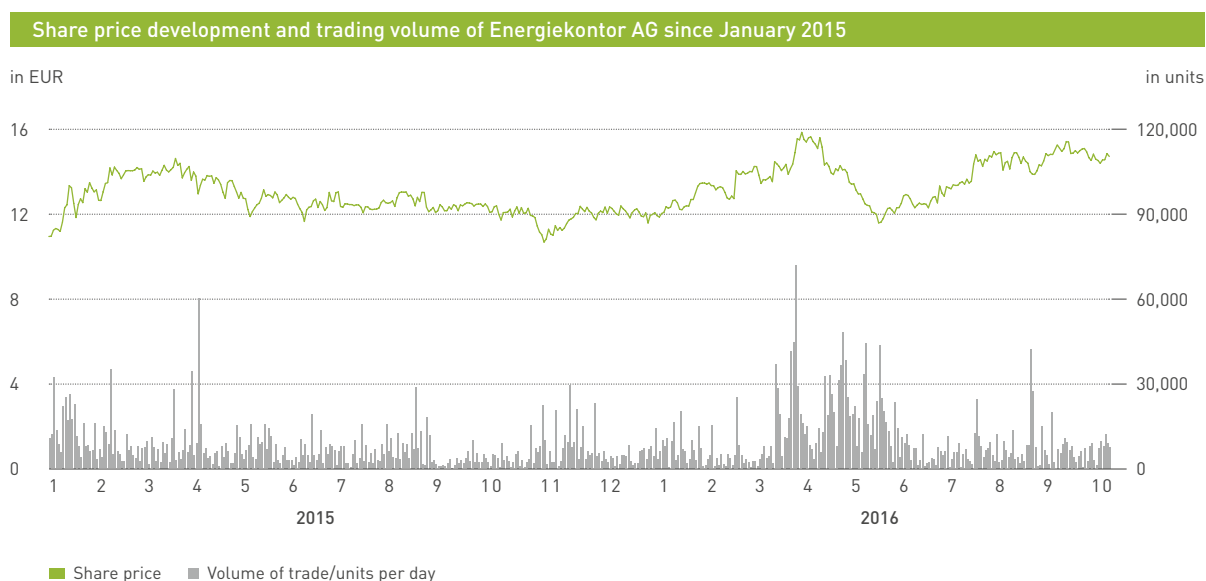
Dr Bodo Wilkens (Chairman of the Supervisory Board)	4,184,335 shares
Günter Lammers (Deputy Chairman of the Supervisory Board)	4,187,974 shares

Energiekontor AG therefore had the following shareholder structure as at 30 September 2016:



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

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



Risk management

The statements made in the risk and opportunity section of the 2015 annual report and the 2016 half-year report continue to apply to the current situation. The annual financial statements and other financial reports of Energiekontor are available (in German and extracts in English) on our website www.energiekontor.de under "Investor Relations – Finanzberichte".

Corporate Governance Statement

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

»» LEGAL INFORMATION

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Forward-looking statements

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



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