

## Quarterly report Q3/2014

**Dear Shareholders,  
Ladies and Gentlemen,**

The third quarter was very successful for Capital Stage. Income from our 47 solar parks and wind farms was in line with our expectations and is the main reason for the sharp increase in revenue and earnings that we are able to report for the first nine months of the 2014 financial year.

Our revenue of EUR 65.0 million (previous year: EUR 45.9 million) was 41.6% up on the year. Earnings before interest and taxes (EBIT) increased by 43.6% to EUR 41.9 million (previous year: EUR 29.2 million). Altogether we closed the first nine months of 2014 with a consolidated after-tax profit (EAT) of EUR 22.1 million (previous year: EUR 15.4 million), which represents a year-on-year increase of 43.8%.

We also made sustainable improvements to our operating profitability by steadily expanding our energy generation portfolio. Funds from operations (FFO) rose by 53.1% to EUR 30.5 million (previous year: EUR 19.9 million) and cash flow from operating activities was up by 85.2% to EUR 42.4 million (previous year: EUR 22.9 million).

We therefore confirm our revenue and earnings forecast for the financial year 2014, which is based on revenue of EUR 80 million (previous year: EUR 57.0 million). We are expecting an operating result (EBIT) of around EUR 40.0 million (previous year: EUR 31.7 million) and pre-tax earnings (EBT) for the year 2014 of around EUR 23.0 million (previous year: EUR 15.8 million).

In the third quarter of 2014, we continued to expand our energy generation portfolio with the purchase of a solar park in Germany (Bavaria) with a capacity of 5.6 MWp. This reinforces Capital Stage's position as Germany's largest independent operator of solar parks. Overall, the Capital Stage portfolio as of the reporting date 30 September 2014 consists of 47 solar parks and wind farms with a total capacity of some 313 MW.

At the beginning of 2014, Capital Stage announced that it would be setting up alternative financing structures to enable growth without capital increases. In the third quarter of 2014, we were able to report initial success. We refinanced seven solar parks in Italy that were previously fully equity funded and thus released some of the capital committed to these assets. Further more, we agreed on additional credit lines for investment with two banks, taking Capital Stage's free investment volume to around EUR 40 million with these arrangements alone.

In November 2014, we also reported the successful closing of a long-term strategic partnership between Capital Stage and the insurance company Gothaer Versicherungen. As part of this strategic partnership, Gothaer Versicherungen is to provide us with a total of EUR 150 million in profit participation rights capital for 20 years.

This strategic partnership constitutes a milestone in the history of Capital Stage. We intend to use the funds from Gothaer as equity for future acquisitions, which will enable us roughly to double the volume of our current energy generation portfolio.

We are therefore at the start of a substantial growth phase. As in the past, we will approach this prospect with the appropriate commercial caution and prudence and make every single investment decision on the basis of our strict and proven investment criteria.

The Capital Stage share therefore remains an attractive investment for private and institutional investors alike, offering an attractive dividend yield and sound potential for capital gains combined with limited risk.

Hamburg, November 2014

The management board

  
Felix Goedhart  
CEO

  
Dr. Christoph Husmann

## Group-Key-Figures

IFRS (in EUR mill.)	01/01- 09/30/2014	01/01- 09/30/2013	+/-
Revenues	65.0	45.9	+41.6%
EBITDA	61.2	42.8	+42.8%
EBIT	41.9	29.2	+43.6%
EBT	25.9	18.3	+41.7%
EAT	22.1	15.4	+43.8%
Cash flow from operating activities	42.4	22.9	+85.2%
FFO* per share (in EUR)	0.43	0.38	+13.2%
Earnings per share (basic / EUR)	0.30	0.28	+7.1%
	Sept. 30, 2014	Dec. 31, 2013	+/-
Equity**	240.4	207.4	+15.9%
Liabilities	550.9	385.8	+42.8%
Balance sheet total	791.2	593.2	+33.4%
Equity ratio in %	30.38	34.96	-13.1%

\* FFO: Funds From Operations | \*\* Incl. non-controlling interests in equity

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## Key information

Listed since	07/28/1998
Share capital (Nov. 2014)	73,569,144 EUR
Number of shares (Nov. 2014)	73.57m
Stock exchange segment	Prime Standard
2012 dividend per share	0.08 EUR
2013 dividend per share	0.10 EUR
52-week high	4.45 EUR
52-week low	3.23 EUR
Share price (Nov. 20, 2014)	4.45 EUR
Market capitalization (Nov. 20, 2014)	327 m EUR
Indices	SDAX, HASPAX, PPVX
Trading centres	XETRA, Frankfurt/Main, Hamburg
ISIN	DE 0006095003
Designated Sponsor	Close Brothers Seydler Bank AG

### Uncertainties depress stock markets

Stock markets performed well up to the middle of 2014. Positive economic data from the United States and a reduction in the benchmark European interest rate by the European Central Bank (ECB) lifted share prices even further in June 2014, taking the German DAX index past the 10,000-point mark for the first time ever in 2014. This positive performance was only short-lived, however. Increasing geopolitical tension quickly depressed markets again in the third quarter of 2014. The bull run was cut short in particular by the conflict between Ukraine and Russia as well as the sanctions imposed as a result. At the same time, global economic indicators also pointed to slower growth; the economic performance of the eurozone in particular was well below expectations. The previously robust German economy also showed the first signs of weakness, with German industrial production and German exports both reporting slower growth. Stock markets worldwide reacted with a very sharp correction, taking the DAX back down below the 10,000-point mark to its lowest point since October 2013. However, stable economic data from the United States and another reduction in the benchmark European interest rate to a record low of 0.05% in early September 2014 prompted another recovery at the end of the third

quarter of 2014, which enabled many of the losses to be recouped. As of the reporting date 30 September 2014, the DAX stood at 9,474 points, only slightly below the figure at the start of the year. The SDAX index – which includes the Capital Stage AG share – largely followed the DAX but ended the period up slightly on the beginning of the year 2014 at 6,853 points.

### Stability in a volatile environment

The Capital Stage AG share was enviably stable over the course of the year. Although the DAX index came under severe pressure in late July and early August, falling by nearly 7% in one week, the Capital Stage AG share was able to escape this negative sentiment and reported a slight increase over the same period. In the remainder of the third quarter of 2014, the share was also lifted by the general market recovery, reaching a high for the period at EUR 3.90 on 10 September 2014. The average price for the Capital Stage share in the period of July to September 2014 was EUR 3.72. At the end of the quarter, the share closed at a price of EUR 3.77, an increase of some 2.4% in a third quarter of 2014 that was plagued by uncertainties.

The Capital Stage share is listed in the Prime Standard segment of Deutsche Börse. In March 2014,



the Capital Stage AG share was included in the Deutsche Börse SDAX index; it also forms part of the HASPAX, PPVX and Solar Energy Stock Index.

#### Coverage expanded

Coverage of the Capital Stage share was increased again in the third quarter of 2014. Capital Stage is currently followed by Warburg Research, WGZ Bank Research, Berenberg Equity Research, Quirin Bank Equity Research and Kempen & Co. Merchant Bank.

Analysts' estimates at the end of the reporting period were thoroughly positive. All five banks recommended the Capital Stage share as a buy/overweight. At the end of the third quarter, the analysts put the target price for the Capital Stage share in a range from EUR 5.00 to EUR 5.50. On its investor relations website under the heading 'Research', Capital Stage always provides an up-to-date overview of the analyst banks and their latest estimates, to the extent that the banks make them available to the general public.

#### Systematic expansion of capital markets communication

Inclusion in the SDAX index, greater coverage by well-known banks, a strong business performance and active capital market communications during the reporting period have prompted new groups of investors to take an interest in Capital Stage, both in Germany and abroad, which has increased understanding of its business model. In the reporting period, the management board again described the company's business and strategy at various industry and investor conferences, including the Third Annual German Corporate Conference run by Berenberg Bank in Munich and at Goldman Sachs in London in September 2014. In addition, numerous one-on-one meetings were held with institutional investors and banks, both by phone and at the company's headquarter in Hamburg.

The investor relations team also ensured that the company communicated and stayed in permanent contact with its private shareholders large and small, bank analysts, institutional investors and the interested public. The team published all the

relevant information about significant events and the situation at Capital Stage AG promptly and was always available to answer questions from market participants and provide further information. All significant information is permanently accessible on the website of Capital Stage AG at [www.capital-stage.com](http://www.capital-stage.com).

We appreciate close personal contacts with our shareholders and investors. The investor relations department at Capital Stage AG is happy to discuss business and welcomes your questions and suggestions.

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#### Financial calendar of Capital Stage AG 2015

Date	Financial event
31 March 2015	Annual financial statements and consolidated financial statements online
29 May 2015	Quarterly financial report
25 June 2015	Annual general meeting
31 August 2015	Half-yearly financial report
30 November 2015	Quarterly financial report

Current financial events are announced on the website [www.capitalstage.com](http://www.capitalstage.com) in the area of investor relations.



# Consolidated interim management report

## General information

The Capital Stage Group (hereafter known as 'the Group' or 'Capital Stage') prepares its consolidated balance sheet in accordance with International Financial Reporting Standards (IFRS). The parent company is Capital Stage AG, whose place of business is Hamburg. It is responsible for corporate strategy, portfolio and risk management and financing. Its share capital is EUR 73,569,144, divided into 73,569,144 shares with no par value.

The average number of shares in circulation (undiluted) in the reporting period was 71,447,570 (previous year: 52,454,274).

## Operating principles of the Group

### Business model

Capital Stage AG is listed in the SDAX segment of Deutsche Börse and makes use of the various opportunities offered by the generation of power from renewable energy sources. As an independent operator of environmentally friendly and emission-free power plant capacities, Capital Stage has continuously expanded its generation portfolio since 2009 and is Germany's largest independent operator of solar parks.

Its investment strategy focuses on the acquisition of turnkey projects or existing installations in geographic regions characterized by a stable political environment as well as dependable and predictable operating conditions. Capital Stage currently operates 41 solar parks and six wind farms with a capacity of 313 MW in Germany, Italy and France. Solar parks and wind farms generate attractive returns and predictable cash flows.

The smooth operation of the solar parks is ensured by a subsidiary, Capital Stage Solar Service GmbH, Halle, Germany, which is active in the growing market for technical management services (O & M). As an OEM-independent service provider, Capital Stage Solar Service GmbH also increasingly provides operating and management services to third parties. Its total volume under management currently amounts to some 185 MWp (of which, 25 MWp are outside the Group).

## Macroeconomic framework

### Global economy set for moderate growth

The pace of world economic growth was slower than expected in the first nine months of 2014. The third quarter of 2014 was also marked by an uneven performance, due not least to uncertainties in connection with numerous geopolitical crises.

Whereas the economy continued to stabilize in the United States and emerging markets such as India and China in the second half year, the economic performance of European countries in particular was, in some cases, well behind expectations. In the third quarter of 2014, the German economy was also only able to report a slight increase in output. The German Institute for Economic Research (DIW) predicts an increase in German gross domestic product of just 0.1% in the third quarter of 2014 and assumes that the fourth quarter will be flat. The federal government also revised its growth forecast in the full year 2014 down from 1.8% to 1.2%. With a growth forecast for the German economy of 1.4%, the International Monetary Fund (IMF) is also only marginally above the expectations of the federal government. For the eurozone overall, the IMF is predicting economic growth of 0.8%. In contrast, the economic recovery in the United States seems to be picking up speed: the IMF is forecasting growth of more than 2% for the US economy (IMF: 2.2%). Overall, global economic growth in 2014 should be roughly on par with last year at around 3.3%. However, according to IMF forecasts, the global economy is due to pick up speed again in 2015, with predicted growth of 3.8%.

### Euro down against the US dollar

In the first nine months of the year, the euro fell sharply against the US dollar. Since the start of 2014, the euro-dollar exchange rate declined from 1.3661 to 1.2632 as of 30 September 2014. The dollar was buoyed by better economic data from the United States and the announcement by the Federal Reserve that it would continue to wind down its economic stimulus measures. Many market participants interpreted this as the first sign of turnaround in interest rates. In contrast, disap-



pointing economic data from the eurozone and the risk of deflation prompted the European Central Bank to loosen its monetary policy even further. The euro's slide against the US dollar is therefore likely to continue in the weeks ahead.

#### **Uneven performance on stock markets**

Good economic data from the United States and central banks' expansive monetary policies boosted international stock markets as the second half year of 2014 began and were responsible for further price rises. July 2014 already saw the first corrections, however. Disappointing economic data from the eurozone, worries about the solvency of some banks and increasing geopolitical risks caused share prices to fall – at times sharply – taking the German DAX index to a low for the year of 9,009 points in early August 2014. The small-caps index SDAX also tumbled to a low for the year to date of 6,751 in early August. By late August a strong recovery had set in, however, enabling most stock markets to recoup the bulk of their previous losses. The DAX closed the third quarter at 9,474 points and the SDAX at 6,852 points. In the United States the Dow Jones closed at 17,071 on 30 September 2014.

### **Course of business**

#### **Capital Stage increases dividend to EUR 0.10 and offers shareholders an option for the first time**

A decision was made at the ordinary shareholders' meeting of Capital Stage AG on 26 June 2014 to distribute a dividend of EUR 0.10 per entitled share. This represents an increase of 25% over the previous year (EUR 0.08 per share). The option offered by Capital Stage AG for the first time of

taking the dividend either all in cash or partly in the form of shares was very popular with shareholders. Shareholders representing approximately 57% of outstanding share capital chose to receive shares. The capital increase was entered in the commercial register on 17 September 2014. The payment of cash considerations to shareholders occurred on 16 September 2014. As of 30 September 2014, the company's share capital is EUR 73,569,144.00, divided into 73,569,144 shares with no par value.

#### **Inclusion in the Deutsche Börse SDAX index**

Capital Stage AG was included in the Deutsche Börse SDAX index with effect from 24 March 2014. This was announced by the indices working group on 5 March 2014 after its regular meeting. The basic condition for inclusion in the SDAX is a listing in the Prime Standard, the market segment of Deutsche Börse in which companies have to meet defined international transparency standards. Capital Stage switched to the Prime Standard on 5 March 2013.

#### **Largest investment in the company's history**

The issue proceeds of EUR 17.1 million from the capital increase carried out in February 2014 served as one element of the financing structure for the acquisition of a portfolio of solar parks in France with a total capacity of some 40 MWp. The portfolio consists of four solar parks in the Aquitaine region of south-west France. At the same time, the acquisition represents the largest single investment in the company's history. The signing took place on 6 March 2014.



### Further highlights in the first nine months of the 2014 financial year:

9 January	First-time consolidation of a fully equity-financed solar park (4.5 MWp) in Italy, which was acquired in 2013 subject to conditions precedent. The park is situated in the province of Parma, which belongs to the Emilia-Romagna region.
27 and 28 February	On 27 and 28 February 2014, the management board of Capital Stage AG, on the basis of authorized capital and with the approval of the supervisory board, decided to increase the company's share capital by EUR 4,698,158.00 from EUR 67,741,248.00 to EUR 72,439,406.00 by issuing 4,698,158 new bearer shares for subscription in cash with no subscription rights for existing shareholders. The new shares have dividend rights from 1 January 2013 onwards. The capital increase was carried out in full at a price of EUR 3.65 per share. The new share capital amounts to EUR 72,439,406.00, divided into 72,439,406 shares with no par value. The capital increase was entered in the commercial register of the Hamburg district court on 3 March 2014.
25 March	Acquisition of a 7.3 MWp solar park in Bad Endbach in Marburg-Biedenkopf, a district of Hesse.
28 March	Sale of the financial investment in BlueTec GmbH & Co. KG. The disposal produced a profit, which was recognized through profit or loss in other income.
16 April	Acquisition of a 51% interest in the Kirchheilingen wind farm in Thuringia.
30 June	Capital Stage expands its solar park portfolio in France to 90 MWp by signing a contract for the acquisition of two further solar projects. The transaction was completed on 21 July 2014.
30 September	Change in the management board of Capital Stage AG: Dr Zoltan Bogner left the company for personal reasons and at his own request as of 30 September. Dr Christoph Husmann is the new financial director and member of the management board as of 1 October 2014.

## Segment development

### PV Parks segment:

Actual power fed into the grid in the first nine months of 2014 came to 206,948 MWh (previous year: 124,466 MWh). The solar parks in Germany account for around 57% of total feed-in power (previous year: 81%), those in France for 27% (previous year: 0%) and those in Italy for 16% (previous year: 19%).

The German solar parks in Brandenburg, Lettowitz, Rassnitz and Lochau were well above plan, beating their targets by more than 10%. The solar parks acquired in France in 2013 and 2014 also reported a significant outperformance, especially in September 2014.

### Solar parks acquired in the first nine months of the 2014 financial year:

#### Solarpark MTS4 S.r.l. (Noceto), Group share 100%

On 20 December 2013, a contract was signed subject to conditions precedent for the acquisition of the Noceto solar park in the north Italian province of Parma, which is part of the Emilia-Romagna region. The transaction was completed on 9 January

2014. The park was acquired from Martifer Solar, an international photovoltaics specialist from Portugal. The park has a capacity of 4.5 MWp, stands on a site of some ten hectares and has been feeding power into the public grid since December 2012. Capital Stage Solar Service GmbH will be responsible for the park's operational management as of 2018. The park is fully equity financed, which means that free cash flow is high right from the beginning.

#### Solar park portfolio Le Communal Est Ouest SARL, Group share 100%

On 6 March 2014, the contracts were signed for the acquisition of a portfolio of solar parks in France with a total capacity of around 40 MWp. The closing took place on 21 March 2014. The portfolio consists of four solar parks in the Aquitaine region of south-west France. They have been in operation since March 2012. Annual power generation represents the consumption of more than 13,000 average households. The portfolio receives the 2012 feed-in tariff and so will contribute around EUR 15 million annually to Group revenue in future. Its profitability is in line with the company's targets. Including the assumption of debt from the project company, the total volume of this

acquisition comes to more than EUR 140 million. It was consolidated for the first time in April 2014, because at the end of March 2014, all the information had not yet been assembled that had a material effect on the valuation of the financial instruments and the intangible assets.

#### **Solarpark Bad Endbach GmbH, Group share 100%**

On 25 March 2014, the Group added 7.3 MWp to its German solar park portfolio with the acquisition of another park. The site in Bad Endbach, in the district of Marburg-Biedenkopf, has been in operation since late 2011 and generates an annual power output of some seven million kilowatt-hours. As part of the transaction, it was also agreed that Capital Stage Solar Service GmbH, Halle, should take over the commercial and operational management.

#### **Solar parks Arsac 4 SAS and Arsac 7 SAS, Group share 100%**

On 30 June 2014, Capital Stage signed the contracts for the acquisition of two further solar projects in France with a total capacity of 16 MWp. The two projects are situated in south-west France in the department of Gironde (Aquitaine region) and are to go into operation in January 2015. Project development work had already been completed at the time of the acquisition, and all the land rights, permits and an attractive long-term financing agreement had been arranged. A feed-in tariff of just over EUR 0.10 per kilowatt-hour was also agreed in advance. The transaction was completed in July 2014. Construction work is going according to plan and completion as well as connection to the grid should be on schedule.

Capital Stage also announced the unwinding of the contract signed in 2013 for the solar park in Wolgast, Mecklenburg-West Pomerania, Germany with a capacity of 8 MWp, since the conditions precedent agreed in the contract did not come about.

#### **Wind farms segment:**

As of 30 September 2014, Capital Stage's wind farm portfolio comprises five wind farms in Germany, with a total capacity of 54 MW, and one wind farm in Italy with a capacity of roughly 6 MW. Weather conditions meant the wind farm portfolio was below plan in the first three quarters of 2014.

#### **Wind farms acquired in the first nine months of the 2014 financial year:**

##### **Windkraft Kirchheilingen IV GmbH & Co. KG, Group share 51%**

Acquisition of a 51% interest in the Kirchheilingen wind farm in Thuringia. It was sold by BOREAS Energie GmbH from Dresden, which will retain a stake of 49% in the operating company. The wind farm in Kirchheilingen, about 40 km north of Erfurt, has a total capacity of 12 MW and is due for completion in December 2014. All permits and land rights had been obtained when the interim financial statements were prepared. The purchase contract is still subject to the usual conditions precedent, in particular a successful commencement of operations. As the construction work is progressing to plan, completion and grid connection are expected to take place as early as December 2014.

#### **PV Service segment:**

##### **Capital Stage Solar Service GmbH, Group share 100%**

The company made a very positive earnings contribution in the first nine months of the 2014 financial year. As of 30 September 2014, its after-tax earnings came to TEUR 1,100 (previous year: TEUR 846). In January 2014, Capital Stage Solar Service, Halle, Germany, took over the technical and commercial management of the Italian solar park portfolio acquired in December 2013 and, in April 2014, did the same for the Bad Endbach solar park. It expanded its management of parks outside the Group to over 25 MWp, taking the company 18% ahead of budget on a cumulative basis.

In the third quarter of 2014, Capital Stage Solar Service GmbH also coordinated and supervised the installation of remote control equipment at all solar parks in Germany as part of the direct marketing activities. Remote control by the direct marketer enables them to generate additional income.

#### **Financial investments segment:**

##### **Helvetic Energy GmbH, Group share 100%**

Helvetic's performance was below expectations in the first nine months of the 2014 financial year. This is largely due to the fall in revenue in the solar thermal division.

The investment in BlueTec GmbH & Co. KG was sold with effect from 28 March 2014. The resulting disposal gain of some TEUR 902 was recognized in other income.

## Earnings, net assets and financial position

### Earnings

During the first nine months of 2014, the Group generated revenues of TEUR 65,013 (previous year: TEUR 45,904). This represents an increase of some 42%. Growth came mainly from the expansion of the solar park portfolio in France and Italy. The German solar parks also reported a sharp increase in revenue compared with the previous year. Around 39% of revenues were generated in the third quarter of 2014. Average hours of sunshine per month in Germany were well above the long-term mean, especially in March, June and July.

The Group generated other income of TEUR 14,621 (previous year: TEUR 11,742). In accordance with IFRS 3, the Capital Stage Group carried out a provisional purchase price allocation as of the date the solar parks in France, Italy and Germany were acquired in order to include the acquired assets and debts in the consolidated balance sheet. In the course of the purchase price allocation, all the assets acquired and debts assumed of which the Group was aware at this time were identified and measured at fair value. This gave rise to a difference of TEUR 8,661 (previous year: TEUR 11,312) which was recognized through profit or loss in the reporting period. Other income also includes TEUR 4,246 from adjustments to the provisional purchase price allocation for the Italian solar parks acquired in December 2013. The financial investment in BlueTec GmbH & Co. KG was sold as of 28 March 2014. The profit from the disposal is also included in other income. Income from reversals of provisions came to TEUR 188 (previous year: TEUR 82).

Personnel expenses came to TEUR 5,412 (previous year: TEUR 4,577). The increase is mainly due to the expansion of the team at Capital Stage AG. Job cuts at Helvetic Energy GmbH had the opposite effect.

Other expenses came to TEUR 10,264 (previous year: TEUR 6,312). This mainly consists of costs of TEUR 5,932 for constructing and operating solar parks and wind farms. The increase is largely due to the solar parks in France and Italy that were acquired in 2013 and 2014. Other expenses also include TEUR 1,062 in costs of current operations.

Earnings before interest, taxes, depreciation and amortization (EBITDA) were TEUR 61,168 in the first nine months of 2014 (previous year: TEUR 42,837). This represents an increase of over 42%. The EBITDA margin was 94%.

Depreciation and amortization of TEUR 19,281 (previous year: TEUR 13,670) consists principally of depreciation of photovoltaic systems and wind turbines and amortization of intangible assets (electricity feed-in contracts and exclusive licences). The increase stems almost exclusively from the solar parks acquired in the fourth quarter of 2013 and in 2014.

Earnings before interest and taxes (EBIT) increased from TEUR 29,167 in the same period last year to TEUR 41,887. This corresponds to an EBIT margin of 64%.

The financial result totalled TEUR 16,005 (previous year: TEUR 10,903). Financial income amounted to TEUR 1,194 (previous year: TEUR 886). Financial expenses of TEUR 17,199 were incurred (previous year: TEUR 11,789). The increase results primarily from interest on the non-recourse loans for the French solar park portfolio acquired in 2014. Financial expenses also went up due to changes in the negative market values of the interest rate swaps in France and Italy. The company has decided to account for existing interest rate hedges with a substantial term to maturity relative to their total term and future interest rate hedges as cash flow hedges in accordance with IAS 39. As far as possible, all derivatives existing as of 30 June 2014 and the derivatives purchased in September 2014 were therefore designated as hedging instruments as of 1 July 2014 or as of their respective trading date. In the same period last year, the item included the write-down of a financial investment to fair value. In the same period last year, the item included the write-down of a financial investment to fair value.

Earnings before taxes (EBT) therefore came to TEUR 25,882 (previous year: TEUR 18,264). The EBT margin was 40%.

The consolidated income statement shows tax expenses for the first nine months of 2014 of TEUR 3,786 (previous year: TEUR 2,899), consisting mainly of effective tax payments by the foreign solar parks and wind farms and deferred taxes. The

tax ratio of 14.6% was less than the expected 30%, primarily thanks to tax-free other income and deferred tax assets recognized on tax loss carry-forwards.

Altogether, this resulted in consolidated net income of TEUR 22,096 (previous year: TEUR 15,365). The EAT margin was 34%.

Consolidated net income is made up of earnings attributable to shareholders of the parent company of TEUR 21,432 (previous year: TEUR 14,682) and earnings attributable to non-controlling interests of TEUR 664 (previous year: TEUR 683). Comprehensive income for the Group of TEUR 20,753 (previous year: TEUR 15,413) is made up of consolidated net income and changes in other reserves shown in equity. Basic earnings per share (after non-controlling interests) were EUR 0.30 (previous year: EUR 0.28). The average number of shares in circulation in the reporting period was 71,447,570 (previous year: 52,454,274). Diluted earnings per share were EUR 0.30 (previous year: EUR 0.28).

### Financial position and cash flow

The change in cash and cash equivalents in the reporting period was TEUR -4,304 (previous year: TEUR 12,112) and is made up as follows:

Cash flow from operating activities went up year on year by approximately 85% to TEUR 42,391 (previous year: TEUR 22,895), consisting largely of cash inflows from the operating business of the solar parks and wind farms. Also included here are changes in assets and liabilities not attributable to investing or financing activities.

Cash flow from investing activities of TEUR -60,448 (previous year: TEUR -5,696) was mainly for down payments and final payments for the acquisition of the solar parks and wind farms in Germany, Italy and France and the construction of the PV parks in France.

Cash flow from financing activities amounted to TEUR 13,753 (previous year: TEUR -5,087). The capital increases carried out in the first nine months of 2014 resulted in a total cash inflow of TEUR 21,306. Share capital went up by TEUR 5,828, of which TEUR 1,115 stems from the capital

increase for contribution in kind carried out in September 2014. Expenses of TEUR 805 (previous year: TEUR 152) were incurred for the capital increases. In September 2014, a dividend of TEUR 7,244 (previous year: TEUR 3,913) was distributed to the shareholders of Capital Stage AG.

As of 30 September 2014, the Group has liquid funds amounting to TEUR 51,358 (previous year: TEUR 46,251). This includes reserves for debt servicing and projects of TEUR 24,303 (previous year: TEUR 15,032), which the company can only dispose of in the short term with the approval of the lending banks.

Funds from operations (FFO) came to EUR 30.5 million as of 30 September 2014 (previous year: EUR 19.9 million). This represents an increase of 13% in FFO per share.

### Assets position

As of 30 September 2014, shareholders' equity came to TEUR 240,374 (31 December 2013: TEUR 207,401). The increase of TEUR 32,973, or 15.9%, is principally due to the capital increases carried out in 2014 and to the net profit for the period. Equity was reduced by the dividend distribution of TEUR 7,244 to shareholders and of TEUR 1,078 to non-controlling interests. The equity ratio is 30.38% (previous year: 34.96%).

Total assets increased from TEUR 593,191 as of 31 December 2013 to TEUR 791,226. This is mainly due to the acquisition of the solar park portfolio in France. Intangible assets went up overall by TEUR 32,544 to TEUR 123,970 and property, plant and equipment by TEUR 159,183 to TEUR 567,303.

Financial investments as of 30 September 2014 consist solely of an investment in Eneri PV Services S.r.l., which is immaterial for the Capital Stage Group. The investment in BlueTec GmbH & Co. KG was sold with effect from 28 March 2014.

As of 30 September 2014, the Group has bank and leasing liabilities amounting to TEUR 466,330 (previous year: TEUR 326,934). These comprise the loans and leases used to finance the solar parks and wind farms. Liability in all loan agreements is limited to the parks themselves (non-recourse financing).

## Supplementary report

Apart from the matters mentioned below, there have been no significant changes in the operating environment for the Capital Stage Group in the period between the reporting date 30 September 2014 and the time the interim Group financial statements for the first nine months of 2014 were drawn up.

### Capital Stage and Gothaer Group agree on long-term strategic partnership in the field of renewable energies

On 14 November 2014, Capital Stage and the German insurer Gothaer Group have agreed on a long-term strategic partnership in the field of renewable energies. In the context of this strategic partnership Gothaer Group grants to Capital Stage profit participation rights capital amounting to 150 million Euros with a duration of 20 years. Capital Stage will invest these funds in European solar parks and thereby substantially expand its power production capacity in the segment solar power plants.

### Acquisition of a 5.6 MWp solar park in Pfeffenhausen

On 17 October 2014, Capital Stage signed an agreement to acquire another solar park in Germany with a capacity of around 5.6 MWp. It is being sold by Scatec Power AS from Oslo, Norway. The transaction was signed subject to the usual conditions precedent and was completed at the end on 28 November 2014. The solar park in Pfeffenhausen, Bavaria, Germany went into operations in two stages in late 2008 and in October 2009. The power it produces and feeds into the grid is therefore remunerated at a tariff of over 34 cents/kWh, the EEG rate applicable at the time. Its location between Munich and Regensburg offers optimal conditions for operating photovoltaic installations because of the very high amount of sunshine it receives. Capital Stage Solar Service GmbH takes over the technical and commercial management of the solar park as of the acquisition date.

### Refinancing of Italian solar parks creates extra investment capacity

The successful refinancing of seven solar parks in Italy that were previously fully equity financed has given Capital Stage additional free funds of around EUR 23 million, which are to be used for further investments. A corresponding financing agreement was signed with BayernLB on 16 October 2014. The refinancing takes the form of a long-term loan, which will replace the bulk of the equity committed to the individual solar park companies. This loan constitutes another important step in the financing strategy following the successful agreement of a credit line of EUR 12 million for acquisitions at company level and the refinancing of four solar park companies in Germany for EUR 10 million. Capital Stage announced in the spring its intention to use the favourable interest rate environment to finance the next phases of growth by borrowing, without raising further equity.

## Opportunities and risks

The opportunities and risks to which the Capital Stage Group is exposed were described in detail in the consolidated balance sheet for the 2013 financial year. There have since been no changes to the situation as described there. The management board of Capital Stage AG is not currently aware of any risks that would jeopardize the continued existence of the company or the Group.

## Overview of expected development

Capital Stage assumes that its positive revenue and earnings performance will continue for the remainder of the 2014 financial year. The management board stands by the forecast published in the combined management report and Group management report for the 2013 financial year and still expects:

in EUR mill.	
Revenues	80
EBITDA	67
EBIT	40
EBT	23

## Dividend policy

### Notes on the dividend

In view of the good performance in 2013 and the positive prospects for the future the management board and supervisory board of Capital Stage AG tabled a proposal at the annual general meeting that took place on 26 June 2014 to pay a dividend of EUR 0.10 per share. This represents an increase of 25% over the 2012 financial year (EUR 0.08 per share). The proposal by the management and supervisory boards was approved by a clear majority. The option offered by Capital Stage AG for the first time of taking the dividend either all in cash or partly in the form of shares was very popular with shareholders. Shareholders representing approximately 57% of outstanding share capital chose to receive shares. The payment of cash considerations to shareholders occurred on 16 September 2014. The capital increase was entered in the commercial register on 17 September 2014.

Hamburg, November 2014  
Capital Stage AG

Management board

  
Felix Goedhart  
Chairman

  
Dr. Christoph Husmann

## Consolidated statement of comprehensive income

in TEUR	01/01-09/30/2014	01/01-09/30/2013	Q3/2014	Q3/2013
Sales	65,013	45,904	25,487	19,663
Other income	14,621	11,742	0	251
Cost of Materials	-2,790	-3,920	-1,056	-1,980
Personnel expenses	-5,412	-4,577	-2,041	-1,490
<i>of which in share-based remuneration</i>	-41	-72	-13	-29
Other expenses	-10,264	-6,312	-4,228	-2,386
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>	<b>61,168</b>	<b>42,837</b>	<b>18,162</b>	<b>14,058</b>
Depreciation and amortization	-19,281	-13,670	-6,847	-5,027
<b>Earnings before interest and taxes (EBIT)</b>	<b>41,887</b>	<b>29,167</b>	<b>11,315</b>	<b>9,031</b>
Financial income	1,194	886	373	136
Financial expenses	-17,199	-11,789	-5,589	-3,265
<b>Earnings before taxes on income (EBT)</b>	<b>25,882</b>	<b>18,264</b>	<b>6,099</b>	<b>5,902</b>
Taxes on income	-3,786	-2,899	-3,061	-1,587
<b>Consolidated profit for the period (EAT)</b>	<b>22,096</b>	<b>15,365</b>	<b>3,038</b>	<b>4,315</b>
Currency translation differences	-20	48	-9	33
Cashflow hedges	-1,323	0	-1,323	0
<b>Consolidated comprehensive income</b>	<b>20,753</b>	<b>15,413</b>	<b>1,706</b>	<b>4,348</b>
<b>Consolidated profit for the period, of which attributable to:</b>				
Shareholders of Capital Stage AG	21,432	14,682	2,554	3,859
Minority shareholders	664	683	484	456
<b>Comprehensive income, of which attributable to:</b>				
Shareholders of Capital Stage AG	20,089	14,730	1,222	3,892
Minority shareholders	664	683	484	456
<b>Earnings per share</b>				
Average shares issued during reporting period (basic/diluted)	71,447,570/ 71,393,222	52,454,274/ 52,541,230	72,611,323/ 72,584,444	53,993,369/ 54,072,578
Earnings per share in EUR, basic	0.30	0.28	0.03	0.07
Earnings per share in EUR, diluted	0.30	0.28	0.03	0.07



## Consolidated balance sheet

Assets in TEUR	30 September 2014	31 December 2013
Intangible assets	123,970	91,426
Goodwill	6,827	6,827
Property, plant and equipment	567,303	408,120
Financial assets	6	7,785
Other accounts receivable	6,035	4,523
Deferred tax assets	11,505	5,564
<b>Total non-current assets</b>	<b>715,646</b>	<b>524,245</b>
Inventories	2,176	2,055
Trade receivables	12,727	4,517
Non-financial assets	4,515	3,084
Other current receivables	4,802	3,631
Cash and cash equivalents	51,360	55,659
<b>Total current assets</b>	<b>75,580</b>	<b>68,946</b>
<b>Total assets</b>	<b>791,226</b>	<b>593,191</b>

Equity and liabilities in TEUR	30 September 2014	31 December 2013
Share capital	73,569	67,741
Capital reserve	100,353	85,680
Reserve for equity-settled employee remuneration	220	179
Other reserves	-1,449	-106
Distributable profit/loss	59,736	45,548
Minority shareholders	7,945	8,359
<b>Total equity</b>	<b>240,374</b>	<b>207,401</b>
Minority shareholders (KG)	5,158	4,027
Non-current financial liabilities	411,989	286,145
Non-current leasing liabilities	17,187	17,873
Provisions for restoration obligations	4,442	2,752
Other non-current liabilities	1,716	1,758
Deferred tax liabilities	58,815	42,161
<b>Total non-current liabilities</b>	<b>499,307</b>	<b>354,716</b>
Tax provisions	948	904
Current financial liabilities	38,743	22,028
Current leasing liabilities	912	888
Trade payables	4,349	2,119
Other current debt	6,593	5,135
<b>Total current liabilities</b>	<b>51,545</b>	<b>31,074</b>
<b>Total equity and liabilities</b>	<b>791,226</b>	<b>593,191</b>

## Consolidated cash flow statement

in TEUR	01/01/-09/30/2014	01/01/-09/30/2013
Net profit/loss for the period	22,096	15,365
<b>Cash flow from operating activities</b>	<b>42,391</b>	<b>22,895</b>
<b>Cash flow from investment activities</b>	<b>-60,448</b>	<b>-5,696</b>
<b>Cash flow from financing activities</b>	<b>13,753</b>	<b>-5,087</b>
<b>Changes in cash and cash equivalents</b>	<b>-4,304</b>	<b>12,112</b>
Changes in cash due to exchange rate changes	5	-6
Cash and cash equivalents		
As of 1 January 2014 (1 January 2013)	55,657	34,145
As of 31 March 2014 (31 March 2013)	51,358	46,251

## Capital Stage AG consolidated statement of changes in equity

in TEUR	Subscribed Capital	Capital reserve	Other reserves
<b>As of 1 January 2013</b>	<b>48,800</b>	<b>37,666</b>	<b>-159</b>
Consolidated comprehensive income for the period			48
Dividend paid			
Income and expenses recorded directly in equity			
Receipts from corporate actions	5,665	14,420	
Issuance costs		-152	
Taxes on items recorded directly in equity		46	
<b>As of 30 September 2013</b>	<b>54,065</b>	<b>51,980</b>	<b>-111</b>
<b>As of 1 January 2014</b>	<b>67,741</b>	<b>85,680</b>	<b>-106</b>
Consolidated comprehensive income for the period			-1,343
Dividend			
Income and expenses recorded directly in equity			
Receipts from corporate actions	5,828	15,478	
Issuance costs		-805	
Taxes on items recorded directly in equity			
<b>As of 30 September 2014</b>	<b>73,569</b>	<b>100,353</b>	<b>-1,449</b>

Retained earnings	Reserve for equity-settled employee remuneration	Distributable profit	Minority shareholders	Total
<b>3,705</b>	<b>119</b>	<b>32,388</b>	<b>8,143</b>	<b>130,262</b>
		14,682	683	15,413
		-3,913	-392	-4,305
	72			72
				20,085
				-152
				46
<b>3,705</b>	<b>191</b>	<b>43,157</b>	<b>8,434</b>	<b>161,421</b>
<b>0</b>	<b>179</b>	<b>45,548</b>	<b>8,359</b>	<b>207,401</b>
		21,432	664	20,753
		-7,244	-1,078	-8,322
	41			41
				21,306
				-805
				0
<b>0</b>	<b>220</b>	<b>59,736</b>	<b>7,945</b>	<b>240,374</b>

# Notes and comments

## Company purpose

These condensed and unaudited interim consolidated financial statements have been prepared in accordance with section 37w paragraph 3 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) and with IAS 34 'Interim Financial Reporting'. They do not include all the information that is required under IFRS for the consolidated balance sheet as of the end of a financial year and should therefore only be read in conjunction with the consolidated balance sheet as of 31 December 2013.

The interim financial statements and the interim management report have not been audited in accordance with section 317 of the German Commercial Code (Handelsgesetzbuch – HGB) nor reviewed by an auditor.

The consolidated statement of comprehensive income and the consolidated cash flow statement contain comparative figures for the first three quarters of the previous year. The consolidated balance sheet includes comparative figures as of the end of the previous financial year.

The interim financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) as applicable within the European Union.

The accounting policies applied are the same as those used for the last consolidated balance sheet as of the financial year end. We published a detailed description of the methods applied in the notes to the consolidated balance sheet for 2013. If there are any amendments to accounting policies, they will be explained in the individual notes.

## The reporting company

Capital Stage AG (hereafter known as 'company' or together with its subsidiaries as 'Group') is a German joint stock company based in Hamburg. The Group's main areas of activity are described in chapter 1 of the notes to the consolidated balance sheet for the financial year ended 31 December 2013.

Subject to the interim consolidated financial statements are Capital Stage AG and its affiliates. For the group of consolidated companies, we refer to section 3.1 of the notes to the consolidated balance sheet as of 31 December 2013. The parent company of the Group, Capital Stage AG, was entered in the commercial register of Hamburg district court on 18 January 2002 under HRB 63197 and has its place of business in Grosse Elbstrasse 45, 22767 Hamburg.

Intra-Group transactions are conducted on arm's-length terms.

## Significant accounting policies and consolidation principles

### New standards and amendments to standards and interpretations

Some IAS and IFRS standards and interpretations were amended or revised in the first three quarters of 2014. New standards have also been introduced. None of the disclosures required by amended or new standards have any effect on the these interim consolidated financial statements.

In the first nine months of 2014, the following companies were included in the consolidated balance sheet in addition to those mentioned in note 3.1 to the consolidated balance sheet as of 31 December 2013.

	Subscribed capital in EUR	Shares in %
MTS4 S.r.l., Italy	10,000	100
Solaire Ille SARL, France	100	85
Centrale Photovoltaïque S-Au-S 06 SARL, France	1,000	85
CS Solarpark Bad Endbach GmbH, Halle	25,000	100
CS France Beteiligungsgesellschaft mbH, Hamburg	25,000	100
Le Communal Est Ouest SARL, France	500	100
Arsac 4 SAS, France	1,000	100
Arsac 7 SAS, France	1,000	100

In the third quarter, the following Group companies were merged:

- a) Solarpark Ramin GmbH & Co. KG and its general partner Capital Stage Solarpark Betriebs- und Verwaltungs GmbH
- b) Windpark Gauaschach GmbH & Co. KG and its general partner Windpark Betriebs- und Verwaltungs GmbH

In the course of the mergers, the companies were renamed as follows:

- a) Capital Stage Solarpark Betriebs- und Verwaltungs GmbH is now Solarpark Ramin GmbH; its new place of business is Halle (Saale), Germany
- b) Capital Stage Windpark Betriebs- und Verwaltungs GmbH is now Windpark Gauaschach GmbH

### Business combinations

Business combinations are accounted for as described in the notes to the consolidated balance sheet as of 31 December 2013.

The purchase price allocations (PPA) used for initial consolidation are only provisional, because in some cases facts may come to light after the PPA has been completed that result in subsequent changes up to one year after the acquisition.

We have refrained from providing specific details of the purchase prices due to a contractual confidentiality agreement.

The companies Solaire Ille SARL and Centrale Photovoltaïque S-Au-S 06 SARL are both project companies for building two solar parks in the Languedoc-Roussillon region of France. No purchase price allocation has been carried out for the

acquisition of these two companies, since the conditions for an existing business have not yet been met. There have been no significant amendments concerning the consolidated balance sheet.

MTS4 S.r.l. and CS Solarpark Bad Endbach GmbH were acquired at a price below the market value of the individual assets and debts.

CS France Beteiligungsgesellschaft mbH is a recently acquired German holding company, which holds a 100% stake in the French company Le Communal Est Ouest SARL. The French company owns a portfolio of four solar parks in the French region of Aquitaine (Lot-et-Garonne), with a total capacity of 40.04 MWp.

The purchase price for the solar park portfolio in France includes an earn-out payment of up to EUR 2.5 million. The reference period for determining the earn-out is 12 months from completion of the conversion work and begins on 1 September 2014. Payment of the earn-out of up to EUR 2.5 million depends on the average specific yield from the photovoltaic systems, adjusted for solar radiation, in the earn-out reference period. Capital Stage currently assumes that the specific yield from the photovoltaic systems can be achieved and has capitalized the entire EUR 2.5 million as a purchase price and recognized a corresponding current liability (up to 1 year).

The contingent consideration (earn-out) recognized as a financial liability is deemed under IFRS 3.58b to be a financial instrument within the meaning of IAS 39 and is measured at fair value. It is categorized as Level 3 – that is, the input parameters for the measurement are not observable and the measurement is therefore based on models.

The companies Arsac 4 SAS and Arsac 7 SAS are both project companies for building two solar parks in the Arsac region of France. No purchase price allocation has been carried out for the acquisition of these two companies, since the conditions for an existing business have not yet been met. There have been no significant amendments concerning the consolidated balance sheet.

A solar park in Wolgast (Mecklenburg-West Pomerania) acquired on 14 November 2013 was transferred back to the seller under the terms of an agreement cancelling the sales contract, because the conditions precedent were not met. There have been no significant amendments concerning the consolidated balance sheet.

The negative difference (badwill) for the business combinations in the first nine months of 2014 comes to TEUR 8,661 in total.

New findings in connection with the profitability of the Italian solar park portfolio acquired in December 2013, which are largely due to the elimination of the technical faults in the solar power modules, resulted in adjustments to intangible assets and deferred tax liabilities. The resulting earnings effect amounts to TEUR 4,246.

The holdings of non-controlling shareholders were measured proportionately to their overall share of the values of the identifiable net assets.

The identified assets and assumed debt of the companies consolidated for the first time are as follows:

MTS4 S.r.l., Bolzano, Italy	Carrying amount before purchase price allocation in TEUR	Fair value according to preliminary PPA in TEUR
Intangible assets	23	4,604
Property, plant and equipment	6,394	6,264
Other non-current receivables	1,136	1,136
Current assets	936	936
Cash and cash equivalents	38	38
Debt and provisions	8,007	8,214
Deferred tax assets	0	98
Deferred tax liabilities	0	1,333

This transaction relates to the acquisition of a solar park in Noceto, in the Italian region of Emilia-Romagna. The park was consolidated for the first time as of 9 January 2014. The business combination was carried out by applying the partial goodwill method. The newly measured shareholders' equity at the time of initial consolidation was TEUR 3,545. Receivables acquired in the course of the transaction, which consist mainly of trade and

tax receivables, have a fair value of TEUR 926. The best estimate, on the acquisition date, of the anticipated unrecoverable portion of the contractual cash flows was TEUR 0. There were no contingent assets or liabilities. The incidental transaction costs totalled TEUR 5. Revenue of TEUR 933 and a profit of TEUR 42 have been recognized from the acquired company since the date of first consolidation.



CS Solarpark Bad Endbach GmbH, Halle	Book value before purchase price allocation in TEUR	Fair value according to preliminary PPA in TEUR
Intangible assets	0	2,220
Property, plant and equipment	11,380	11,742
Current assets	88	88
Cash and cash equivalents	688	688
Debts and provisions	9,486	9,485
Deferred tax assets	0	0
Deferred tax liabilities	0	750

This transaction entails the acquisition of a solar park in Bad Endbach, Hesse, Germany. The park was consolidated for the first time as of 31 March 2014. The business combination was carried out by applying the partial goodwill method. The newly measured shareholders' equity at the time of initial consolidation was TEUR 4,505. The receivables assumed as a result of the transaction, mainly comprising trade receivables, have a fair value of TEUR 79. The best estimate, on the acquisition date, of the anticipated unrecoverable portion of

the contractual cash flows was TEUR 0. There were no contingent assets or liabilities. The incidental transaction costs totalled TEUR 22. Revenue of TEUR 1,167 and a profit of TEUR 414 have been recognized from the acquired company since the date of first consolidation. Had the company been consolidated since the beginning of 2014, the consolidated balance sheet would have reflected additional revenue of TEUR 1,341 and a profit of TEUR 272.

CS France Beteiligungsgesellschaft mbH, Hamburg (including financial investment in Le Communal Est Ouest SARL, France)	Carrying amount before purchase price allocation in TEUR	Fair value according to preliminary PPA in TEUR
Intangible assets	0	23,424
Property, plant and equipment	126,777	128,895
Current assets	2,777	2,777
Cash and cash equivalents	8,576	8,576
Debt and provisions	145,048	145,010
Deferred tax assets	0	886
Deferred tax liabilities	0	6,091

This transaction involves the acquisition of a German holding company with 100% interests in a portfolio of French solar parks in the Aquitaine region of France (Lot-et-Garonne). The park was consolidated for the first time as of 1 April 2014. The business combinations were carried out by applying the partial goodwill method. The newly measured shareholders' equity at the time of initial consolidation was TEUR 13,457. Receivables acquired in the course of the transaction, which consist mainly of trade and tax receivables, have a fair value of TEUR 2,777. The best estimate, on the

acquisition date, of the anticipated unrecoverable portion of the contractual cash flows was TEUR 0. There were no contingent assets or liabilities. The incidental transaction costs totalled TEUR 134. Revenue of TEUR 10,091 and a profit of TEUR 1,354 have been recognized from the acquired company since the date of first consolidation. Had the company been consolidated since the beginning of 2014, the consolidated balance sheet would have reflected additional revenue of TEUR 12,995 and a profit of TEUR 149.

### **Overall effects of the acquisition on the Group's results**

The interim financial statements as of 30 September 2014 show profits of TEUR 1,810 from companies that were consolidated for the first time in the period from 1 January to 30 September 2014. The sales revenues recognized as of 30 September 2014 include TEUR 12,191 from the newly consolidated solar parks. If the business combinations had taken place on 1 January 2014, Group revenues in these divisions to 30 September 2014 would have been TEUR 3,078 greater and the net profit would have been TEUR 1,347 lower.

### **Acquisitions, which are not qualified as a business combination as defined in comply with IFRS 3 as of the balance sheet day 30 September 2014**

On 16 April 2014, the Group acquired a financial investment of 51% in a wind farm in Kirchheilingen in Thuringia, Germany. The sales contract with BOREAS Energie GmbH from Dresden, which will retain 49% of the shares in the company, is still subject to conditions precedent. The wind farm in Kirchheilingen, about 40 km north of Erfurt, has a total capacity of 12 MW and is due for completion in December 2014.

### **Critical accounting judgements and key sources of estimation uncertainties**

For various items, the preparation of the consolidated balance sheet in accordance with IFRS requires that assumptions and estimates are made that have an effect on the amount and the recognition of assets and debts and of revenue and expenses. The actual amounts may differ from these estimates. Amendments are recognized in profit or loss at the time better knowledge becomes available.

The company's only significant area of accounting judgement is the recognition of potential goodwill through the use of either the partial goodwill method or the full goodwill method. In other respects, there is no significant area of accounting judgement.

The intangible assets recorded during the purchase price allocation process form the basis for the company's planning, which also takes into account contractual agreements and management estimates. The discount rates (WACC) used to measure the intangible assets in the reporting period were between 4.37% and 4.53%.

The reader is referred to the discussion in note 3.7 of the notes to the consolidated financial statements as of 31 December 2013 for details of the assumptions made when determining the fair value of financial assets.

In calculating the present values of lease liabilities and financial liabilities, the contractually agreed interest rates were applied.

### **Financial assets**

The financial investment in BlueTec GmbH & Co. KG was sold with effect from 28 March 2014 to ALANOD GmbH & Co. KG.

With the exception of the interest rates, the financial assets carried at fair value in the consolidated balance sheet and the stated fair values of financial instruments are based on the level-three information and input factors referred to in note 3.10 to the consolidated financial statements as of 31 December 2013. Changes in the value of financial investments are recognized through profit or loss in the financial result. Adjustments to the fair value of interests in associated companies are recognized through profit or loss in other operating expenses or other operating income. The measurement methods and input factors applied have not changed since 31 December 2013.

### **Interest rate swaps**

The fair value of interest rate swaps as of the reporting date is measured by discounting future cash flows to the reporting date using yield curves and the credit risks associated with the contracts. This present value is given hereafter.

The following table shows the nominal amounts and remaining terms of the interest rate swaps outstanding at the end of the reporting period:

Outstanding 'receive floating/ pay fixed' swaps	Weighted contracted fixed interest rates	Nominal amount	Fair value
	%	in TEUR	in TEUR
Less than one year	0.55	3,007	-5
One to two years	4.5	620	-27
Two to five years	-	-	-
Over five years	2.86	98,903	-6,753
Total	2.80	102,530	-6,785

### Interest rate hedging

The company has decided to account for existing interest rate hedges with a substantial term to maturity relative to their total term and future interest rate hedges as cash flow hedges in accordance with IAS 39.

As far as possible, all derivatives existing as of 30 June 2014 and the derivatives purchased in September 2014 were therefore designated as hedging instruments as of 1 July 2014 or as of their respective trading date.

All the key parameters of the derivatives (interest period, interest rate, interest calculation method, repayment schedule for principal) exactly match the terms of the existing financing arrangements. In the case of forward-starting swaps, the derivatives start at the end of the fixed-interest period of existing refinancing arrangements. The management board assumes that further financing will be required at the end of the fixed-interest period.

The company intends to arrange its future financing to match the current hedging structure exactly. The management board therefore assumes that the hedging relationships now in place can in all probability be considered highly effective, and that it is highly probable that corresponding follow-on financing will be obtained.

Effectiveness tests carried out as of 30 September 2014 showed an effectiveness for all hedging relationships of roughly 95% to 105% and therefore well within the permitted range.

The ineffective portion of TEUR 39 was recognized in profit or loss. The effective portion of TEUR 1,550, less deferred taxes, was recognized in equity without effect on profit or loss.

### Equity

On 27 and 28 February 2014, the management board of Capital Stage AG, on the basis of authorized capital and with the approval of the supervisory board, decided to increase the company's share capital by EUR 4,698,158.00 from EUR 67,741,248.00 to EUR 72,439,406.00 by issuing 4,698,158 new bearer shares for subscription in cash with no subscription rights for existing shareholders. The new shares have dividend rights from 1 January 2013 onwards.

The capital increase was carried out in full at a price of EUR 3.65 per share. The new shares were sold to international institutional investors and existing core shareholders. Share capital is now EUR 72,439,406.00, divided into 72,439,406 no-par shares. The capital increase was entered in the commercial register of the Hamburg district court on 3 March 2014.

In view of the good performance in 2013 and the positive prospects for the future the management board and supervisory board of Capital Stage AG tabled a proposal at the annual general meeting that took place on 26 June 2014 to pay a dividend of EUR 0.10 per share. This represents an increase of 25% over the 2012 financial year (EUR 0.08 per share). Shareholders also had the option of receiving the dividend either fully in cash or partly in the form of shares in Capital Share AG. The proposal by the management and supervisory boards was approved by a clear majority. The dividend was paid on 16 September 2014.

The option offered by Capital Stage AG for the first time of taking the dividend either all in cash or partly in the form of shares at a subscription price of EUR 3.70 was very popular with shareholders. Shareholders representing approximately 57% of

outstanding share capital chose to receive shares. In total, 1,114,738 new bearer shares were issued. The new shares have dividend rights from 1 January 2014 onwards. The capital increase was entered in the commercial register of the Hamburg district court on 17 September 2014. As of 30 September 2014, the company's share capital is EUR 73,569,144.00, divided into 73,569,144 shares with no par value.

## Supplementary report

On 16 October 2014, Capital Stage AG announced that the refinancing of seven solar parks in Italy that were previously fully equity financed had generated additional free funds of around EUR 23 million. The funds are to be used for further investments.

The refinancing takes the form of a long-term loan, which will replace the bulk of the equity committed to the individual solar park companies.

On 17 October 2014, Capital Stage Solar IPP GmbH signed an agreement with Scatec Power AS from Oslo, Norway, on the acquisition of a solar park in Pfeffenhausen, Bavaria, Germany with a capacity of 5.6 MWp. The contracts were subject to the usual conditions precedent and were finally completed on 28 November 2014.

On 14 November 2014, Capital Stage and the German insurer Gothaer Group have agreed on a long-term strategic partnership in the field of renewable energies. In the context of this strategic partnership Gothaer Group grants to Capital Stage profit participation rights capital amounting to 150 million Euros with a duration of 20 years. Capital Stage will invest these funds in European solar parks and thereby substantially expand its power production capacity in the segment solar power plants.

## Other statements

### Employees

The Group had an average of 66 employees in the period from 1 January to 30 September 2014. The average figures were determined using the number of employees at the end of each month. On 30 September 2014, apart from the management board members, the Group had 22 employees at Capital Stage AG, 11 employees at Capital Stage Solar Service GmbH and 33 employees at Helvetic Energy GmbH.

### Share-based payment

In the first nine months of 2014, 15,000 options were exercised. Personnel expenses for the share-based compensation programme of TEUR 41 (1 January to 30 September 2013: TEUR 72) were recognized in the income statement in this period.

### Related party disclosures (IAS 24)

Rental contracts on arm's-length terms exist with Albert Büll, Dr. Cornelius Liedtke GbR in Holzhafen for office space for Capital Stage AG and car parking spaces in the same building.

On 24 March 2014, a short-term loan of EUR 6.0 million was taken out on arm's-length terms from Lobelia Beteiligungs GmbH, Grünwald, as temporary bridge financing for the subsequent acquisition of the solar park CS Solarpark Bad Endbach GmbH. The loan was repaid in full on 23 September 2014.

### Notification requirements

Notifications in accordance with paragraph 21 section 1 or section 1a of the Securities Trading Act (WpHG) are shown on the website of Capital Stage AG under <http://www.capitalstage.com/investor-relations/stimmrechtsmitteilungen.html>.

## Forward-looking statements and forecasts

This report includes forward-looking statements based on current expectations, assumptions and forecasts by the management board and the information available to it. Known or unknown risks, uncertainties and influences may mean that the actual results, the financial position or the company's performance differ from the estimates provided here. We assume no obligation to update the forward-looking statements made in this report.

## Declaration by the legal representatives

We declare that, to the best of our knowledge and according to the applicable accounting standards, the report for the first nine months of 2014 gives a true and fair view of the net assets and financial and earnings positions of the Group, and that the Group management report includes a fair review of the course of business, including the business result, and the situation of the Group and suitably presents the principal opportunities and risks associated with the expected development of the Group.

Hamburg, November 2014  
Capital Stage AG

Management board



Felix Goedhart  
CEO



Dr. Christoph Husmann

## Consolidated segment reporting

for the consolidated statement of comprehensive income  
from 1 January to 30 September 2014 (from 1 January to 30 September 2013)

in TEUR	Administration	PV Parks	PV Services
Sales	0	55,138	2,163
(previous year)	(0)	(34,538)	(1,541)
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>-3,948</b>	<b>60,206</b>	<b>1,122</b>
(previous year)	(-2,826)	(38,506)	(864)
<b>Earnings before interest and taxes (EBIT)</b>	<b>-4,017</b>	<b>43,511</b>	<b>1,095</b>
(previous year)	(-2,895)	(26,932)	(843)
<b>Financial result</b>	<b>4,155</b>	<b>-17,774</b>	<b>-6</b>
(previous year)	(1,003)	(-9,060)	(-11)
<b>Earnings before taxes on income (EBT)</b>	<b>-138</b>	<b>25,737</b>	<b>1,089</b>
(previous year)	(-1,892)	(17,872)	(832)
<b>Earnings per share, basic</b>	<b>0.01</b>	<b>0.30</b>	<b>0.02</b>
(previous year)	(-0.04)	(0.28)	(0.02)
<b>Assets including financial investments</b>	<b>182,721</b>	<b>683,813</b>	<b>1,871</b>
(As of 31 December 2013)	(165,073)	(465,591)	(2,595)
<b>Capital expenditures (net)</b>	<b>-75</b>	<b>-58,643</b>	<b>-18</b>
(previous year)	(-446)	(-3,630)	(-71)
<b>Debt</b>	<b>5,285</b>	<b>613,641</b>	<b>586</b>
(As of 31 December 2013)	(1,667)	(414,317)	(1,810)

The financial report is also available in a German version. In case of doubt the German version shall prevail.

Windfarms	Financial investments	Reconciliation	Total
5,255	4,234	-1,777	65,013
(4,845)	(6,394)	(-1,414)	(45,904)
3,998	-210	0	61,168
(6,811)	(-518)	(0)	(42,837)
1,536	-238	0	41,887
(4,869)	(-582)	(0)	(29,167)
-1,658	-122	-600	-16,005
(-1,053)	(-1,775)	(-7)	(-10,903)
-122	-360	-600	25,882
(3,816)	(-2,357)	(-7)	(18,264)
0.00	-0.02	-0.01	0.30
(0.07)	(-0.05)	(0.00)	(0.28)
78,486	9,301	-164,966	791,226
(80,714)	(8,199)	(-128,981)	(593,191)
-1,700	-12	0	-60,448
(-1,544)	(-5)	(0)	(-5,696)
69,747	8,736	-147,143	550,852
(72,372)	(7,263)	(-111,639)	(385,790)





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