



Financial report on the first three  
months and the first quarter of 2015

# Overview

The operational business of PNE WIND AG in the first three months of 2015 is highlighted by the strong increase in the number of wind farms under construction in Germany as well as significant progress in the development of projects at home and abroad.

In the period under review, German wind farm projects with approx. 95 MW of nominal output were under construction. The WKN wind parks "Looft", "Siebenbäumen", and "Nentzelsrode" have already been sold. Currently, they are under construction and have partially been put into operation. The PNE wind parks „Chrandsdorf" and "Waldfeucht" with approx. 70 MW are under construction and are the first projects for the newly established YieldCo.

In Great Britain, the wind park "Tralorg" was awarded a contract in connection with the tender in the new CfD system (Contract for Difference). Currently, talks are taking place concerning a potential sale of the holdings in PNE WIND UK Ltd.

The offshore sector continued to develop six own projects and was active as a service provider to seven additional offshore projects in development.

With a strong project pipeline as the basis for our future earnings, we look forward with optimism and expect the Group to achieve a cumulative EBIT of euro 110 to 130 million during the financial years 2014 to 2016. Furthermore we see room to increase this forecast upon realisation of the YieldCo concept.

## At a glance

### PNE WIND AG Group figures

|   | 01.01.–31.03.2015 | 01.01.–31.03.2014 | 01.01.–31.03.2013 |
|---|-------------------|-------------------|-------------------|
| Total aggregate output                  | 23,619 T€         | 43,662 T€         | 14,608 T€         |
| Revenues                                | 15,192 T€         | 32,939 T€         | 12,174 T€         |
| Operating profit (EBIT)                 | -5,992 T€         | -820 T€           | -2,531 T€         |
| Result from ordinary activities (EBT)   | -8,930 T€         | -4,212 T€         | -3,643 T€         |
| Net income                              | -9,183 T€         | -5,180 T€         | -3,840 T€         |
| Equity as at March 31                   | 152,934 T€        | 145,177           | 73,268 T€         |
| Equity ratio as at March 31             | 33.95%            | 33.76%            | 42.36%            |
| Balance sheet total as at March 31      | 450,521 T€        | 429,992 T€        | 172,978 T€        |
| Earnings per share (undiluted), in euro | -0.13 €           | -0.09 €           | -0.09 €           |
| Average number of shares                | 72.0m             | 54.9m             | 42.3m             |

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# Foreword



Martin Billhardt, Chairman of the Board of Management

Dear shareholders

the PNE WIND Group has started strongly in the 2015 fiscal year and our performance is underlined by the continued development and realisation of wind farms. Alongside the continued operational activities and positive outlook reconfirmed in this report, the company finds itself in a challenging situation in connection to the acquisition of WKN AG. We firmly believe that key information needed to properly value projects was withheld during the due diligence process and we are currently pursuing all channels to recoup damages incurred to PNE WIND AG and you as our shareholders.

Our consolidated 2014 results were negatively impacted by extraordinary write downs on inventories at our subsidiary WKN AG. As part of an arbitration claim, PNE WIND AG is claiming damages from the Volker Friedrichsen Beteiligungs-GmbH, the former majority shareholder of WKN AG, in the first amount of approx. euro 6.2 million.

PNE WIND's claim against Volker Friedrichsen Beteiligungs-GmbH leads to a permanent conflict of interest – in the opinion of the Management board and members of the Supervisory board – between the Company and Mr. Volker Friedrichsen as well as Mr. Peter Baron von Le Fort and Ms. Astrid Zielke who were both elected to the Supervisory

board through the votes of Mr Friedrichsen. The Management board sees potential problems in the future cooperation with these three members of the Supervisory board and we are therefore recommending to the Annual General Meeting being held on June 16, 2015 to remove these three individuals from the Supervisory board.

Dear Shareholders, please support this proposal of the Administration and use your right to vote for the good of PNE WIND AG. We submit this proposal to avert further damage from the company while having the medium and long term perspectives of PNE WIND AG in mind. Detailed information in the invitation to the AGM will be mailed to registered shareholders in the coming weeks.

## **ONSHORE & REPOWERING WELL ON TARGET**

In the “onshore wind power Germany” segment of PNE WIND AG, two wind farms with a total nominal output of 69.6 MW were under construction as at March 31, 2015: the “Chrandsdorf” wind farm (Brandenburg, 57.6 MW), representing the largest single project in the history of PNE WIND AG, and the “Waldfeucht/Selkant” repowering project (12 MW). In the “Waldfeucht” repowering project, the modern systems will replace old wind power turbines, which were also originally commissioned by PNE WIND AG. After their completion, which is scheduled for this year, the wind farms will be placed into the YieldCo.

## **BORKUM RIFFGRUND I**

In the “offshore” segment, the “Borkum Riffgrund I” wind farm located to the north of the island of Borkum started to supply electricity to the German grid in March. The 78 wind power turbines have then been successively connected to the grid. PNE WIND AG commenced developing the offshore wind farm in the North Sea in 2001 alone and later in a joint venture with the Danish energy group DONG Energy. After the entire project was sold to DONG Energy, the PNE WIND Group remained active as a service provider.

**WKN COMMISSIONS FURTHER WIND FARMS**

Germany continues to remain a core market for WKN AG, which is majority owned by the Group. At the end of the first quarter of 2015, the “Looft” (10 MW) and Siebenbäumen (6 MW) wind farms, both located in Schleswig-Holstein, were under construction. Both wind farms were sold to investors in 2014. In addition, two of three wind power turbines in the Nentzelsrode wind farm in Thuringia were commissioned. This wind farm was sold to an investor in 2013. The permit for the third turbine was granted and the project is scheduled to start operation during 2015.

**GROWTH MARKET UNITED KINGDOM**

In the United Kingdom, PNE WIND AG has been looking for a financially strong partner with whom it intends to quickly realise the projects which are currently in the development stage. In the context of its search and discussions it has turned out that investors are interested both in participating in projects as well as acquiring shares in PNE WIND UK Ltd. The offers of financial partners/investors are now being analysed and further talks on the sale of shares in PNE WIND UK Ltd. or participation in projects will be held.

Our subsidiary PNE WIND UK has developed a rapidly expanding project pipeline which has more than 1,100 MW of nominal capacity at present. Several of the projects have already been approved or are close to obtaining approval. The “Tralorg” project was awarded a contract in the CfD (Contract for Difference) tendering process by the Department of Energy and Climate Change (DECC) of the British government, which represents a further important step towards its realisation. In the United Kingdom, CfDs are the fundamental basis of the wind power remuneration system.

Due to the political developments in Ukraine, we stopped our activities in this region for the time being.

In the first three months of 2015, the Group generated sales totalling euro 15.2 million (previous year: euro 32.9 million), an operating result (EBIT) of euro -6.0 million (previous year: euro -0.8 million) and diluted earnings per share of euro -0.13 (previous year: euro -0.09).

**YIELDCO – MODEL FOR THE FUTURE**

Through the establishment of our YieldCo business, we will open up considerable new possibilities for the Group. Our project development pipeline is also well filled and the higher implementation rate of our projects promises continuous returns. Therefore, we again confirm our forecast of achieving a cumulative EBIT of euro 110 to 130 million for the 2014 to 2016 financial years and see the prospect of increasing our forecast upon the successful implementation of the YieldCo business.

With our well filled onshore and offshore project pipelines, we have made a good start to a highly promising 2015. Our successes in Germany and abroad as well the continuous expansion of our YieldCo portfolio are proof of the sustainable positive orientation of the entire Group.

In the coming weeks, our registered shareholders will be sent the invitation to the AGM. Please use your right to vote for the good of PNE WIND AG by attending the meeting in person. If you are unable to attend, you could give your voting instructions to someone you trust or to the proxies of the Company. You could also exercise your right to vote via our website [www.pnewind.com](http://www.pnewind.com).

We would like to express our very sincere gratitude – also on behalf of our employees – for your support. Please maintain your confidence in us in the future!

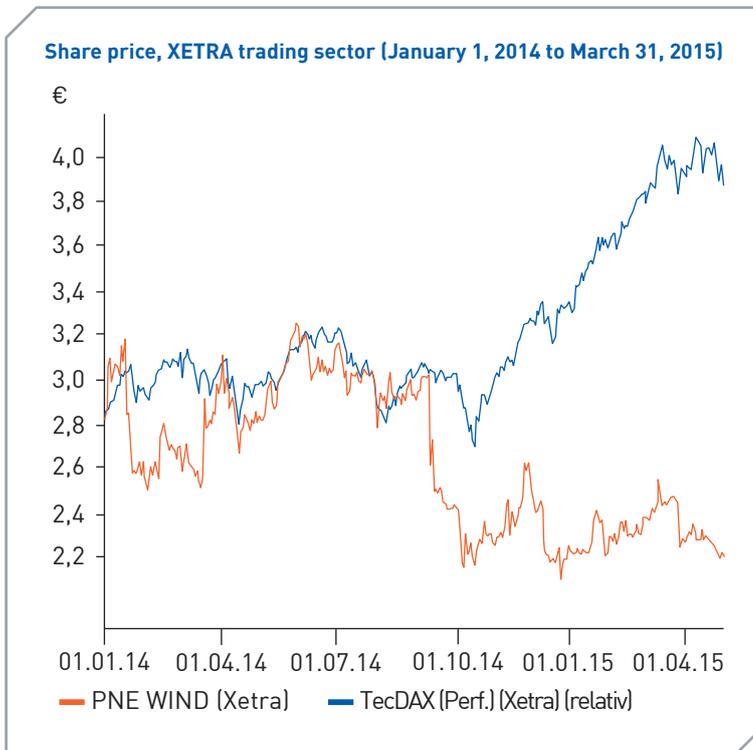
Kind regards,



Martin Billhardt  
Chairman of the Board of Management

# Capital market information

## Share



The PNE WIND AG shares began the 2015 financial year with a price of euro 2.20 and was approx. 22 percent lower than with the closing price on the first trading day of 2014. The value of the PNE WIND AG stock increased gradually so that on March 12, 2015, the highest level of the first quarter was achieved at euro 2.55. With publication of the 2014 annual report and the announcement that a recommendation would be made to suspend the dividend payment in order to successfully implement the YieldCo strategy, the price of the PNE WIND stock traded lower. Thus, on March 31, 2015 the stock traded at almost the same level as at the beginning of the year and the stock price of euro 2.28 corresponds to a market capitalisation of euro 164.1 million.

## Bond information

The corporate bond issued by PNE WIND AG in 2013 with a volume of euro 100 million traded over 100 percent during the reporting period. The equity ratio according to the definition in the 2013 bond prospectus was 40.2 percent as at March 31, 2015.

The convertible bond issued in September 2014 has a nominal value of euro 6,565,132. The bond expires in 2019. In the period under review, no bonds were converted into shares.

The PNE WIND AG participation certificates terminated at the end of 2014 and will be repaid in the middle of 2015, as scheduled.

## Shareholder structure

The total number of shares issued by PNE WIND AG amounted to 71,974,939 as at March 31, 2015. The number of shares did not change in the reporting period.

On March 31, 2015, shares of the company were to be attributed to the board members as follows: 40,000 shares to Mr Martin Billhardt, 114,000 shares to Mr Jörg Klowat and 10,000 shares to Mr Markus Lesser.

Among the members of the Supervisory Board, on March 31, 2015, Mr Dieter K. Kuprian held 10,000 shares and Mr Volker Friedrichsen (via Volker Friedrichsen Beteiligungs-GmbH and VF Vermögensverwaltung GmbH) held 11,164,203 shares of the company. The Management Board and the Supervisory Board together held around 15.8 percent as at March 31, 2015.

## Financial calendar

|                  |  |
|------------------|--|
| June 16, 2015    | Annual General Meeting                     |
| August 10, 2015  | Publication semi-annual financial report   |
| November 9, 2015 | Publication 3 <sup>rd</sup> quarter report |
| November 2015    | Analysts' conference/Frankfurt             |

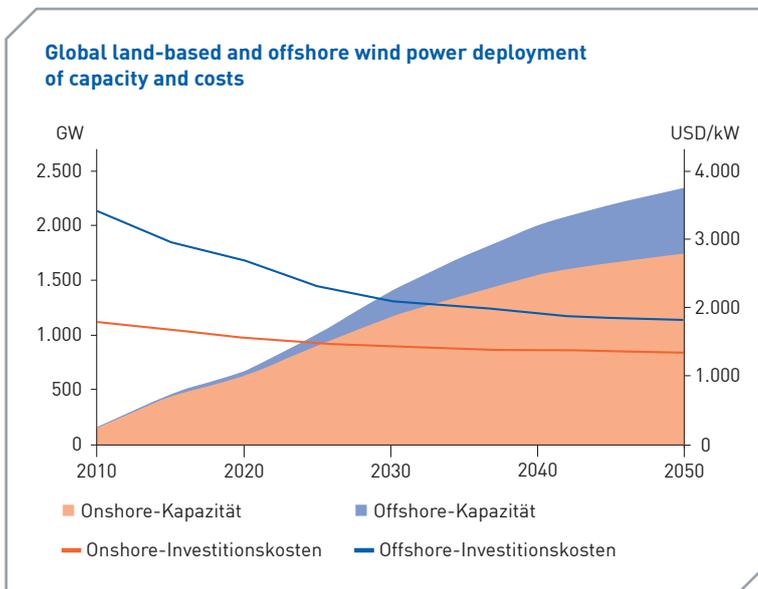
## Additional information

On the website [www.pnewind.com](http://www.pnewind.com) you will find extensive information on PNE WIND AG as well as on current data concerning the share in the section "Investors' Relations". Here you can also download annual and quarterly reports, press announcements as well as background information on PNE WIND AG.

## Key share data (as at March 31, 2015)

|                       |  |
|-----------------------|--|
| WKN                   | A0JBPG   |
| ISIN                  | DE000A0JBPG2                                   |
| Number of shares      | 71,974,939                                     |
| Market capitalisation | Euro 164.1 million                             |
| Market segment        | Prime Standard                                 |
| Indices               | CDAX Technology, ÖkoDAX                        |
| Designated Sponsors   | Commerzbank, VEM Aktienbank, Oddo Seydler Bank |
| Reuters               | PNEGn  |
| Bloomberg             | PNE3   |

# Condensed Interim Group Management Report of PNE WIND AG, Cuxhaven, for the first three months of 2015



## 1. Market/overall general economic conditions

Wind power has undergone a major transformation and has emerged as a mainstream power supplier. The amount of new capacity installed each year now ranks at the top for all types of power generation in some of the world's leading economies. Since 2000, cumulative installed capacity has grown at an average rate of 24 percent per year, and in 2014 over 51,477 MW of wind power capacity was added around the world, bringing total installed capacity to 369,553 MW.<sup>1</sup> Annual investment volumes totalling tens of billions of

euros coupled with a strong growth outlook has beckoned international conglomerates to enter the sector, which in turn drives further innovation. Energy storage solutions and investments in electricity grid systems will further unlock the potential of this industry.

Improvements to the wind turbine technology have boosted energy yields and reduced operation and maintenance (O&M) costs. These developments have lowered the cost of producing energy from wind and in some markets it is already competitive on a stand-alone basis without subsidies.

The International Energy Agency (IEA) has taken technology developments into its forecasts and projects that the amount of wind in the global electricity power mix will rise from about 2.5 percent today to 15–18 percent by 2050. Countries such as Denmark with 39.0 percent, Spain with 20.4 percent, Portugal with 23.7 percent and Germany with about 9 percent illustrate that wind power can make a very substantial contribution to power generation, without triggering supply interruptions as many challengers to the industry have prophesized.

Wind power is no longer relevant to just a single market and to reach the IEA targets approx. 2,300 GW to 2,800 GW will need to be installed worldwide by 2050. These figures illustrate the opportunity which lies before the PNE WIND Group and to be best positioned within the global wind energy market, the Group is focussing its activities on the development, construction and sale of wind farms in Germany, the United Kingdom, France, Poland, Italy, Sweden, Romania, Bulgaria, Hungary, Turkey, Canada, the United States, Ukraine and South Africa.

Cumulatively, the 14 countries where the Group is active represented 34 percent of the total newly installed capacity in 2014 and 44 percent of the total installed capacity on a global basis. To meet the demand for wind farms today and in the coming years, the PNE WIND Group invests continuously in its

<sup>1</sup> GWEC: Global Wind Statistics 2014

project pipeline, which currently comprises of more than 10,000 MW (onshore: approx. 6,000 MW and offshore: 4,700 MW) of projects in various stages of development.

| Country*       | New capacity<br>2012 MW | New capacity<br>2013 MW | New capacity<br>2014 MW | Installed nominal<br>output MW |
|----------------|-------------------------|-------------------------|-------------------------|--------------------------------|
| World          | 44,799                  | 35,467                  | 51,477                  | 369,553                        |
| Europe         | 12,102                  | 11,159                  | 12,820                  | 133,969                        |
| Bulgaria       | 158                     | 7                       | 9                       | 690                            |
| France         | 814                     | 630                     | 1,042                   | 9,285                          |
| Germany        | 2,439                   | 2,998                   | 5,279                   | 39,165                         |
| Hungary        | 0                       | 0                       | 0                       | 329                            |
| Italy          | 1,239                   | 437                     | 107                     | 8,663                          |
| Poland         | 880                     | 894                     | 444                     | 3,833                          |
| Romania        | 923                     | 695                     | 354                     | 2,953                          |
| Sweden         | 846                     | 689                     | 1,050                   | 5,424                          |
| United Kingdom | 2,064                   | 2,075                   | 1,736                   | 12,440                         |
| Turkey         | 506                     | 646                     | 804                     | 3,762                          |
| Ukraine        | 125                     | 95                      | 126                     | 497                            |
| North America  |                         |                         |                         |                                |
| USA            | 13,124                  | 1,084                   | 4,854                   | 65,879                         |
| Canada         | 935                     | 1,599                   | 1,871                   | 9,694                          |
| Africa         |                         |                         |                         |                                |
| South Africa   | 0                       | 10                      | 560                     | 570                            |

\* Sources: GWEC Global Wind Statistics 2014 / EWEA "Wind in Power - 2014 European statistics"

The installation rates presented here primarily illustrate onshore wind farms, but offshore installations are making up a growing number of completed projects each year.

The construction of offshore wind farms is considered to be an essential growth driver for the wind power market. According to data from the European Wind Energy Association (EWEA), the European offshore market expanded by 1,483 MW in 2014. With this, a total of 8,045 MW is already connected to the European electricity grid<sup>2</sup>. In the high seas off the German North Sea and Baltic coasts, 258 offshore wind power turbines with a nominal output of approx. 1,049 MW are now in operation at the end of 2014. Grid connections for an additional 285 offshore wind turbines with approx. 1,303 MW of nominal capacity were under construction<sup>3</sup>. Off the German coastline, 142 offshore wind power turbines with a nominal output of 528.9 MW supplied energy to the grid for the first time in 2014.

<sup>2</sup> The European offshore wind industry - key trend and statistics 2014

<sup>3</sup> Deutsche WindGuard: Status of the offshore wind energy development 2013, January 2014

## 2. General political conditions

In a number of markets in which the PNE WIND Group operates, wind energy was further developed substantially, while others exhibited somewhat of a slowdown due primarily to regulatory uncertainty. Although producing electricity from the wind has matured and costs have fallen, it remains dependent on government policy in many markets. The total generation cost of conventional electricity – including environmental pollution, storage of nuclear waste and dismantling costs – is not directly reflected in its selling price and continued political support for renewable energy remains necessary to level the playing field.

### EU TARGETS

Support for electricity production from renewable energies is one of the highest priorities in the European Union (EU) for reasons of the security of supply and the diversification of the power supply as well as climate protection and the economic and social aspects. The 2009/28/EC directive on the promotion of the use of energy from renewable sources includes ambitious targets for all member states so that by 2020 the EU will achieve a share of 20 percent of its energy from renewable sources.

In October 2014, the European Union consented to a new policy framework for climate and energy for the period between 2020 and 2030. This framework builds on the current policy framework adopted for the period up to 2020 and takes into account the EU's longer term goal of reducing greenhouse gas emissions by 80–95 percent by 2050 compared to 1990. The key points of the new policy framework are reducing greenhouse gas emissions by at least 40 percent below the 1990 level, increasing the share of renewable energy to 27 percent of energy consumption and increasing energy efficiency by 30 percent by 2030. These EU requirements for the expansion of renewable energy will be connected with continuous investment and will lead to renewable energy increasing its share of the electricity generation mix.

It remains the responsibility of each member state to translate the EU targets into national policy.

### GERMANY

In 2014, the German wind power market registered the highest growth since the expansion of wind power started. 1,766 wind power turbines with a nominal capacity of 4,750 MW (2013: 2,998 MW) were newly installed onshore and a further 142 turbines with 529 MW nominal capacity were installed offshore. The figures are from the annual study prepared by Deutsche WindGuard on behalf of the German Wind Energy Association (BWE) and VDMA Power Systems. 1,147 MW resulted from repowering, and taking into consideration the 364 MW which were dismantled, the total installed capacity in Germany increased to 39,165 MW by the end of 2014.

Of particular importance for the further development of wind energy is the legal framework established in the Renewable Energy Sources Act (EEG). The EEG sets the electricity tariff for wind energy from onshore and offshore wind farms and also stipulates that power generated from renewable energy has priority access to the electricity grid. The EEG was most recently amended in 2014.

According to the new legislation, the government aims to expand the amount of electricity produced from renewable energies from the current level of approx. 25 percent to 40–45 percent by 2025 and 55–60 percent by 2035. These targets are roughly in line with the EU's National Renewable Energy Allocation Plan,

which foresees renewable energy making up 38.6 percent of the electricity sector by 2020. The annual expansion target of the government for onshore wind power is within a corridor of 2,400 to 2,600 MW. The nominal capacity of old wind power turbines that are dismantled in the context of repowering is deducted from the gross capacity increase.

Repowering means that older wind power turbines with lower performance are replaced with new and more efficient equipment. According to estimates from the German Wind Power Association (BWE) a substantial increase in repowering can be expected in the medium to longer term. BWE estimates that repowering will represent approx. 1,000 MW of new installations per annum over the coming decades. This installation projection was slightly exceeded for the first time in 2014.

Wind power from offshore installations is expected to rise from the current amount of approx. 1,049 MW of nominal capacity to approx. 6,500 MW by 2020 and 15,000 MW by 2030.

#### **BULGARIA**

In Bulgaria, wind power turbines with a total nominal output of 9 MW were newly installed in 2014. This means there were no substantial changes compared to the previous year. At the end of 2014, there were 690 MW installed in Bulgaria (2013: 681 MW).

According to Bulgaria's National Renewable Energy Allocation Plan, the government aims to produce 20.6 percent of the country's electricity requirements from renewable resources by 2020, up from 10.6 percent in 2010. To reach the 2020 target, 1,256 MW of wind power should be installed.

The main policy support mechanism in Bulgaria is based on a feed-in tariff system. In 2012, the Bulgarian government substantially reduced the payments for electricity produced from wind farms under this programme, which impairs the future development of wind power projects. In 2015, another legislative change followed, according to which in the future, newly built wind energy plants must sell electricity on the free market only.

#### **FRANCE**

In France, wind power turbines with a total nominal output of 1,042 MW were newly installed in 2014. This is a significant increase compared to the previous year with a total of 630 MW new wind power capacity installed. At the end of 2014, there were 9,285 MW installed in France.

According to France's National Renewable Energy Allocation Plan, the government aims to produce 27 percent of the country's electricity requirements from renewable resources by 2020, up from 15.5 percent in 2010. To reach the 2020 target, 25,000 MW of wind power should be installed.

The main policy support mechanism for renewable energy is promoted through a price regulation system based on feed-in tariffs. The French parliament passed new legislation on the energy transition in October 2014. The government aims to increase the proportion of renewable energies to 32 percent by 2030 and to reduce the proportion of nuclear energy in electricity consumption from 75 to 50 percent by 2025.

#### UNITED KINGDOM

The second largest market for wind power in the European Union in 2014 was the United Kingdom with newly installed capacity of 1,736 MW. This is a slight decline compared to the previous year with a total of 2,075 MW new wind power capacity installed. At the end of 2014, there were 12,440 MW installed in the United Kingdom.

According to the UK's National Renewable Energy Allocation Plan, the government aims to produce 30 percent of the country's electricity requirements from renewable resources by 2020, up from 9 percent in 2010. To reach the 2020 target, 28,000 MW of wind power should be installed.

The main policy support mechanism for renewable energy is promoted through the "Renewables Obligation" programme which applies to projects installed prior to the end of March 2017. As part of the Electricity Market Reform a new contracts-for-difference (CfD) model for renewable energy projects was introduced in 2014. CfDs are long-term contracts between the renewable energy generator and a new Government-owned counterparty. Under the CfD system, top-up payments are to be made to electricity producers when the market price for electricity is under the fixed strike price. In this way, the economic viability of the projects should be ensured. The total amount of payments is limited to a sum to be defined every year. If the market price for electricity is over the reference price, a repayment by the electricity producers is to be made. The remuneration period lasts 15 years.

#### ITALY

In Italy, wind power turbines with a total nominal output of 107 MW were newly installed in 2014. This is a substantial decrease compared to the previous year with a total of 437 MW new wind power capacity installed. At the end of 2014, there were 8,663 MW installed in Italy.

According to Italy's National Renewable Energy Allocation Plan, the government aims to produce 26.4 percent of the country's electricity requirements from renewable resources by 2020, up from 18.7 percent in 2010. To reach the 2020 target, 12,680 MW of wind power should be installed.

The main policy support mechanisms in Italy were changed from a green certificate system to a feed-in tariff system and finally a competitive auction system for grid connection capacity. In accordance with the decree of July 6, 2012 up to 500 MW should be allocated annually. After the government announced in January 2015 that they will make a statement on its plans for the continued expansion of renewable energy sources (2015–2018), news on this topic is expected soon.

#### POLAND

In Poland, wind power turbines with a total nominal output of 444 MW were newly installed in 2014. This is a significant decline compared to the previous year with a total of 894 MW new wind power capacity installed. At the end of 2014, there were 3,833 MW installed in Poland.

According to Poland's National Renewable Energy Allocation Plan, the government aims to produce 15 percent of the country's electricity requirements from renewable resources by 2020. To reach the 2020 target, 6,650 MW of wind power should be installed.

The long-discussed new act on the support of renewable energies was signed on March 11, 2015 and comes into force on January 1, 2016. The act proposes the introduction of an auction mechanism. Up to its final adoption, the current regulations of the green certificate quota system continue to apply.

#### ROMANIA

In Romania, wind power turbines with a total nominal output of 354 MW were newly installed in 2014. This is a significant decline compared to the previous year with a total of 695 MW new wind power capacity installed. At the end of 2014, there were 2,953 MW installed in Romania.

According to Romania's National Renewable Energy Allocation Plan, the government aims to produce 42.6 percent of the country's electricity requirements from renewable resources by 2020, up from 27.5 percent in 2010. To reach the 2020 target, 4,000 MW of wind power should be installed.

The proposed regulatory changes outlined in the "Emergency Ordinance" of July 2013 became law during the first quarter of 2014. The main elements include a reduction in the number of Green Certificates to be issued to the producers of renewable energy. Furthermore, the Romanian government passed draft legislation during the reporting period, which reduces the amount of renewable energy supported by the green certificate mechanism from 15 percent of gross electricity consumption to 11.1 percent in 2014.

Currently within Romania as well as between Romania and the EU Commission there are considerable political discussions about changes in the remuneration system for renewable energy.

#### SWEDEN

In Sweden, wind power turbines with a total nominal output of 1,050 MW were newly installed in 2014. This is a significant increase compared to the previous year with a total of 689 MW new wind power capacity installed. At the end of 2014, there were 5,424 MW installed in Sweden.

According to Sweden's National Renewable Energy Allocation Plan, the government aims to produce 63 percent of the country's electricity requirements from renewable resources by 2020, up from 54.9 percent in 2010. To reach the 2020 target, 4,547 MW of wind power are to be installed, whereby this number of MW has already been exceeded and new installations are continuing.

The main policy support mechanism in Sweden is based on a quota system with green certificates, which are tradable in both Sweden and Norway. In its first official declaration, the new Swedish Government formulated the objective of generating 100 percent of Sweden's energy from renewable energy sources in the long term.

#### SOUTH AFRICA

In South Africa, wind power turbines with a total nominal output of 10 MW were installed in 2013. As a result of the competitive tender system, the capacity installed increased to 570 MW at the end of 2014.

The South African "Integrated Resource Plan", promulgated in May 2010 by the national energy authority DoE, calls for an 18 GW renewable energy programme over the next 20 years. Wind energy is targeted to account for 8,400 MW of nominal capacity.

The government has initiated a competitive tender system under the Renewable Energy Independent Power Producer Programme (REIPPP), in which preferred bidders are selected. In the third round, 17 renewable energy projects with 1.5 GW of total capacity were chosen. The projects included seven onshore wind farms totalling 787 MW. The fourth round took place in August 2014. The results of the preferred bidders were published after the end of the period under review in April 2015. The results of a second selection of bidders of the fourth round are now expected to be announced in May 2015.

#### **TURKEY**

In Turkey, wind power turbines with a total nominal output of 804 MW were newly installed in 2014, bringing total installed capacity from 2,958 MW at the end of 2013 to 3,762 MW at the end of 2014.

The Turkish government intends to increase the proportion of renewable energies within the total electricity production mix to 30 percent by 2023 up from 9 percent in 2010. To reach this target, 20,000 MW wind power capacity should be installed by 2023.

The main policy support mechanism in Turkey is based on a feed-in tariff system. Additionally, there was a licensing procedure for grid capacity introduced in 2013, whereby an annual auction system is used for individual connection points.

#### **HUNGARY**

The development of the Hungarian wind power market has stagnated since 2012. No new wind power turbines were installed in 2012, 2013 and 2014, leaving total installed capacity unchanged at 329 MW.

According to Hungary's National Renewable Energy Allocation Plan, the government aims to produce 10.9 percent of the country's electricity requirements from renewable resources by 2020, up from 6.7 percent in 2010. To reach the 2020 target, 750 MW of wind power should be installed.

The main policy support mechanism in Hungary is based on a feed-in tariff system. In spite of this programme, the development of wind power in Hungary has been limited by insufficient electricity grid capacity.

#### **UKRAINE**

Triggered, in particular, by the political crisis in Ukraine, the development of the wind power market in this country has stagnated since the middle of 2014. Nevertheless, projects with a total capacity of 126 MW were completed in 2014, bringing total installed capacity to 497 MW.

The Ukrainian government is aiming to tap its strong potential to develop renewable energy and thereby decrease the country's dependence on imported natural gas and oil. In 2009, a feed-in tariff scheme was introduced by the adoption of the Green Tariff Law, and sets a guaranteed minimum feed-in tariff for electricity produced from wind, small hydro, biomass and solar energy.

The continued development of the activities in Ukraine depends upon a future stabilization of the political environment. As the situation has not changed, WKN AG decided to withdraw from that market.

#### USA / CANADA

In the USA, wind power turbines with a total nominal output of 4,854 MW were newly installed in 2014, bringing total installed capacity in the USA to 65,879 MW at the end of 2014.

In the USA, the federal support policy was extended at the end of 2014. Projects which were under construction at the end of 2014 and are completed by the end of 2016 are eligible to claim the Production Tax Credit (PTC). Many individual states have enacted Renewable Portfolio Standards which require a certain percentage of electricity to be sourced from renewable energy plants.

We constantly monitor the general political conditions in all countries in which the PNE WIND Group is active in order to be able to react very quickly to changes.

The Board of Management of PNE WIND AG considers market diversification and continued regulatory support both in Germany and abroad as the prerequisite for continued positive business developments during the next few years.

### 3. Corporate structure

During the first three months of 2015 the corporate structure changed versus December 31, 2014.

During the reporting period, the following company was first included in the scope of consolidation:

- PNE WIND Elektrik Üretim Ltd., Turkey, Ankara (100 Percent),

This event did not result in any material effects on the earnings, financial and asset situation.

### 4. General Accounting Principles

In the financial report for the first three months of fiscal year 2015 as at March 31, 2015, the same accounting and valuation methods were applied as in the consolidated financial statements as at December 31, 2014.

The interim financial statements were drawn up in line with the regulations of IAS 34. The tax expenditure of the PNE WIND Group is determined using an estimate of the taxable income of the relevant companies.

### 5. Organisation und employees

As of March 31, 2015, there were 410 people employed at the group level of PNE WIND AG (prior year: 412). The employees of the subsidiaries are included in this number. Of these employees (including members of the Board of Management and trainees) there were 145 (prior year: 140) working at PNE WIND AG at the end of the reporting period. A total of 265 employees were at our German (195 employees) and international subsidiaries (70 employees). The personnel basis needed for the continuation of our growth path has now been attained with the current number of employees.

## 6. Summary of business activity

During the first three months of 2015, the PNE WIND Group continued its operating business of wind farm projecting both onshore and offshore in Germany and abroad.

The development of the individual segments:

### Segment: projecting of wind power turbines

#### *Sub-segment onshore wind power*

During the first three months of 2015, the development and realisation of wind farm projects on land were carried out continuously both in Germany as well as in the foreign markets in which PNE WIND AG is active through subsidiaries or joint ventures.

PNE WIND AG: Overview of the onshore project activities per March 31, 2015 in MW

| Country*       | I-II         | III        | IV        | Total MW     |
|----------------|--------------|------------|-----------|--------------|
| Germany        | 972          | 80         | 70        | 1,122        |
| Bulgaria       | 121          | 0          | 0         | 121          |
| Romania        | 55           | 102        | 0         | 157          |
| Turkey         | 700          | 0          | 0         | 700          |
| United Kingdom | 846          | 198        | 0         | 1,044        |
| Hungary        | 0            | 42         | 0         | 42           |
| USA            | 169          | 183        | 0         | 352          |
| Canada         | 575          | 0          | 0         | 575          |
| <b>Total</b>   | <b>3,438</b> | <b>605</b> | <b>70</b> | <b>4,113</b> |

WKN AG: Overview of the onshore project activities per March 31, 2015 in MW

| Country        | I-II         | III        | IV        | Total MW     |
|----------------|--------------|------------|-----------|--------------|
| Germany        | 162          | 34         | 25        | 219          |
| Italy          | 510          | 0          | 0         | 510          |
| France         | 178          | 88         | 0         | 266          |
| Poland         | 243          | 42         | 0         | 285          |
| United Kingdom | 0            | 66         | 0         | 66           |
| South Africa   | 130          | 0          | 0         | 130          |
| Sweden         | 240          | 0          | 0         | 240          |
| Ukraine        | 0            | 0          | 0         | 0            |
| USA            | 165          | 0          | 0         | 165          |
| <b>Total</b>   | <b>1,628</b> | <b>230</b> | <b>25</b> | <b>1,881</b> |

Phase I – II = Exploration & Development  
Phase III = Planning  
Phase IV = Implementation

**GERMANY:**

In PNE WIND AGs "Windkraft onshore Deutschland" division, two wind farm projects with a total nominal output of 69.6 MW were under construction as at December 31, 2014. These are the wind farm projects "Chrandsdorf" (Brandenburg, 57.6 MW), which is also the largest individual project in PNE WIND AG's history, and the "Waldfeucht" repowering project (12 MW). In the "Waldfeucht" repowering project, the modern systems will replace old wind power turbines, which were originally commissioned by PNE WIND AG. Projects that were fully constructed or were under construction but not yet handed over to their purchasers by March 31, 2015 are illustrated in phase 4 of the table.

For the WKN Group, which is majority owned by PNE WIND AG, Germany continues to remain a core market. At the end of the first quarter 2015, the two wind farms Looft (Schleswig-Holstein, 10 MW) and Siebenbäumen (Schleswig-Holstein, 6 MW) were under construction. These projects were sold at the end of 2014.

Furthermore, two of the three wind power plants in the wind park Nentzelsrode (Thuringia), which was sold to an investor in 2013, were put into operation. For the third turbine, approval has been obtained and the project is to be put into operation during the financial year 2015.

At the end of the first quarter of 2015, the PNE WIND Group (PNE WIND AG and WKN AG) was working on onshore wind farm projects in Germany with a nominal output of approx. 1,300 MW in various phases of project development.

PNE WIND AG maintains close relationships with various renowned manufacturers of wind energy systems in order to be able to realise onshore wind farm projects in Germany promptly after their approval. For projects which have already been constructed, long term maintenance contracts have been concluded with the manufacturers Enercon, Senvion (formerly Repower) and Nordex as well as Vestas.

The PNE WIND Group also carried out its core business of project development continuously abroad.

**BULGARIA:**

The general political and economic conditions are currently still poor. This makes it difficult to construct and operate wind farm projects there profitably. For this reason the existing project pipeline in Bulgaria continues to be analysed with regard to its profitability and thus to its later implementation.

**FRANCE:**

In 2014 already, the WKN Group received the construction and environmental approvals for a project with a nominal output of 10 MW in France. However, before the sales process for this project can be initiated, a decision on an objection filed against the approvals is required. On the basis of the indicative purchase offers submitted to it, the WKN Group decided to continue to develop the disputed project as well as another French project with 19.2 MW of nominal capacity.

In addition, at the end of the first quarter 2015, further projects with approx. 59 MW of total nominal capacity were in the official approval process.

#### UNITED KINGDOM:

In the United Kingdom, PNE WIND AG started searching for a strong financial partner, with whom projects, which are currently being developed, should be realized quickly. In the course of the search and discussions it became evident that besides the participation in projects, there is also interest to purchase the shares in PNE WIND UK Ltd. Currently, offers from financial partners / investors are being evaluated and further discussions on the sale of the shares in PNE Wind UK or the participation in projects are being conducted.

The subsidiary PNE WIND UK Limited is planning substantial investments during the next few years in the wind farm projects which are being developed independently as well as projects which are being worked on jointly with the Scottish Forestry Commission. The cooperation with the Scottish Forestry Commission was continued for the development of wind farm areas in Central Scotland. Sites for up to 12 wind farm projects have been identified in the Scottish National Forest in the counties of Argyll and Bute, West Dunbartonshire, Stirling, Perth and Kinross as well as Angus.

Independent of the cooperation with the Forestry Commission, PNE WIND UK is also developing additional wind farms in the United Kingdom. The permit for the "Tralorg" project (20 MW), which was granted in 2014, was awarded a contract in the tender for CfD (Contract for Difference) and thus a funding commitment in accordance with the new CfD tender mechanism by the Department of Energy and Climate Change (DECC) of the British government. In the British remuneration system for wind power, the CfD is the basis for the payment scheme. In 2014, the "Penbreck" with 18 MW was also permitted. With an additional part of the project, which still has to be permitted, the wind farm can have a nominal output of 27 MW in total. In 2015, approval for another project with 30 MW was applied for. In total, applications for 6 projects with a combined capacity of 160 MW are pending approval.

For a project of the WKN Group with 66 MW, the permit from the local planning authority (the Highland Council) was obtained in 2013 and the decision was acknowledged by the Highland Council in November 2014 in accordance with a new planning directive. The second step is to obtain the permit from the Scottish Energy Minister. The project has been named as a showcase example on the basis of its positive cooperation with the municipalities in a study undertaken by the government (Scottish Government Good Practice Principles for Community Benefits from Onshore Renewable Energy Developments).

#### ITALY:

The 30 MW Castelgrande wind farm project in the Basilicata region of southern Italy, which was granted construction approval at the beginning of June 2014, participated in the auction procedure, but did not receive an award.

Further projects are being prepared for participation in a potential tendering procedure in 2015 so that companies of the WKN Group can participate with one or more projects in addition to Castelgrande. At present, there is no official confirmation that a tendering procedure for onshore wind energy projects will take place in Italy in 2015.

The Valle project (40 MW) was already granted an environmental approval in the third quarter of 2013. An agreement with the grid network operator and other project developers with regard to the grid connection approval is still outstanding. To date, it has not been possible to come to an agreement.

**POLAND:**

In Poland, the WKN Group is holding a building approval for a project with a nominal output of around 32.2 MW. Discussions are currently being held with potential investors. The WKN Group increased its interest in the project company from 40 percent to 100 percent in 2014 to be able to market the project more flexibly. In Poland, projects with approx. 285 MW of nominal capacity are currently being developed by WKN. From January 1, 2016, the Polish Renewable Energies legislation will be renewed and changed to a tender procedure. The act was adopted in March 2015.

**ROMANIA:**

The development of wind farms in Romania was continued by PNE WIND AG. Changes in the feed-in payment system have led to uncertainties in 2013 and 2014. Since the presidential election in November 2014 and the victory of the EU-friendly candidate, a revision of the renewable energies legislation is expected. In Romania, wind farm projects are currently being developed at an advanced stage by PNE WIND AG with a nominal output of up to 157 MW. For two projects with a total nominal output of 102 MW the permits have been granted. The grid connections have been secured and the technical construction maturity has been achieved.

**SWEDEN:**

The WKN Group is currently developing four wind farm projects in Sweden with a nominal output of up to 240 MW. The applications for the environmental permit for these projects were submitted in 2013/14 and are currently being processed by the competent authorities. The first permits are expected to be issued in 2015.

**SOUTH AFRICA:**

In the 2014 tender, the WKN Group participated with the 30 MW "Banna Ba Pifhu" project. In the first selection round, which took place after the end of the period under review in April 2015, the project was not considered. For the end of May 2015, a second selection round was announced.

The "Ubuntu" project is currently being prepared to participate in one of the following tender rounds.

**TURKEY:**

In Turkey, PNE WIND AG is currently developing wind farm projects with up to 700 MW of nominal output. At the beginning of April 2014, PNE WIND AG and STEAG GmbH agreed to develop wind farm projects together in Turkey going forward. Together with STEAG, the company applied for a pre-licence in April 2015 for 6 projects with a maximum output of 230 MW.

**UKRAINE:**

Due to the continuously extremely difficult political situation in the Ukraine, project development activities were stopped in 2014 and a decision to exit the market was taken in 2015.

#### **HUNGARY:**

In Hungary two wind farm projects developed by PNE WIND AG's subsidiaries had already been approved. However, the Hungarian government has been blocking the further expansion of wind energy for some time now. Through the construction of a military radar system in the meantime, a building approval for a wind farm with 36 MW could not be extended. Therefore, the Hungarian subsidiary is still waiting to be able to participate with one approved wind farm with a nominal capacity of 42 MW in tenders for grid connections to the high voltage electricity distribution systems in Hungary.

#### **USA / CANADA:**

During the fourth quarter of 2013, PNE WIND USA started the construction of the "Chilocco" wind farm project in the US state of Oklahoma. Wind power turbines with a nominal output of up to 153 MW can be constructed in several project phases. The initial construction and development activities were carried out, which means that the tax-related support mechanisms (PTC) should be secured. These are to be granted for projects that were under construction at the end of 2013 and are completed by the end of 2015.

The PTC regulation was extended by a further year at the end of 2014. Accordingly, PNE expects that the completion period for the "Chilocco" project will also be extended to the end of 2016.

Also, with the aim of securing the PTC, PNE started construction of the "Belle Fourche" wind farm project (South Dakota) in December 2014. Wind power turbines with a total nominal capacity of up to 30 MW can be erected in this project.

In the USA, the WKN Group has a project in the state of Montana, where wind energy turbines with a nominal output of up to 165 MW can be erected.

In Canada, PNE WIND AG is currently working on seven wind farm projects, which are in an early stage of development.

#### **TOTAL ACTIVITIES IN THE INTERNATIONAL MARKETS:**

In total, as at March 31, 2015, the PNE WIND Group, through subsidiaries and joint ventures, was developing international projects in various phases of a multiple year development process with more than 4,000 MW of nominal output. On the basis of the Group's business development, the Board of Management is confident of achieving further growth and diversification of its business through the internationalisation of its wind farm development activities.

#### ***Expansion of the business activity/YieldCo***

Since 2014, PNE WIND AG has completed significant steps in order to expand its business model. This includes the formation of a YieldCo, in which internally developed and completed wind farms are bundled. The objectives of the YieldCo business are to increase the earnings potential and to strengthen the competitive situation of the Group as well as to establish a new company (YieldCo), which provides its investors with stable and attractive dividends. As a result, the YieldCo represents a classical win-win situation, offering large potential both for PNE WIND and for the investors of the YieldCo.

YieldCo – companies which hold portfolios consisting primarily of renewable energy projects and distribute earnings to their owners through dividends – are a proven and successful addition to the core business of project development companies, in particular, in the Anglo-Saxon region. YieldCos have been welcomed in these countries because they enable public equity investors the ability to invest directly in operational renewable assets and thereby have access to an asset class which was previously reserved to utilities and other institutional investors. From PNE WIND's perspective as the Project developer, the YieldCo represents an attractive way to grow the business by accessing new pools of capital which provide the needed equity on attractive terms to realise new projects.

In the YieldCo of PNE WIND AG, completed wind farms will be bundled into a portfolio of fully operating wind farms, which reliably produce electricity at various sites and generate sustainable earnings through the guaranteed feed-in tariff regulatory framework.

PNE WIND YieldCo Deutschland GmbH will include mainly German wind farms with a total nominal output of up to 150 MW. These will be projects which were developed in the past few years by the PNE WIND Group. Wind farms with a nominal output of approx. 67 MW were already approved and are partially under construction. Permits have been applied for additional projects which will also be included in the YieldCo. Once operational, the wind farms will be placed successively in the German YieldCo company.

Once the initial portfolio has been constructed, PNE WIND plans to sell its holding – wholly or partly – in the YieldCo by the end of 2016. This may take place – as observed in the public markets – via a listing of the YieldCo on the stock exchange or by selling our holdings to an individual investor. Through our Edinburgh-based PNE WIND Yieldco International Limited, established in the United Kingdom, PNE WIND AG has the option to hold the IPO in London.

PNE WIND AG expects to benefit in multiple ways from the expansion of its business model. The Company anticipates that the YieldCo, with its portfolio of commissioned wind farms, can be sold under more attractive conditions than projects that are sold on an individual basis in the context of our previous business model.

The reason for this is that investors in portfolios are generally willing to accept lower returns because they benefit from diversification – the portfolio is comprised of many wind farms – as well as not being exposed to construction related risks – the wind farms are fully commissioned at the time of sale. Furthermore, YieldCo investors are able to buy or sell shares in a listed vehicle more efficiently than would be possible when making direct investments into a single wind park. We also plan on generating additional revenue through the management of the YieldCo and by providing long-term commercial and technical management services for the wind parks.

Looking forward, the establishment of our YieldCo will represent a new sales channel for the Group and our future projects. The YieldCo will be able to use its retained earnings from its operational wind farms to acquire new projects from us. If the Group decides to keep a stake in the YieldCo, PNE WIND AG would also participate on the continuing success of the YieldCo.

Thus, we intend to expand our model and sustainably benefit from this as a group. By doing this, however, we also have accepted the possibility that this undertaking means increasing investments and a temporal

shift of our returns from 2014 and 2015 until 2016. Due to the initiation of the YieldCo model, the sale of wind farms to external third parties – and accordingly the revenue and earnings out of these projects – will be postponed. We believe that the positive benefits which will be achieved will more than compensate for this postponement.

The PNE WIND Group is broadening its foundation for the future and aims to create considerable value with this strategic expansion.

The following table contains wind farm projects which are approved or under construction and will be incorporated into the YieldCo portfolio.

| Project    | Location               | Status             | Planned nominal output in MW | Scheduled completion     |
|------------|------------------------|--------------------|------------------------------|--------------------------|
| Chransdorf | Brandenburg            | Under construction | 57.6                         | Second half year of 2015 |
| Waldfeucht | North Rhine-Westphalia | Under construction | 9.0                          | Second half year of 2015 |

#### **Chransdorf wind farm**

The “Chransdorf” wind farm is located in a forest area between the municipalities of Großräschen and Altdöbern in Brandenburg.

The project received the construction permit pursuant to the Federal Emission Protection Act (BlmSchG) in 2014 and is currently under construction. 24 wind power turbines (Nordex N117/2400) with hub heights of 141 meters will be erected in this wind farm. The total nominal output of the wind farm is 57.6 MW. Completion of the wind farm is expected for the second half of 2015.

#### **Waldfeucht wind farm**

The project received the construction permit pursuant to the Federal Emission Protection Act (BlmSchG) in 2014 and is currently under construction.

In the “Waldfeucht/Selkant” wind farm near Heinsberg (North Rhine-Westphalia), wind power turbines planned by PNE WIND and commissioned in 1999 will be replaced in this repowering project. Four wind power turbines with a total nominal output of 12 MW will be constructed there; three of these turbines will be placed into the YieldCo. Completion of the wind farm is expected for the second half of 2015.

*Segment offshore wind power*

PNE WIND AG: Overview of the offshore project activities per March 31, 2015:

| Project              | Phase | WEA        | Total MW     |
|----------------------|-------|------------|--------------|
| Borkum Riffgrund I*  | 7     | 78         | 312          |
| Borkum Riffgrund II* | 5     | 97         | 349          |
| Gode Wind 1*         | 7     | 55         | 330          |
| Gode Wind 2*         | 7     | 42         | 252          |
| Gode Wind 3*         | 3     | 15         | 90           |
| Gode Wind 4*         | 4     | 42         | 252          |
| Nautilus II/HTOD5*   | 2     | 68         | 476          |
| Nemo                 | 2     | 80         | 480          |
| Jules Verne          | 2     | 80         | 480          |
| Nautilus I           | 2     | 80         | 480          |
| Atlantis I           | 3     | 80         | 400          |
| Atlantis II          | 2     | 80         | 400          |
| Atlantis III         | 2     | 80         | 400          |
| <b>Total</b>         |       | <b>877</b> | <b>4,701</b> |

\* PNE WIND AG acts as a service provider

Phase 1 = Project identification  
Phase 2 = Application conference  
Phase 3 = Hearing  
Phase 4 = Approval granted  
Phase 5 = Grid connection  
Phase 6 = Investment decision  
Phase 7 = Under construction

In March, the German Federal Maritime and Hydrographic Agency (BSH) sent letters to wind farm developers. In the letters, the BSH informed them that no procedure for the granting of approvals will be continued for the projects in the zones 3, 4 and 5 in the North Sea until further notice. In these areas, approx. 40 wind parks in development, including the offshore parks "Nemo", "Nautilus I", "Nautilus II / HTOD5", "Jules Verne" and "Atlantis II and III", which are being developed by PNE WIND AG and usually are situated over 100 kilometers off the coast are affected. PNE WIND is conducting discussions with the BSH and other parties affected and is examining further procedures. "Atlantis I" is situated in zone 2 and is therefore not directly affected. The realization of Atlantis I depends – as all offshore projects – of network connections and currently the implementation period of the transformer station BorWin 4 is being discussed.

**"BORKUM RIFFGRUND" PROJECTS**

The "Borkum Riffgrund I" offshore wind farm project, which was previously sold to DONG Energy, where PNE WIND AG continues to act as a service provider, developed positively. After DONG Energy made its investment decision for the "Borkum Riffgrund I" offshore wind farm, construction has started. The first wind power turbines were installed in 2014. The DolWin alpha transformer station, which is intended for the 800 MW grid connection and designed by ABB on behalf of TenneT, was installed in 2013.

The BSH granted the construction permit for the neighbouring "Borkum Riffgrund II" offshore project in December 2011. In 2013, the transmission grid operator TenneT awarded the contract for the construction of the DolWin3 transformer station, which will connect the wind farms in the North Sea

to the high-voltage grid on land, to Alstom. After completion, Dong Energy can use this grid connection to link the planned offshore wind farm "Borkum Riffgrund II" to the grid. This connection is expected to be completed in 2017.

On the achievement of predefined project development steps in the offshore wind farm project "Borkum Riffgrund II", milestone payments from project sales totalling approx. euro 7.0 million will be made by DONG Energy to PNE WIND AG. Further important project phases are the final investment decision and commissioning of the project.

#### "GODE WIND" PROJECTS

In August 2012 the offshore wind farms "Gode Wind" 1 to 3 were sold to the Danish energy group DONG. The projects have since been split into "Gode Wind" 1 to 4. The shares in the "Gode Wind" 1, 2 and 4 projects have already been transferred 100 percent to DONG Energy. DONG Energy has started building the projects "Gode Wind" 1 and 2 at sea. The full commissioning of these projects is expected to be completed in 2016. PNE WIND AG has received payments totalling euro 129 million for the shares in the project companies, the incurred project development costs and the work already completed.

On the achievement of predefined project development steps, milestone payments totalling up to euro 25 million are expected to be received. The next milestone payment will be triggered with the BSH (Bundesamt für Seeschifffahrt und Hydrographie) approval for the "Gode Wind 3" project. The hearing for this project took place in September 2014. The project has now reached project development phase 3. A further milestone payment totalling euro 15 million will be due when the decision is taken to construct and finance the second phase of "Gode Wind 2" (current project name: "Gode Wind 4").

Within the context of the transaction, PNE WIND AG will support DONG Energy as a service provider during realisation of the project till 2017. The volume of this service provider contract amounts to up to euro 8.5 million during the period 2012 to 2017.

#### "ATLANTIS" PROJECTS

Three offshore projects were acquired in 2013 from BARD Engineering GmbH through the subsidiaries "Atlantis" I to III, in order to participate in the further expansion of offshore wind power in Germany. The projects were developed to such an extent by the previous owners that they are in the planning permit process at the Federal Office for Shipping and Hydrographics (BSH). PNE WIND AG intends to develop the acquired projects further through the approval stage up to the point of construction maturity. On the basis of our experience and knowhow in the offshore sector, PNE WIND AG has the proven ability to create and realise the value of such projects.

The PNE WIND subsidiaries "Atlantis" I to III made a first purchase price payment on the conclusion of the purchase contract. Additional variable instalment payments will be due to the seller as the projects reach defined points in their development or have been sold.

According to current planning, up to 240 wind turbines with 5 MW of nominal capacity each could be built in the three acquired offshore wind farm projects. The project areas are located in the German Exclusive Economic Zone (EEZ) in the North Sea.

PNE WIND AG is currently working on obtaining an early network connection for the most advanced project "Atlantis 1"; this includes a judicial procedure.

#### "NEMO", "NAUTILUS I" AND "JULES VERNE" PROJECTS

The "Nemo", "Nautilus I" and "Jules Verne" projects are located in the North Sea within the German Exclusive Economic Zone (EEZ) about 180 kilometres North West of the island of Helgoland. According to the current planning, 80 offshore wind energy turbines are planned to be approved in each of the project areas. The development of these offshore projects continues depending on the network connection regime determined by the German government. Due to the reduced installation targets by the government for the development of offshore wind power, these projects are scheduled for approval on a long-term basis only and are still in an early planning stage.

#### "HTOD5" PROJECT (PREVIOUSLY "NAUTILUS II")

The "Nautilus II" offshore wind farm project, which is being developed by PNE WIND AG and has in the meantime been renamed "HTOD5", is still at the planning and application stage. Following the sale of the project in November 2011 to Ventizz/HOCHTIEF, PNE WIND AG will remain active as project developer until the permit is issued. The project is planned for up to 68 offshore wind power turbines with a nominal output of up to 7 MW each, depending on the grid connection scheme stipulated by the Federal Government. The project area is located in the North Sea within the Exclusive Economic Zone of the Federal Republic of Germany about 180 kilometres North West of Helgoland. Due to the decreased provisions by the government for the development of offshore wind power, these projects are scheduled for approval on a long-term basis only and are still in an early planning stage.

#### TOTAL OFFSHORE

In total, PNE WIND AG was working as at March 31, 2015 on thirteen offshore projects, of which six are fully owned by the Company. For the remaining seven, PNE WIND is active as a service provider. Three of the projects, which were developed and sold by PNE WIND AG, are already under construction: "Borkum Riffgrund I" as well as "Gode Wind" 1 and 2. According to the current planning level, a total of up to 480 wind power turbines can be constructed in our own offshore wind farms. Decisive for the exact number is the nominal output of the turbines to be selected, which can amount to between 3 and 7 MW. In total, the planned nominal output of our six own offshore projects amounts to up to 2,640 MW.

#### *Segment electricity generation*

The electricity generation segment combines all activities of the Group companies, which are engaged directly in the production of electricity from renewable energy. This sector includes our "Altenbruch II" and "Laubuseschbach" wind farms operated by PNE WIND AG and the "Passauer Land" solar farm, which has been operated by the WKN Group since 2006. The solar park is located in Bavaria with a nominal output of 3.3 MWp. The segment also included PNE Biomasse GmbH, which in accordance with a business supply contract provides the personnel for the timber biomass power plant in Silbitz. Furthermore, the segment also includes shares in limited partnerships, in which future onshore wind farm projects are to be implemented.

Until the sale and delivery of wind farms to the operators, the electricity generation segment includes the revenues of these wind farms within the context of the segment reporting.

The electricity generation segment achieved in the first three months 2015 an EBIT of euro 1.4 million (prior year: euro 1.3 million).

## 7. Economic report

### a. Revenues and earnings

The figures shown below were determined and presented in accordance with IFRS for the Group.

The figures in the text and in the tables were rounded and small rounding differences are possible.

In the first quarter of 2015, the PNE WIND AG Group achieved a total aggregate output of euro 23.6 million (prior year: euro 43.7 million) in accordance with IFRS. Of this, euro 15.2 million was attributable to revenues (prior year: euro 32.9 million), euro 7.7 million to changes in inventories (prior year: euro 10.1 million) and euro 0.7 million (prior year: euro 0.6 million) to other operating income.

The activities of the Group in project development in Germany and abroad and also both onshore and offshore are reflected in the expense items. The cost of materials in the Group decreased from euro 30.6 million to euro 15.3 million.

In the first quarter 2015, the personnel expenses amounted to euro 7.1 million in the Group and thus remained approximately the same compared to the amount of the prior year period (euro 7.2 million). As at March 31, 2015, in comparison with the previous year, the number of employees in the Group slightly decreased to 410 (March 31, 2014: 412 employees).

The other operating expenses in the Group totalling euro 5.4 million (prior year: euro 4.9 million) are attributable primarily to impairment losses on receivables and other assets, legal and consulting costs, advertising and travel expenses, insurance and contributions, repair and maintenance expenses mainly for "Altenbruch II" and "Silbitz" as well as rental and leasing expenses.

Depreciation amounted to euro 1.9 million as in the same period in the prior year. Depreciation was incurred primarily at the "Altenbruch II" wind farm, which is operated for our own account, the "Passauer Land" solar farm and at the "Silbitz" timber biomass power plant.

Interest expenses in the Group decreased from euro 3.8 million in the prior year to euro 3.1 million. Interest expenses decreased primarily due to the convertible bond 2009/2014 and the convertible bond 2010/2015 expired in the middle and at the end of 2014 that caused interest expenses in the same period in the prior year.

During the first quarter 2015, operating profit (EBIT) amounted to euro -6.0 million (prior year: euro -0.8 million) and the result from ordinary activities (EBT) was declared euro -8.9 million (prior year: euro -4.2 million) at the consolidated level. The consolidated net income after minority interests amounted to euro -9.2 million (prior year: euro -5.2 million). The basic earnings per share for the Group

amounted to euro -0.13 (prior year: euro -0.09) and the diluted earnings per share for the Group amounted to euro -0.12 (prior year: euro -0.09).

Due to the negative business results, retained earnings at the Group level decreased to euro 1.5 million (as at December 31, 2014: euro 10.7 million).

With regard to the subsidiaries consolidated in the Group, the major portion of revenues achieved in the first quarter 2015 was in respect of management remuneration and service payments in the amount of euro 1.5 million (prior year: euro 1.2 million), payments for the use of transformer stations in the amount of euro 0.7 million (prior year: euro 0.4 million) and proceeds from the sale of electricity in the electricity generation segment in the amount of euro 4.2 million (prior year: euro 3.4 million). The subgroup of WKN AG was included in the Group of PNE WIND AG in accordance with IFRS with the following values (before consolidation effects).

| WKN subgroup (in Euro million)  | 01.01.–31.03.2015 | 01.01.–31.03.2014 |
|---------------------------------|-------------------|-------------------|
| Revenues                        | 7.9               | 19.3              |
| Total aggregate output          | 11.7              | 22.9              |
| Personnel expenses              | -2.9              | -2.5              |
| Other operating expenses        | -2.4              | -2.0              |
| EBIT                            | -2.9              | -0.9              |
| <b>Employees as at March 31</b> | <b>182 MA</b>     | <b>194 MA</b>     |

The results of the Group and of PNE WIND AG in the first quarter reflect, among other things, the preliminary work for developing the onshore and offshore project pipeline in Germany and abroad, which has not yet led to results. Furthermore, the preliminary work for domestic projects which are at the realisation stage and will be consolidated within the Group and placed into the planned YieldCo have not yet led to any results at the Group level. The Board of Management confirms its forecast of achieving a cumulative EBIT for the 2014 to 2016 fiscal years of euro 110 to 130 million.

## b. Financial situation/liquidity

The figures shown in the text and in the tables were rounded, and small rounding differences are possible.

The statement of cash flow gives information on the liquidity situation and the financial situation of the Group. As at March 31, 2015 the Group companies had available liquidity in the amount of euro 176.6 million including the syndicated working capital lines available to WKN AG (see explanation below) and credit lines for interim project financing, of which an amount of euro 2.5 million is pledged to banks (prior year: euro 202.1 million, of which euro 1.8 million pledged).

The liquidity available is broken down as follows:

- cash and cash equivalents in the amount of euro 69.7 million,
- free syndicated working capital lines in the amount of euro 7.1 million and
- interim project financing available in the amount of euro 99.8 million

Furthermore, PNE WIND AG has available a guarantee credit for guarantee and contract fulfilment obligations in the amount of euro 3 million and WKN AG has such credits in the amount of euro 15 million.

Explanation:

The WKN Group is financed mainly by a syndicated working capital loan amounting to a total of euro 29 million as well as a working capital loan, repayable at maturity, in the amount of euro 6 million as a base financing. The syndicated loans have a term until June 30, 2016.

The syndicated working capital loan includes requirements to meet financial performance indicators, which, if not adhered to, give the lenders the right to terminate the agreement. As at December 31, 2014, WKN AG had not met the financial performance indicators. There is the possibility that the lenders will terminate the entire credit commitment and claim immediate repayment of the entire loan drawn down. The board of management of WKN AG is conducting discussions with the lenders to establish a new contractual basis for the syndicated loan. The WKN board of management's and the banks' aim is to add a supplement to the syndicated loan agreement.

The cash flow from ordinary activities shown in the statement of cash flows in the amount of euro -41.9 million (prior year: euro -19.8 million) was primarily attributable to:

- the negative Group result
- the expenses for the further development of the project pipeline and the implementation of the wind farm projects being realized, which is reflected in the inventories.
- the decrease in trade liabilities due to payments to suppliers for services in connection with the wind farm projects realized in the prior year.

The cash flow from investing activities in the period under report includes payments received and payments made for investments in property, plant and equipment of the Group in the amount of euro -1.9 million (prior year: euro - 1.7 million). The cash flow from investing activities was characterised mainly by the investments in transformer stations for the wind farm projects being realized.

During the period under report, the cash flow from financing activities in the amount of euro 41.3 million (prior year: euro 4.2 million) was influenced primarily by the repayment and disposal of credit liabilities in the amount of euro -2.3 million as well as the taking of bank loans in the amount of euro 43.6 million, mainly for the interim financing of wind farm projects being implemented.

As at March 31, 2015, the share capital of PNE WIND AG amounted to euro 71,974,939.00.

As at March 31, 2015, the Company had liquid funds in the amount of euro 69.7 million (previous year: euro 60.0 million).

PNE WIND AG had cash in the amount of euro 44.1 million, of which euro 2.5 million was pledged to banks as at March 31, 2015 (prior year: euro 45.4 million, of which euro 1.8 million was pledged).

Additional information on the liquidity situation and the financial position of the Group as well as of PNE WIND AG can be found in the corresponding tables in the statement of cash flows following this management report.

**c. Statement of financial position**

| Assets (in EUR million)        | 31.03.2015   | 31.12.2014   |
|--------------------------------|--------------|--------------|
| <b>Total long term assets</b>  | <b>150.1</b> | <b>149.8</b> |
| Intangible assets              | 63.9         | 63.9         |
| Property, plant and equipment  | 73.2         | 73.6         |
| Long-term financial assets     | 2.5          | 2.0          |
| Deferred taxes                 | 10.6         | 10.3         |
| <b>Assets held for sale</b>    | <b>1.1</b>   | <b>1.0</b>   |
| <b>Total short term assets</b> | <b>299.3</b> | <b>266.0</b> |
| Inventories                    | 183.1        | 152.4        |
| Receivables and other assets   | 45.1         | 40.2         |
| Tax receivables                | 1.4          | 1.2          |
| Cash and cash equivalents      | 69.7         | 72.2         |
| <b>Total assets</b>            | <b>450.5</b> | <b>416.8</b> |

On the reporting date, the consolidated total assets of PNE WIND AG amounted to euro 450.5 million. This is an increase of 8.1 percent in comparison with December 31, 2014.

Total long term assets increased from euro 149.8 million at the end of 2014 to euro 150.1 million. As at March 31, 2015, intangible assets totalled euro 63.9 million, representing the same amount recorded on December 31, 2014. The most important element of this item is the goodwill of the wind power projecting segment in the amount of euro 60.2 million (of which projecting of wind power is valued at euro 20.0 million and WKN is valued at euro 40.2 million). In the same period, property, plant and equipment decreased by euro 0.4 million to euro 73.2 million (December 31, 2014: euro 73.6 million). This item primarily includes land and buildings (euro 17.4 million without the land and buildings of "Silbitz"), transformer stations owned or under construction (euro 11.3 million) and the technical equipment and machinery of the "Altenbruch II" wind farm project (euro 25.6 million), the "Passauer Land" solar farm (euro 9.1 million) and the Silbitz timber biomass power plant (euro 5.0 million including land and buildings in the amount of euro 2.9 million).

The item "assets held for sale" includes plant under construction of the "Gode Wind 3" offshore project.

During the period under report, short term assets increased from euro 266.0 million as at December 31, 2014 to euro 299.3 million on March 31, 2015. This change is mainly attributable to the increase in inventories (euro +30.7 million). Of the short term assets, euro 23.1 million is attributable to trade receivables (December 31, 2014: euro 20.1 million).

The work in progress shown in the inventories increased from euro 130.5 million as at December 31, 2014 to euro 141.6 million. The increase in work in progress is attributable mainly to the onshore projects under construction in Germany and the further development of the onshore and offshore project pipelines in Germany and abroad. The "Nemo", "Nautilus" and "Jules Verne" offshore projects (totalling euro 10.0 million) as well as "Atlantis I – III" (totalling euro 29.6 million) are included in the work in progress at a total amount of euro 39.6 million.

As at March 31, 2015, cash and cash equivalents amounted to euro 69.7 million (as at December 31, 2014: euro 72.2 million).

| Liabilities (in EUR million)                              | 31.03.2015   | 31.12.2014   |
|---|--------------|--------------|
| Shareholders' equity                                      | 152.9        | 160.2        |
| Deferred subsidies from public authorities                | 1.0          | 1.0          |
| Provisions  | 13.5         | 13.5         |
| Long term liabilities                                     | 149.2        | 151.0        |
| Short term liabilities                                    | 120.7        | 79.4         |
| Deferred revenues   | 13.2         | 11.7         |
| Liabilities in connection with assets designated for sale | 0.0          | 0.0          |
| <b>Total liabilities and shareholders' equity</b>         | <b>450.5</b> | <b>416.8</b> |

On the liability side, consolidated shareholders equity decreased from euro 160.2 million (December 31, 2014) to euro 152.9 million as at March 31, 2015. This development was due mainly to the negative result of the Group. The equity ratio of the Group was approx. 34 percent as at March 31, 2015 (December 31, 2014: approx. 38 percent) and the debt ratio approx. 66 percent (as at December 31, 2014: about 62 percent).

The long term liabilities decreased from euro 151.0 million at the end of 2014 to euro 149.2 million. This item consists mainly of financial liabilities in the amount of euro 147.0 million (as at December 31, 2014: euro 148.8 million). These liabilities include the corporate bond issued in May and September 2013 in the net amount of euro 96.4 million. The gross proceeds from the bond amounted to euro 100.0 million; in accordance with IFRS the expenses directly connected with the bond in the amount of euro 5.1 million were netted with the liability in respect of the bond in the 2013 fiscal year. These expenses are recognised over the term of the bond in interest expense (since the issue of the bond, interest expense of euro 1.6 million has been recorded, of which euro 0.2 million was recorded during the first quarter 2015). In addition, the long term financial liabilities include the 2014/2019 convertible bond issued in the 2014 fiscal year in an amount of euro 6.2 million. The expenses of euro 0.3 million related to the issue of this bond were offset against the liabilities in the 2014 fiscal year and are recognised in "interest expense" over the term of the bond. In addition, an amount of euro 0.2 million of the convertible bond was recognised in shareholders' equity. Long term liabilities to banks amounted to euro 36.5 million (as at December 31, 2014: euro 38.7 million). The liabilities to banks include mainly:

- the working capital credit line of WKN AG (euro 22.5 million, of which long term euro 0.0 million – see explanation below),
- working capital loans repayable at maturity of WKN AG (euro 6.0 million, of which long term euro 6.0 million),
- the project financing of the "Passauer Land" solar farm (euro 5.6 million, of which long term euro 4.7 million),
- the project financing of the "Altenbruch II" wind farm (euro 21.3 million, of which long term euro 18.0 million),
- the project financing of the timber biomass power plant "Silbitz" (euro 2.4 million, of which long term euro 1.7 million),

- the financing of the buildings of the companies of PNE WIND AG at the corporate headquarters in Cuxhaven and of WKN AG in Husum (euro 4.3 million, of which long term euro 3.6 million).
- the project financing of the “Chransdorf” wind farm (euro 42.3 million, of which long term euro 0.0 million).
- the project financing of the Looft II wind farm (euro 5.1 million, of which long term euro 0.0 million).

Explanation:

In the same period in the prior year, loan liabilities due in the short term from the use of the working capital credit lines of WKN AG in the amount of euro 15.0 million (December 31, 2013), which were essentially drawn down as short term money market loans, were classified as long term in accordance with IAS 1.73, since, in the context of a long term syndicated credit, a claim existed for the refinancing of these liabilities and the Group intended to make use of this possibility. These liabilities were no longer classified as long term loan liabilities from December 31, 2014, since WKN AG had not met the financial performance indicators on December 31, 2014 so that, in principle, the total credit commitment can be terminated and immediate repayment of the loan drawn down of euro 22.5 million (as at March 31, 2015) can be requested. The board of management of WKN AG is conducting discussions with the lenders in order to create a new contractual basis for the syndicated loan. The board of management of WKN and the banks are aiming at adding a supplement to the syndicated loan agreement.

On March 31, 2015, the total number of shares issued by PNE WIND AG amounted to 71,974,939.

PNE WIND AG gave a contractual commitment to the limited partners participating in the operating company of the Silbitz biomass power station to repurchase their limited partnership shares at the beginning of 2017 at a price in the amount of 110 percent of the nominal value. Due to this undertaking other financial liabilities include a discounted purchase price liability in the amount of euro 6.5 million as at March 31, 2015. Furthermore, PNE WIND AG had offered the limited partners of HKW Silbitz GmbH & Co. KG a distribution guarantee until 2016, which is included in the provisions at a discounted amount of euro 0.7 million.

In the first quarter 2015, the short term liabilities increased from euro 79.4 million (December 31, 2014) to euro 120.7 million. Short term financial liabilities, which include short term credit liabilities, increased from euro 38.4 million (December 31, 2014) to euro 80.1 million. This change was mainly attributable to additions of short term project financing for the YieldCo projects being implemented with maturities of less than one year, which are used upon implementation of the project. The trade liabilities decreased from euro 25.1 million (December 31, 2014) to euro 17.5 million.

Taking into consideration the liquid funds, the net indebtedness on March 31, 2015 was euro 157.3 million (December 31, 2014: euro 115.0 million) in accordance with DVFA – German Association for Financial Analysis and Asset Management.

## 8. Transactions with closely related companies and persons

During the period under review, there were no transactions with related persons.

## 9. Sales and marketing

The sale of onshore wind farm projects is based on direct sales to large and individual investors. PNE WIND AG has had positive experience with these direct sales during the past few years and will continue to follow this proven course.

In addition, the Company intends to expand its business model: In future, commissioned wind farms shall be bundled in a new subsidiary, a so-called YieldCo, with the aim of generating additional earnings, both through the management of the YieldCo and by providing commercial and technical operating management services for the wind farms in the portfolio. PNE WIND AG intends to sell this subsidiary in part or completely to investors at a later time.

In addition, it is possible to sell larger project portfolios if investors are interested.

For the realisation of offshore wind farm projects it remains our intention to continue to work with strong partners.

## 10. Development and innovations

During the period under report there were no research and development activities in the Group of PNE WIND AG.

## 11. Major events subsequent to the period under report

No significant events took place since the end of the period under report, which have an effect on the asset, financial and earnings situation.

## 12. Intangible assets/sustainable development

The successful development of wind farm projects onshore and offshore is based primarily on the knowledge and experience of qualified employees of many years standing as well as on cooperation based on confidence with other participating partners. Creativity and individual approaches are frequently required for the solution of the many complex problems during the development phase of a wind farm. The value of a wind farm project, from which the commercial success of PNE WIND AG depends, is created primarily in the planning phase up to the approval. In this respect, we can rely on the competence and experience of our long-time employees, who do not only have excellent expertise in the branch but also maintain very good professional networks.

As a result, it is assured that one can rely on a high degree of professional competence in all phases and areas of the development, realisation and marketing of wind farm projects. Furthermore, we place great importance on the fact that the potential of our employees can be used optimally through an effective

internal organisation and a high degree of self-responsibility. Regular evaluations of the employees and their tasks enable us to constantly adjust in a performance-related manner specially tailored requirement profiles to the corresponding tasks. In this way high standards can be achieved and maintained in the most varied areas of tasks. Our expertise in the market is strengthened further through the qualifications of our employees and the constant optimisation of our processes.

From practice, we have implemented many years of experience in project development into processes, which have enabled us to conclude successfully in a specific and intensive manner all phases of projecting from the acquisition of the site up to the turnkey construction.

We value the importance of experienced partners within the context of international expansion. Our policy is to only enter new markets if we can do this jointly with local partners who have good local networks. In this respect, the principle also applies to professionally qualified cooperation based on trust with the project partners and other participants.

It is also important to maintain the network of partners and supporters of our business model, which we have built up over many years. Since wind farm projecting is based on regulatory conditions, these are closely linked with the activities of the industry associations and are used to maintain constant dialogue.

With continuous training and qualification of young people, we are assuring training places and are assuming social responsibilities. As a general rule, the young employees remain with the Company after training.

In order to give proof of the focus on the core business of wind farm projecting and the competence connected with it, the corporate name "PNE WIND" will be developed increasingly into a brand by means of continuous marketing. Our objective is to document nationally and internationally our "passion for energy" even more intensively to the outside world and thus to increase the value of the brand.

We are making a substantial contribution to the reduction of damaging climatic gases with the wind farms projected and operated by us and, thus, to the protection of humanity, the environment and nature. The "Altenbruch II" wind farm alone reduces the annual emission of approximately 38,000 tons of carbon dioxide, 197 tons of sulphur dioxide and 49 tons of nitric oxide. However, the generation of electricity from wind power not only makes positive contributions to the environment but also contributes to saving the limited reserves of fossil fuels, since these are far too valuable just to be burned. From an economic point of view, there is a positive effect in that the generation of electricity is decentralised and thus the import of expensive fuels is reduced and avoided. Value is added where electricity is generated from wind power. As a result the wind farms projected and operated by ourselves are assuring generation of electricity in the future in an ecologically meaningful and economically correct manner.

## 13. Report of opportunities and risks

### General factors

As a result of its business activities, the Group and the individual consolidated companies are exposed to risks which are inseparable from its entrepreneurial activities. Through our internal risk management system, we are minimizing the risks associated with our business activity and invest only if a corresponding added value can be created for the Company while maintaining a manageable risk. Risk management is a continuous process. An evaluation of the risks is made based on the analysis of the core processes. A risk report is submitted regularly to the Board of Management and to the Supervisory Board. Unless otherwise indicated below, the assessment of the risks has not changed compared to December 31, 2014.

### Risks from operating activities

A major risk is the approval risk of projects. In the event of time delays with regard to permits, this can lead to postponements in the flow of liquidity, higher prepayment requirements as well as the loss of the planned recuperation of the funds. Furthermore, projects in such cases can become uneconomical, which can lead to the write-off of work in progress which has already been capitalised. Apart from the inventories, this risk can also have an effect on the value of the receivables. Should the offshore projects not be realised, it may result in fixed assets of up to euro 39.6 million being written off. The operating opportunities in the projecting of onshore and offshore wind farms can, however, only be realised if such entrepreneurial risks are taken.

Time delays can also occur in the implementation of the projects due to the uncertain date of the issuing of approvals and the commitments for network connections, possible complaints in respect of permits already granted, the availability at the right time of wind power turbines or the availability at the right time of other necessary preconditions and components for the construction of a wind farm. Through comprehensive project controlling, we attempt to take these complex requirements into consideration at the right time.

The number of suitable sites in Germany for the construction of wind power turbines is limited. This can result in the future in an increase in the competition for these sites and thus also the acquisition costs for such sites, such as, for example, compensation for use of sites which would reduce the targeted profit contribution.

Within the context of project realisation, the Company must rely on its ability to cover its capital requirements resulting from the liabilities arising in the future or which may become due in the future. Furthermore, additional capital requirements might arise if and insofar PNE WIND AG should be required to honour guarantees which it has granted or to honour other comparable commitments or should any other of the risks described in this paragraph occur.

A risk to the future development is possible in the areas of financing and the sale of wind farm projects, as is the case with all companies which project wind farms. In order to meet this risk PNE WIND AG has already selected the sales target of "individual and large investors" for several years. Negative effects from rising rates of interest on the project marketing, cannot, however, be excluded, since rising interest rates lead to higher project costs. In addition, rising capital market interest rates can simultaneously

lead to declining sales prices, since the requirements of the individual and large investors for a return on the project may increase in this case.

The financing available to WKN AG is subject in part to variable interest rates, which are mainly linked to the 3 month EURIBOR or the EONIA. Apart from a small partial amount, WKN AG has not hedged against rising interest rates.

Risks in respect of project realisation could result from a financial crisis and the reluctance resulting there from on the part of the banks with regard to project financing. However, previous practice has shown that infrastructure funds, insurance companies and pension funds are highly interested in an investment in offshore wind farms.

Financing risks also exist for our partner companies (DONG Energy as well as Ventizz/Hochtief) with regard to offshore wind farm projects. Depending on the progress of the project, payments will still be due to PNE WIND AG for the "Borkum Riffgrund II", "Nautilus II" as well as "Gode Wind" 3 and 4 projects. The purchasers of the project shares have not yet taken a decision to construct the projects. Therefore, it cannot be assumed with certainty that the projects will be realised. A failure of these projects would have no major effects on the short or medium term asset, financial and earnings situation of PNE WIND AG, even if the planned payments were not to be received, since these represent either an amount of only a few millions or are expected beyond the short to medium term planning period.

Liquidity risks for the financing of the operating business during the course of the year exist in particular if the closing of project sales in the context of direct sales to external investors are delayed. A risk may also occur if the planned YieldCo is not able to take over any projects as is planned or if the shares in the YieldCo cannot be sold wholly or partially. Although these liquidity risks are regarded as low, they would have effects on the future asset, financial and earnings situation of PNE WIND AG and the Group.

Refinancing risks may occur in view of the many years required for project development, when the KfW loan to WKN AG expires in June 2016.

Refinancing risks may arise when the syndicated working capital loan agreement of WKN AG expires in June 2016 or if the syndicated working capital loan can be terminated early by the lenders, because financial performance indicators defined in the agreement are not met. As at December 31, 2014, WKN AG had not met all financial performance indicators so that there is generally the possibility of terminating the entire credit commitment and of claiming immediate repayment of the entire loan drawn down. By the start of May 2015, the lenders have not exercised their right of termination. The board of management of WKN AG is conducting discussions with the lenders in order to create a new contractual basis for the syndicated loan. The board of management of WKN and the banks are aiming at adding a supplement to the syndicated loan agreement.

In respect of wind farms which the PNE WIND Group intends to operate on its own initially, reduced support pursuant to the EEG will lead to lower earnings from the operation of the wind farm for PNE WIND. In addition, the EEG provides for certain reduction criteria, which, when fulfilled, may result in the amount of support being reduced to zero. In the worst case, any delays in the completion of a wind farm or the occurrence of specific events may result in a wind farm being unprofitable and unsellable. This might

have significant negative effects on business activity as well as the asset, financial and earnings situation of the PNE WIND Group.

Risks could arise for the planned implementation periods for the “Nemo”, “Jules Verne” and “Nautilus” as well as the “Atlantis I – III” offshore wind farm projects due to time delays in the planning and construction of the network connections. The announcement by the German Federal Maritime and Hydrographics Agency (BSH) to suspend continuation of approval procedures in the areas, where the “Nemo”, “Jules Verne”, “Nautilus” and the “Atlantis” II and III projects are located for the time being can lead to delays or complete failure of these projects. A delay or a non-consideration of the projects with regard to the network connections would - as failure of the projects - have severe short-term effects on the earnings and assets situation as well as additional long-term effects on the future financial situation of PNE WIND AG.

For all the offshore wind farms projected by PNE WIND AG in the offshore wind power segment, it is of great importance to find a strong capital investor, since the realisation of an offshore wind farm requires very high investment costs.

A supplier risk exists in the wind power turbine sector due to the growing worldwide demand in relation to the available capacities. In spite of the swift expansion of capacities at the manufacturers of wind power turbines, delivery bottlenecks cannot be excluded in the event of further increases in international demand. Such delivery bottlenecks could lead to delays in the realisation of wind power projects. The Company therefore places great importance on the conclusion at the earliest possible moment of delivery contracts with reputable manufacturers of wind power turbines as well as with other suppliers (e.g. foundations) and the agreement for delivery on schedule.

Medium or long term currency risks could arise in respect of projects in the international sector. In the operating field, foreign currency risks result primarily from the fact that planned transactions are undertaken in a currency other than the euro. With regard to investments, foreign currency risks may arise mainly from the acquisition or divestment of foreign companies. It is planned to undertake the hedging of key foreign exchange transactions with third parties outside the Group through currency hedging transactions.

There are joint venture companies within the PNE WIND Group, which may represent risks, since they have already started or will start activities abroad in the future. There is the risk that cooperation with partners of existing joint ventures fails, for example, if a joint venture partner withdraws so that the relationships and skills of the joint venture partner regarding the relevant foreign market can no longer be leveraged or that foreign wind farm projects already commenced will come to a halt or will fail. Legal disputes might also arise with the joint venture partner – in particular if the projects managed by the joint venture company cannot be realised as scheduled. This may result in a depreciation of the carrying amount of the inventories of the respective joint venture company in PNE WIND Group’s balance sheet. All of this may significantly complicate the activity of the company in the relevant foreign market and, in the worst case, lead to a complete failure of the activity in this country. This in turn may have an effect on the future results of the PNE WIND Group.

The PNE WIND Group plans and develops projects abroad and their respective configurations and projected earnings form part of the Group's planning. Should investors demand fundamental changes (e.g. a change in the number of wind power turbines or in the wind power turbine model) as a condition for their purchase of the project and no other suitable investors are available to the PNE WIND Group, this could lead to adjustments in the value of the project and thereby to adjustments of inventories in the PNE Group's key indicators, which in turn could culminate in unplanned negative results.

With regard to the risk of long term loan obligations and the related interest payments, hedging transactions (SWAPs) are concluded in individual cases, which could lead to an additional strain on the Company's liquidity in case of a negative interest rate trend.

From the issue of the 2013/2018 bond and the covenants concerning the equity ratio included in the bond conditions, increased interest payments could arise or there could be a termination right on the part of the bond holders prior to the scheduled maturity in the event of a breach of the covenant. Increased interest payments on the bond would have no significant effects on the future asset, financial and earnings situation of PNE WIND AG. A termination of the bond by the bond holders prior to the scheduled maturity would have substantial effects on the future short and medium term asset, financial and earnings situation of PNE WIND AG. The credit rating of PNE WIND AG was last renewed in April 2015. A project developer could be exposed to negative changes of the rating due to the long-term project development periods if unforeseen changes in the environment occur. This might have a negative impact on the refinancing costs of the Company in the future.

In case of a change of control, bond holders have the right to early repayment in accordance with the terms and conditions of the PNE WIND AG corporate bond 2013/2018. A change of control is deemed to occur when the Issuer becomes aware that a person or a group of persons is acting in concert, in accordance with § 2 para. 5 of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz "WpÜG") and has become the legal or beneficial owner of more than 30% of the company's voting rights. This would have a significant impact on the asset, financial and earnings situation of the PNE WIND AG.

#### **Risks from the majority shareholding in WKN AG**

The purchase price paid by PNE WIND for the acquisition of the total participation in WKN AG may prove to have been too high and could result in a high outflow of funds as well as downward pressure on results due to write-offs.

The assumptions made by PNE WIND AG regarding the facts and the business development of WKN AG may prove to have been too optimistic and/or PNE WIND AG could have estimated risks in connection with the business activity of the WKN Group wrongly or too optimistically. A detailed examination and project analysis performed by independent auditors revealed inconsistencies in the evaluation of projects of WKN on the date of takeover by PNE WIND. These were detected only after the acquisition and PNE WIND AG is making claims against Volker Friedrichsen Beteiligungs-GmbH, the former main shareholder of WKN AG and current shareholder of PNE WIND AG.

If repayment claims are enforced, this would lead to a reduction in the level of investment made and result in a purchase price reduction.

WKN AG is an independent company within the PNE WIND Group, and PNE WIND AG does not have any direct influence over WKN. For this reason, as well as due to the fact that WKN AG has third party shareholders, there could be difficulties with the implementation of the strategy to acquire the total participation in WKN AG and realising positive synergy effects could prove to be difficult.

The WKN Group could, in the future, be unable to cover its financing requirements, in particular in the event of the maturity of larger third party liabilities. This could lead to increased expenses or non-contractual, voluntary support payments on the part of PNE WIND AG. The risk assessment has changed compared to the previous year due to a breach of the covenants described below.

From the drawing down of the syndicated loan in the amount of euro 29 million and also from the covenant included in the loan contract regarding the maintenance of an equity ratio, an interest cover ratio or a gearing factor, there is the risk of increased interest rates in the event of a breach of the covenant or the right of the banks to terminate the syndicated loan prior to scheduled maturity (June 30, 2016). Apart from the working capital base financing of euro 6 million, which is based on the covenants of the syndicated loan agreement, WKN AG's guarantee credit facility totalling euro 15 million is also to be seen in this context. Increased interest payments for the drawing down of the loan would have no significant effects on the future asset, financial and earnings situation of the PNE WIND Group. A termination of the syndicated loan by the banks prior to the scheduled maturity date could have substantial effects on the future short and medium term asset, financial and earnings situation of WKN AG and thus also on PNE WIND AG, depending on the relative amount of the syndicated loan taken down. As at December 31, 2014, WKN AG had not met the financial performance indicators so that there is generally the possibility of terminating the entire credit commitment and of claiming immediate repayment of the entire loan drawn down. The board of management of WKN AG is currently in discussions with the lenders in order to create a new basis for the syndicated loan. The board of management of WKN and the banks are aiming at signing a supplement to the syndicated loan agreement.

Apart from the projecting of wind power turbines, the WKN Group is also to a small extent active in the area of the projecting of photovoltaic equipment. This results in PNE WIND AG being subject to various risks in connection with the development and projecting of photovoltaic farms.

There are risks for the WKN Group in connection with the operation of the Passauer Land photovoltaic farm, such as too high earnings expectations, too low estimates of the operating costs and thus also a possible additional requirement for liquidity.

#### **Political risks/market risks**

Incalculable risks can also affect the market from outside. These include in particular a sudden change in the general legal conditions in Germany or in the foreign markets. The Board of Management of PNE WIND AG is of the opinion that wind farms can be economically developed and operated according to the current remuneration and legal framework. The risks related to any tendering procedures for onshore and offshore wind farms cannot yet be assessed at present, since, to date, there is no concrete information about the structure of the wind energy tenders provided in the law.

Political and market risks abroad, such as in the USA and in Romania could affect the planned project implementations during the next few years. PNE WIND AG and its subsidiaries are intensively observing

the current developments abroad in order to recognise, as early as possible, changes in the market situation or the political landscape and to introduce any measures at the right time. In the event of sudden changes in the remuneration systems and retrospective intervention by the legislator, risks for the PNE WIND Group may arise due to the project development cycles of several years.

### **Legal risks**

All recognisable risks are reviewed constantly and are taken into consideration in this report as well as in the corporate planning. The Board of Management considers the risks to be fairly clear and thus assumes that they will have no material negative influence on the development of the Company. These include also risks from cases not yet legally concluded.

The Financial Reporting Enforcement Panel (FREP) informed the Company in August 2014 that it will examine the consolidated financial statements, the separate financial statements and the combined management and group management report for fiscal 2013 by way of random sampling. The Company declared its readiness to cooperate in the examination and to forward any documents and information requested as well as to respond to questions in connection with random sampling. It cannot be ruled out that the FREP identifies any errors in the context of the random sampling, which may have an impact on the financial figures of PNE WIND AG. This might have significant negative effects on the asset, financial and earnings situation of the PNE WIND Group.

### **Tax risks**

PNE WIND AG and its subsidiaries as well as Group companies are currently active in 14 countries in the world and are thus subject to many different tax laws and regulations. Changes in these areas could lead to higher tax expenses and to higher tax payments. Furthermore, changes in the tax laws and regulations could also have an influence on tax receivables and tax liabilities as well as on deferred tax assets and deferred tax liabilities. The PNE WIND Group is operating in countries with complex tax regulations, which could be interpreted in different ways. Future interpretations and developments of tax laws and regulations could have an influence on tax liabilities, profitability and business operations. In order to minimise these risks, we are working continuously throughout the Group with specific tax consultants from the relative countries and are analysing the current tax situation.

Since April 2015, an external audit of corporation, trade and value added tax of the major domestic companies of the PNE WIND AG Group, excluding WKN AG and its subsidiaries, has been covering the tax period from January 1, 2011 up to and including December 31, 2013. The last external audit considered the tax periods from January 1, 2006 up to and including December 31, 2010 for the major domestic subsidiaries of the PNE WIND Group and that of WKN AG and its subsidiaries for the period up to December 31, 2006. In the case of external audits there is the risk that the results of the external audit can have effects on the asset, financial and earnings situation of the Company in the future annual and consolidated accounts.

## **Opportunities**

As a developer of onshore and offshore wind farms, the PNE WIND Group is active in an attractive international growth market. Independent studies assume high rates of growth for wind power during the next few years due to the finite availability of fossil fuels, the pressure to reduce dangerous climate emissions as well as the requirement for secure sources of energy. From their many years of activity in the market, the companies of the PNE WIND Group may have available the prerequisites and experience needed to benefit over the long term from this development.

PNE WIND AG is continuing its ongoing further development of the business model by establishing a so-called YieldCo. The Company's completed and commissioned onshore wind farms in Germany with a total output of up to 150 MW will be bundled in this subsidiary, before being sold wholly or partly to investors, if possible, by the end of 2016.

The Company intends to benefit in multiple ways from this strategy, which has proven to be successful in the USA and the United Kingdom: We anticipate that a portfolio of already commissioned wind farms can be sold under better conditions than the sale of individual projects. The reason is that YieldCo investors, mainly major infrastructure and sustainability funds, generally have lower yield expectations than purchasers of wind farms which are not yet commissioned. This is also due to the fact that, when selling a portfolio, purchasers acknowledge that they do not face any construction risks and that they can invest in various sites, which means diversification. Furthermore, PNE WIND AG plans on generating additional revenue through the management of the YieldCo and by providing, insofar as possible, long-term commercial and technical operating management services for the wind farms. Finally, PNE WIND may also benefit from the fact that the YieldCo – also after its sale – will provide an additional sales channel for other wind farm projects.

The activities abroad offer special opportunities for the Company. The PNE WIND Group has already expanded its business activity into attractive growth markets and the expansion is taking place primarily in countries with generally stable political conditions with reliable feed-in and promotion regulations and with comparably high market potential. In order to sufficiently take into consideration the corresponding local conditions, the market introduction mostly takes place in cooperation with a local partner, whereby the companies of the PNE WIND Group secure their necessary management and controlling rights by means of a significant participation and, in turn, finance almost completely the project development work. This type of internationalisation has proved itself to be a cost-efficient and promising strategy. Joint ventures were therefore established in accordance with this model in several countries. In the future PNE WIND AG will also pursue this policy for selective foreign expansion and take advantage decisively of existing market opportunities. Continuous observation takes place regarding other wind power markets as well as a careful analysis of corresponding market introduction opportunities.

In addition to the perspectives of internationalisation, the established German market continues to offer a range of opportunities. Apart from the proposed annual expansion corridor of 2,400–2,600 MW in the coming years, an increase in the replacement rate of obsolete wind turbines with more modern and efficient equipment (so-called repowering) is expected. The German Wind Energy Association (BWE) estimates an annual volume of around 1,000 MW. Generally speaking, wind farms which are suitable for repowering are located in areas prioritised for wind power, which eases planning and acceptance.

In addition, there is the planned expansion of German offshore wind power, which is already gaining momentum. The ambitious climate objectives of the Federal Government and the necessity for increasing the security of supply require the accelerated expansion of offshore wind farms. In this respect PNE WIND AG is distinguished by the fact that it has already carried out five offshore wind farm projects through the whole process up to approval by the Federal Office for Shipping and Hydrographics, of which three have unconditional grid connection guarantees from TenneT and are currently under construction. Six further own offshore projects as well as two additional projects, where PNE WIND AG is active as a service provider, are currently being developed in order to obtain the permits swiftly.

Finally, the growth of the wind power sector in Germany offers increased opportunities in the area of the provision of services. PNE WIND AG considers itself to be a reliable partner of the operators of wind farms and often looks after these following the transfer with regard to technical and commercial operating management. With the expansion of wind power projecting there is thus the possibility of an increase in the after-sales business, whereby this could lead to correspondingly favourable effects with respect to the sales and earnings situation of the Company. The Group repositioned itself in the Operations and Management service area with the merger of PNE WIND AG and WKN AG activities into energy consult GmbH. The new company serves 700 wind turbines with more than 1,200 MW of rated power as well as photovoltaic systems. With its headquarters in Cuxhaven and offices in Husum, energy consult GmbH offers technical management services in the German and international markets.

Overall, the scope and potential of risks have not changed significantly versus the previous year in the opinion of the Board of Management. However, the future outlook for the Company's developments has improved through the establishment of a YieldCo from the Board of Management's perspective. A positive development of the Company can thus be expected in the coming fiscal years according to the estimates of the Board of Management.

## 14. Controlling system

The control of the PNE WIND Group is based on regular discussions between the Board of Management and the corporate units; meetings of the Board of Management take place regularly. The internal controlling system covers all areas of the Company. As a result, short reaction times to changes in all areas and at all decision levels of the PNE WIND Group can be guaranteed. Any changes with a significant effect on the results are reported immediately to the Board of Management.

The starting point for the controlling of the overall Group and the corporate units is the targets set by the Board of Management, which are derived from the vision, mission and the overall strategy of the PNE WIND Group. A key instrument for the implementation of the targets and objectives is the totality of the internal regulations of the PNE WIND Group.

The corporate units report monthly on the current developments and deviations from the targets. Moreover, early operating indicators are continuously analysed.

A regular exchange takes place between the Board of Management and the business divisions, in which an overview is given of the corresponding market situation. Furthermore, during the course of the year, major topics are also discussed such as the determination of the strategy and its systematic implementation within the context of the annual and medium term planning as well as the target agreements and their achievement.

The controlling of the activities of our operating units takes place on the basis of the stated controlling key data; in this respect the EBIT result is given high importance, since this is in our opinion the appropriate data for the judgement of the earnings power of the PNE WIND Group. In addition, the onshore and offshore projecting volume in Germany and abroad is used as a non-financial controlling figure. On the basis of the controlling EBIT data and project development volumes, a comparison is made in the PNE WIND Group between the annual and the forecasted development of the business.

## 15. Description of the key characteristics of ICS/RMS of the parent company and the total Group

### **Internal control system (ICS)**

The goal of the methods and measures set up by us is to secure the assets of the Company and to increase the operating efficiency. The reliability of the accounting and reporting systems as well as the compliance with the internal guidelines and legal regulations should be guaranteed by the internal control system (ICS) in place.

Within the context of the implementation of the ICS, we have subjected the individual functional departments of the Company and of the Group to a detailed analysis and evaluated accordingly the probability and the possibility of the occurrence of any damage.

We have organised the structure of the individual units based on the knowledge gained and on the evaluations made. Moreover, we have adapted the work processes to the findings obtained. For example, we pay attention to a consistent separation of incompatible activities and in addition we have introduced appropriate control ranges. Furthermore, we place a high value on the non-overlapping of responsibilities, with the stipulation that tasks, competence and responsibility are combined. Simultaneously, we have integrated controls into the work processes.

The above-mentioned key characteristics of the ICS are applied in all functional areas of the parent company and the total Group. The implementation of the organisational structural and process controls in the area of the internal control system ensures the integrity of the data in the accounting process which are included in the financial reports.

Apart from the controls implemented in the system, the individual functional departments are also monitored by managers.

**Key characteristics of the accounting related internal control and risk management system**

The objective of the internal control and risk management system with regard to the (Group) accounting process is to assure that the accounting is carried out in a standard manner and in compliance with the legal regulations, the principles of orderly accounting as well as in accordance with the International Financial Reporting Standards (IFRS) and Group internal guidelines, so that the recipients of the consolidated and individual financial statements have at their disposal pertinent and reliable information. PNE has set up an accounting related internal control and risk management system for this, which comprises all relevant guidelines, processes and measures.

The internal control system consists of the control and audit departments.

The Board of Management and the Supervisory Board (in this respect in particular the Audit Committee) are an integral part of the internal monitoring system with audit measures independent of the process.

The Group accounting department serves as the central contact point for special technical questions and complex reporting matters. If necessary, external experts (auditors, qualified actuaries, etc.) will be consulted.

Moreover, the accounting related controls are carried out by the Group controlling department. All items and key accounts of the statement of comprehensive income and the statement of financial position of the consolidated accounts and the companies included in the scope of consolidation are monitored at regular intervals with regard to their correctness and plausibility. The controls are carried out either monthly or on a quarterly basis, depending on how the accounting related data are drawn up by the accounting department.

The accounting related risk management system is an integral part of the risk management of the Group. The risks relevant for the correctness of the accounting related data are monitored by the person responsible for risks for the risk area of finance and are identified, documented and assessed quarterly by the risk management committee. Suitable measures have been set up by the risk management of the Group for the monitoring and risk optimisation of accounting related risks.

**Risk management (RMS)**

The risk policy of the Group and of the Company forms part of the corporate strategy and is aimed at securing the substance of the Group as well as the Company and simultaneously at increasing their value systematically and continuously.

The risk strategy is based on a valuation of the risks as well as the opportunities related thereto. In the areas of key competence of the Group and of the Company we focus on appropriate, visible and controllable risks if they simultaneously lead to an appropriate income or are unavoidable. In certain cases we transfer risks in supporting processes to other risk areas. Other risks, which have no connection with key and/or support processes, are on the other hand avoided insofar as this may be possible.

The Group has formulated the general conditions for a qualified and future orientated risk management in the "Risk Management Handbook". This handbook regulates the specific processes in risk management. It aims for the systematic identification, evaluation, control and documentation of risks. In this respect

and taking into consideration clearly defined categories, it identifies the risks of the divisions, the operating units, the important associated companies as well as the central departments and evaluates them with regard to the likelihood of their occurring and the possible level of damage. The reporting is controlled by value limits defined by the management.

The individual risks are classified as part of internal risk reporting within the Group on the basis of the likelihood and potential impact.

*The key classification of probability*

| Probability   | Description |
|---------------|-------------|
| 0 % to 5 %    | Very low    |
| 6 % to 20 %   | Low         |
| 21 % to 50 %  | Middle      |
| 51 % to 100 % | High        |

*Classification according to the degree of influence*

| Expected impact in TEUR    | Degree of impact |
|----------------------------|------------------|
| TEUR 0 to TEUR 250         | Low              |
| >TEUR 250 to TEUR 1,000    | Moderate         |
| >TEUR 1,000 to TEUR 2,000  | Considerable     |
| >TEUR 2,000 to TEUR 40,000 | Very high        |

The risk classification of High, Middle and Low results from the combination of the expected probability and the degree of influence.

| Impact             |          |        |        |        |
|--------------------|----------|--------|--------|--------|
| Very high          | Middle   | High   | High   | High   |
| Considerable       | Middle   | Middle | High   | High   |
| Moderate           | Low      | Middle | Middle | High   |
| Low                | Low      | Low    | Middle | Middle |
| <b>Probability</b> | Very low | Low    | Middle | High   |

It is the task of the persons responsible to develop and possibly to initiate measures for the avoidance, reduction and securing of risks. The key risks as well as the counter-measures introduced are monitored at regular intervals. The central risk management reports regularly on the identified risks to the Board of Management and the Supervisory Board. In addition to the regular reporting there is also an obligation for spontaneous internal Group reporting for risks which arise unexpectedly. The risk management enables the Board of Management to recognise risks at an early stage and to introduce counter-measures.

The key characteristics of the risk management system described above are applied throughout the Group. With regard to the processes in the consolidated accounting this means that the identified risks are

examined and evaluated in the corresponding financial reports especially with regard to their possible effects on the reporting. Through this, important information is generated at an early stage about potentially possible fair value changes of assets and liabilities, pending losses of value are identified and important information is gained for the assessment of the necessity for the setting up/release of provisions.

The appropriateness and the efficiency of the risk management as well as the control systems pertaining thereto are controlled and amended accordingly at the level of the Board of Management at regular intervals. Due to the particular importance of exemplary action in all business areas, executive employees are trained specifically with regard to questions of compliance.

Finally it should be noted that neither the ICS nor the RMS can give absolute security with regard to the achievement of the corresponding objectives. Like all discretionary decisions, also those for the development of appropriate systems can in principle be wrong. Controls can be ineffectual as a result of simple mistakes or errors in individual cases, or changes of environmental variables can be recognised at a late stage in spite of corresponding monitoring.

In particular the following individual risks are currently being monitored intensively within the context of the risk management process:

- Possible claims from the financing and prospectus liability of older wind farm projects for which the maturities have not yet expired.
- Possible technical risks may arise from our own operation of wind farms and which could negatively influence the results.
- Possible risks which could arise from changes in laws and regulations for our operating business in wind farm projecting.
- Possible risks which may arise from the lack of electricity transmission capacities in foreign markets, e.g. in Romania.
- Particular importance is given to the compliance with the regulations of the German Corporate Governance Code in its relevant valid version. Risks could also arise, however, from non-compliance with the regulations and the internal guidelines by individuals. Possible risks relating to the "Law on the Appropriateness of Remuneration of the Board of Management (VorstAG)" are regularly monitored in this connection.

## 16. Management declaration (Section 289a of the German Commercial Code (HGB))

The management declaration is published on our internet page [www.pnewind.com](http://www.pnewind.com) in the section "Investor Relations" under Corporate Governance and can be downloaded from there.

## 17. Outlook/Forecast

The PNE WIND Group is an internationally operating wind power pioneer from Germany and one of the most experienced developers of onshore and offshore wind farms. The enterprise combines economic success with ecological responsibility and offers services covering the entire value added chain, ranging from the development, planning, realisation, financing, operation, marketing and repowering of onshore and offshore wind farms in Germany and abroad from a single source.

The project development and realisation of wind farms are and will remain the core business of the companies in the PNE WIND Group.

The expansion of renewable energies is a topic which is being discussed throughout the world. The PNE WIND Group is active in a market that is growing by about 15 percent per annum throughout the world. The Company is in an optimum position at the international level to benefit from the huge growth potential of the wind power market. More and more countries are stressing the urgent need to change the energy mix in favour of renewable energies and are creating framework conditions to allow the expansion to take place on both ecologically and economically sensible terms. Wind energy benefits from this trend, since it contributes to securing future power generation in a highly effective and economical way owing to the technical developments.

Europe remains one of our core markets and we welcome the new European policy framework for climate and energy for the period between 2020 and 2030. These EU stipulations regarding targeted expansion of renewable energies will lead to continuous investment and an increase of their share in electricity generation. In 2014 as well, the German Federal Government, Bundestag and Bundesrat defined in the amended Renewable Energy Sources Act (EEG) that renewable energies should represent 55 to 60 percent of total electricity production by 2035 and at least 80 percent by 2050. This will require a more or less doubling of the presently installed capacity by 2035 and a continued expansion thereafter. Onshore and offshore wind power farms are the supporting pillars of the expansion needed to achieve these targets.

Since 2014, PNE WIND AG made significant steps to expand its business model. One of them is the formation of YieldCo companies, where completed, internally developed wind farms are bundled. Apart from increasing the earnings potential and strengthening the Group's competitive position, the main objectives of the YieldCo business are the establishment of a new subsidiary (YieldCo), which offers stable and attractive dividends to its investors. The YieldCo represents a typical win-win situation offering large potential both for PNE WIND and for the investors of the YieldCo. The Company's commissioned onshore wind farms, mainly in Germany, with a total output of up to 150 MW will be bundled in this subsidiary, before it is sold wholly or partly to investors, if possible, by the end of 2016.

Due to the initiation of the YieldCo model, the sale of wind farms to external third parties - and accordingly the revenue and earnings out of these projects - will be postponed. We believe that the positive benefits which will be achieved will more than compensate for this postponement.

The internationalisation of our activities opens up additional growth opportunities and also means that we can spread risks more effectively. Geographic diversification gives the PNE WIND Group access to the global wind energy market as well as the opportunity to minimise risks related to individual markets. While our list of references already shows successfully realised projects in the Group with more than 2,000 MW of nominal

output, our expansive onshore and offshore project pipeline, national and international, which is in various phases of project development, is the basis for our future growth.

Our passion for renewable energies and technology as well as our aim to combine economic success with ecological responsibility is what characterises the employees of the PNE WIND Group – from our trainees to the Board of Management. The PNE WIND Group is in a very good position on this basis and we are very confident of being able to exploit the opportunities in the growing “wind” market in the future.

During the first quarter 2015, wind farms with about 95 MW were under construction.

In the United Kingdom, PNE WIND AG has been looking for a financially strong partner with whom it intends to quickly realise the projects which are currently in the development stage. In the context of its search and discussions it has turned out that the market is interested both in participating in projects and in acquiring shares in PNE WIND UK Ltd. The offers of financial partners/investors are now being analysed and further talks on the sale of shares in PNE WIND UK Ltd. or participation in projects will be held.

Our forecast of a cumulative EBIT of euro 60 to 72 million for the financial years 2011 to 2013 was met with a cumulative EBIT of euro 64.0 million. The forecasts and other statements concerning the expected development of the Group for the fiscal years 2014 to 2016 have not changed. PNE WIND AG expects to realise continued positive EBIT results from its operational business in the three fiscal years from 2014 to 2016. Together with our domestic and foreign investment results, this will constitute the major part of our cumulative Group EBIT. At the Group level, we expect a cumulative EBIT of euro 110 to 130 million for the 2014 to 2016 fiscal years and see the prospect of increasing this forecast upon implementation of the YieldCo concept.

We have the medium and long term perspectives of PNE WIND AG at heart and to avert damage to the company, please support the proposal of the administration – especially the proposals to remove the three Supervisory board members Mr. Volker Friedrichsen, Mr. Peter Baron von Le Fort and Ms. Astrid Zielke from the board.

Cuxhaven, May 8, 2015

PNE WIND AG, Board of Management

# Consolidated statement of comprehensive income (IFRS)

## of PNE WIND AG, Cuxhaven, as at March 31, 2015

| All figures in TEUR (differences due to rounding possible)  |   | I. Quarter<br>01.01.2015–<br>31.03.2015 | I. Quarter<br>01.01.2014–<br>31.03.2014 |
|---|---|---|---|
| 1.  | Revenues  | 15,192                                  | 32,939                                  |
| 2.  | Changes in inventories of finished goods and work in process                        | 7,695                                   | 10,109                                  |
| 3.  | Other capitalised contributions   | 0                                       | 0                                       |
| 4.  | Other operating income  | 732                                     | 614                                     |
| <b>5.</b>   | <b>Total aggregate output</b>   | <b>23,619</b>                           | <b>43,662</b>                           |
| 6.  | Cost of materials / cost of purchased services                                      | -15,262                                 | -30,551                                 |
| 7.  | Personnel expenses  | -7,067                                  | -7,156                                  |
| 8.  | Amortisation of intangible assets and depreciation of property, plant and equipment | -1,889                                  | -1,855                                  |
| 9.  | Other operating expenses  | -5,393                                  | -4,921                                  |
| <b>10.</b>  | <b>Operating profit</b>   | <b>-5,992</b>                           | <b>-821</b>                             |
| 11.   | Income from participations  | 6                                       | 17                                      |
| 12.   | Other interest and similar income   | 203                                     | 437                                     |
| 13.   | Expenses from assumption of losses  | -3,141                                  | -3,840                                  |
| 14.   | Interest and similar expenses   | -5                                      | -5                                      |
| <b>15.</b>  | <b>Result from ordinary activities</b>  | <b>-8,929</b>                           | <b>-4,212</b>                           |
| 16.   | Taxes on income   | 158                                     | -1,276                                  |
| 17.   | Other taxes   | -25                                     | -54                                     |
| <b>18.</b>  | <b>Profit / loss before minority interests</b>                                      | <b>-8,796</b>                           | <b>-5,542</b>                           |
| 19.   | Non-controlling interests   | 387                                     | -362                                    |
| <b>20.</b>  | <b>Consolidated profit / loss</b>   | <b>-9,183</b>                           | <b>-5,180</b>                           |
| <b>Other income / items that may be reclassified in the future in the profit and loss account</b> |   |   |   |
| 21.   | Foreign currency translation differences  | 1,536                                   | 91                                      |
| 22.   | Others  | 0                                       | 0                                       |
| <b>23.</b>  | <b>Other comprehensive income for the period (net of tax)</b>                       | <b>1,536</b>                            | <b>91</b>                               |
| <b>24.</b>  | <b>Total comprehensive income for the period</b>                                    | <b>-7,260</b>                           | <b>-5,451</b>                           |
| <b>Consolidated profit / loss for the period attributable to:</b>                                 |   |   |   |
|   | Owners of the parent company  | -9,183                                  | -5,180                                  |
|   | Non-controlling interests   | 387                                     | -362                                    |
|   |   | <b>-8,796</b>                           | <b>-5,542</b>                           |
| <b>Total comprehensive income for the period attributable to:</b>                                 |   |   |   |
|   | Owners of the parent company  | -7,647                                  | -5,089                                  |
|   | Non-controlling interests   | 387                                     | -362                                    |
|   |   | <b>-7,260</b>                           | <b>-5,451</b>                           |
|   | Earnings per share (undiluted)  | -0.13 €                                 | -0.09 €                                 |
|   | Earnings per share (diluted)  | -0.12 €                                 | -0.09 €                                 |
|   | Weighted average number of shares in circulation (undiluted)                        | 72.0m.                                  | 54.9m.                                  |
|   | Weighted average number of shares in circulation (diluted)                          | 74.0m.                                  | 59.1m.                                  |

# Group balance sheet (IFRS)

## of PNE WIND AG, Cuxhaven, as at March 31, 2015

### Assets

| All figures in TEUR (differences due to rounding possible) | per 31.03.2015 | per 31.12.2014 |
|--|----------------|----------------|
| Intangible assets  | 63,868         | 63,926         |
| Property, plant and equipment                              | 73,165         | 73,655         |
| Long term financial assets                                 | 2,509          | 1,986          |
| Deferred tax assets  | 10,597         | 10,318         |
| <b>Long term assets, total</b>                             | <b>150,139</b> | <b>149,885</b> |
| <b>Assets held for sale</b>                                | <b>1,055</b>   | <b>1,015</b>   |
| Inventories  | 183,111        | 152,389        |
| Receivables and other assets                               | 46,503         | 41,370         |
| Cash and cash equivalents                                  | 69,713         | 72,175         |
| <b>Current assets, total</b>                               | <b>299,327</b> | <b>265,934</b> |
| <b>Assets total</b>  | <b>450,521</b> | <b>416,834</b> |

### Liabilities

| All figures in TEUR (differences due to rounding possible) | per 31.03.2015 | per 31.12.2014 |
|--|----------------|----------------|
| Subscribed capital   | 71,975         | 71,975         |
| Capital reserve  | 77,803         | 77,803         |
| Treasury shares  | 0              | 0              |
| Retained earnings  | 51             | 51             |
| Foreign currency provision                                 | 1,189          | -347           |
| Retained profit / loss                                     | 1,497          | 10,680         |
| Minority interests   | 420            | 33             |
| <b>Shareholders equity, total</b>                          | <b>152,935</b> | <b>160,195</b> |
| Other provisions   | 9,609          | 9,561          |
| Deferred subsidies from public authorities                 | 984            | 996            |
| Long term financial liabilities                            | 146,957        | 148,849        |
| Deferred tax liabilities                                   | 2,241          | 2,200          |
| <b>Long term liabilities, total</b>                        | <b>159,791</b> | <b>161,606</b> |
| Provisions for taxes                                       | 3,147          | 3,171          |
| Other provisions   | 726            | 737            |
| Short term financial liabilities                           | 80,070         | 38,351         |
| Trade liabilities  | 17,529         | 21,476         |
| Other liabilities  | 36,320         | 31,291         |
| <b>Short term liabilities, total</b>                       | <b>137,792</b> | <b>95,026</b>  |
| <b>Liabilities held for sale</b>                           | <b>3</b>       | <b>7</b>       |
| <b>Liabilities total</b>                                   | <b>450,521</b> | <b>416,834</b> |

# Consolidated cash flow statement (IFRS)

## of PNE WIND AG, Cuxhaven, as at March 31, 2015

| All figures in TEUR (differences due to rounding possible)                                | 2015           | 2014           |
|---|----------------|----------------|
| <b>Consolidated net loss</b>  | <b>-8,797</b>  | <b>-5,542</b>  |
| -/+ Income tax benefit / expense  | -158           | 1,276          |
| -/+ Interest income and expense   | 2,938          | 3,403          |
| -/+ Income tax paid / received  | -32            | -9             |
| +/- Amortisation and depreciation of intangible assets and property, plant and equipment  | 1,889          | 1,855          |
| +/- Increase / decrease in provisions   | 14             | 97             |
| +/- Non-cash effective income and expenses  | 1,538          | 98             |
| +/- Increase / decrease of inventories and other assets                                   | -33,220        | -3,079         |
| +/- Increase / decrease of trade receivables and stage of completion accounting           | -2,717         | -10,540        |
| +/- Increase / decrease of trade liabilities and other liabilities                        | -2,867         | -6,552         |
| - Interest paid   | -662           | -1,040         |
| + Interest received   | 154            | 184            |
| <b>Cash flow from operating activities</b>  | <b>-41,920</b> | <b>-19,849</b> |
| + Inflow of funds from disposal of items of property, plant and equipment                 | 0              | 40             |
| + Inflow of funds from intangible assets  | 0              | 28             |
| - Outflow of funds for investments in property, plant and equipment and intangible assets | -1,341         | -1,694         |
| + Inflow of funds from disposal of financial assets                                       | 0              | 0              |
| - Outflow of funds from investments in financial assets                                   | -523           | -69            |
| + Inflow of funds from disposal of consolidated units                                     | 0              | 0              |
| - Outflow of funds for investments in consolidated units                                  | 0              | 0              |
| <b>Cash flow from investing activities</b>  | <b>-1,863</b>  | <b>-1,695</b>  |
| + Additional inflow of funds from shareholders  | 0              | 0              |
| + Inflow of funds from minority interests   | 0              | 0              |
| + Inflow of funds from financial loans  | 43,586         | 7,247          |
| + Inflow of funds from the issue of bonds   | 0              | 0              |
| - Outflow of funds for the transaction costs from the issue of bonds                      | 0              | 0              |
| - Outflow of funds from the redemption of financial loans                                 | -2,265         | -3,082         |
| - Outflow of funds from the redemption of participation rights                            | 0              | 0              |
| - Outflow of funds from the buyback of own shares   | 0              | 0              |
| - Outflow of funds for dividend   | 0              | 0              |
| <b>Cash flow from financing activities</b>  | <b>41,321</b>  | <b>4,165</b>   |
| Cash effective change in liquid funds   | -2,462         | -17,379        |
| + Change in liquid funds due to changes in scope of consolidation                         | 0              | 0              |
| + Liquid funds at the beginning of the period   | 72,175         | 77,402         |
| <b>Liquid funds at the end of the period*</b>   | <b>69,713</b>  | <b>60,023</b>  |
| * of which are pledged to a bank as security  | 2,516          | 1,775          |

Supplementary information: The value of liquid funds corresponds to the "Cash and cash equivalents" item on the balance sheet as at March 31, 2015..

## Consolidated statement of change in equity (IFRS) of PNE WIND AG, Cuxhaven, as at March 31, 2015

| All figures in TEUR<br>(differences due to rounding<br>possible) | Capital<br>subscribed | Capital<br>reserve | Treasury<br>shares | Profit<br>reserves | Foreign<br>exchange<br>reserve | Retained<br>earnings | Equity<br>before<br>minority | Minority<br>interests | Total<br>share-<br>holders'<br>equity |
|--|-----------------------|--------------------|--------------------|--------------------|--------------------------------|----------------------|------------------------------|-----------------------|---------------------------------------|
| <b>Status as per January 1, 2014</b>                             | <b>54,858</b>         | <b>55,546</b>      | <b>0</b>           | <b>51</b>          | <b>-712</b>                    | <b>32,073</b>        | <b>141,816</b>               | <b>5,432</b>          | <b>147,248</b>                        |
| Profit/loss for the period<br>01-03/2014                         | 0                     | 0                  | 0                  | 0                  | 0                              | -5,180               | -5,180                       | -362                  | -5,542                                |
| Conversion of convertible<br>bond 2010/2014                      | 9                     | 10                 | 0                  | 0                  | 0                              | 0                    | 19                           | 0                     | 19                                    |
| Other items  | 0                     | 0                  | 0                  | 0                  | 91                             | 0                    | 91                           | 0                     | 91                                    |
| <b>Status as per March 31, 2014</b>                              | <b>54,867</b>         | <b>55,556</b>      | <b>0</b>           | <b>51</b>          | <b>-621</b>                    | <b>26,893</b>        | <b>136,746</b>               | <b>5,070</b>          | <b>141,816</b>                        |
| <b>Status as per January 1, 2015</b>                             | <b>71,975</b>         | <b>77,803</b>      | <b>0</b>           | <b>51</b>          | <b>-347</b>                    | <b>10,680</b>        | <b>160,162</b>               | <b>33</b>             | <b>160,195</b>                        |
| Profit/loss for the period<br>01-03/2015                         | 0                     | 0                  | 0                  | 0                  | 0                              | -9,183               | -9,183                       | 387                   | -8,796                                |
| Other items  | 0                     | 0                  | 0                  | 0                  | 1,536                          | 0                    | 1,536                        | 0                     | 1,536                                 |
| <b>Status as per March 31, 2015</b>                              | <b>71,975</b>         | <b>77,803</b>      | <b>0</b>           | <b>51</b>          | <b>1,189</b>                   | <b>1,497</b>         | <b>152,515</b>               | <b>420</b>            | <b>152,935</b>                        |

# Condensed Notes to the Consolidated Financial Statements

## of PNE WIND AG, Cuxhaven, for the first three months of 2015

### 1. Accounting and valuation policies

The financial report on the first three months of the 2015 fiscal year of PNE WIND AG and its subsidiaries is drawn up according to the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are applied in the European Union. New standards adopted by the IASB are in principle applied as from the time of their becoming effective as must be taken into consideration in the EU.

In the financial report for the three months ending March 31, 2015 the Company applied the same accounting and valuation methods as for the consolidated financial statements December 31, 2014. There were no changes per March 31, 2015 resulting from the standards which were required to be applied as of January 1, 2015.

The interim financial statements were drawn up in line with the regulations of IAS 34. The tax expenditure of the PNE WIND Group is determined using an estimate of the taxable income of the relevant companies. The diluted consolidated earnings per share take account of the potential shares from convertible bonds in accordance with IAS 33.

### 2. Financial Assets

The long-term financial assets include direct holdings and shares in companies which are not included in the consolidated financial statements in the context of full consolidation, because of their minor importance, as well as credit receivables and loans.

Next to the cash and cash equivalents, the short term financial assets primarily include accounts receivable and loans receivable.

The following table shows, specifying the categories, the carrying amounts and fair values of all financial assets:

| All figures in TEUR  | Category<br>per IAS 39 | Total          | Fair Value     |
|--|------------------------|----------------|----------------|
| <b>Per 31.03.2015</b>  |                        |                |                |
| <b>Short-term financial assets</b>   |                        |                |                |
| Cash and cash equivalents  | LaR                    | 69,713         | 69,713         |
| Receivables from deliveries and services   | LaR                    | 23,054         | 23,054         |
| Other short-term loan receivables  | LaR                    | 1,452          | 1,452          |
| Receivables from affiliated companies  | LaR                    | 5,400          | 5,400          |
| Receivables from associated companies,<br>and those in which an investment is held | LaR                    | 2,557          | 2,557          |
| <b>Long term financial assets</b>  |                        |                |                |
| Shares in affiliated companies   | AfS                    | 1,606          | -              |
| Shares in associated companies   | AfS                    | 604            | -              |
| Investments in companies in which an investment is held                            | LaR                    | 153            | 153            |
| Other loans  | LaR                    | 138            | 138            |
| Other long-term loans receivable   |                        | <b>104,676</b> | <b>102,467</b> |
| <b>Total loans and receivables</b>   |                        | <b>102,467</b> | <b>102,467</b> |
| <b>Total available for sale financial assets</b>                                   |                        | <b>2,210</b>   | <b>-</b>       |
| <b>Per 31.12.2014</b>  |                        |                |                |
| <b>Short-term financial assets</b>   |                        |                |                |
| Cash and cash equivalents  | LaR                    | 72,175         | 72,175         |
| Receivables from deliveries and services   | LaR                    | 20,098         | 20,098         |
| Other short-term loan receivables  | LaR                    | 1,777          | 1,777          |
| Receivables from affiliated companies  | LaR                    | 5,392          | 5,392          |
| Receivables from associated companies,<br>and those in which an investment is held | LaR                    | 1,872          | 1,872          |
| <b>Long term financial assets</b>  |                        |                |                |
| Shares in affiliated companies   | AfS                    | 1,083          | -              |
| Shares in associated companies   | AfS                    | 604            | -              |
| Investments in companies in which an investment is held                            | LaR                    | 153            | 153            |
| Other loans  | LaR                    | 138            | 138            |
| Other long-term loans receivable   |                        | <b>103,292</b> | <b>101,605</b> |
| <b>Total loans and receivables</b>   |                        | <b>101,605</b> | <b>101,605</b> |
| <b>Total available for sale financial assets</b>                                   |                        | <b>1,687</b>   | <b>-</b>       |
| LaR = Loans and receivables  |                        |                |                |
| AfS = Available for sale financial assets  |                        |                |                |

With the Loans and receivables the carrying amounts, due to customary interest rates and/or short-term maturity at the balance sheet date, approximate their fair values.

The available-for-sale financial assets include unquoted equity instruments whose fair value cannot be reliably determined and therefore have been valued at cost in the amount of TEUR 2,210 as at March 31, 2015 (December 31, 2014: TEUR 1,687). As at the balance sheet date there was no intention of selling the financial assets.

The financial liabilities relate to the participation certificates, convertible bonds, bonds, liabilities to banks and other financial liabilities.

The following table shows the book value and fair values of financial liabilities:

| All figures in TEUR                              | Category<br>per IAS 39 | Total          | Till<br>1 Year | 1 to<br>5 Years | More than<br>5 Years | Fair<br>Value  |
|--|------------------------|----------------|----------------|-----------------|----------------------|----------------|
| <b>Per 31.03.2015</b>                            |                        |                |                |                 |                      |                |
| Trade liabilities                                | FLAC                   | 17,529         | 17,529         | 0               | 0                    | 17,529         |
| <b>Fixed interest</b>                            |                        |                |                |                 |                      |                |
| Participation certificates                       | FLAC                   | 0              | 0              | 0               | 0                    | 0              |
| Bonds  | FLAC                   | 102,574        | 0              | 102,574         | 0                    | 110,771        |
| Liabilities to banks                             | FLAC                   | 90,589         | 54,105         | 24,893          | 11,591               | 95,058         |
| Other financial liabilities                      | FLAC                   | 9,064          | 2,526          | 6,538           | 0                    | 9,333          |
| Verb. Liabilities from leasing contracts         | FLAC                   | 362            | 110            | 252             | 0                    | 362            |
| <b>Variable interest</b>                         |                        |                |                |                 |                      |                |
| Liabilities to banks                             | FLAC                   | 22,508         | 22,508         | 0               | 0                    | 22,508         |
| Other financial liabilities                      | FLAC                   | 0              | 0              | 0               | 0                    | 0              |
| <b>Derivatives</b>                               |                        |                |                |                 |                      |                |
| Interest swaps                                   | FLHfT                  | 1,930          | 820            | 1,110           | 0                    | 1,930          |
|  |                        | <b>244,556</b> | <b>97,598</b>  | <b>135,367</b>  | <b>11,591</b>        | <b>257,491</b> |
| <b>Per 31.12.2014</b>                            |                        |                |                |                 |                      |                |
| Trade liabilities                                | FLAC                   | 21,476         | 21,476         | 0               | 0                    | 21,476         |
| <b>Fixed interest</b>                            |                        |                |                |                 |                      |                |
| Participation certificates                       | FLAC                   | 0              | 0              | 0               | 0                    | 0              |
| Bonds  | FLAC                   | 104,092        | 1,825          | 102,267         | 0                    | 109,634        |
| Liabilities to banks                             | FLAC                   | 51,775         | 13,115         | 26,074          | 12,586               | 55,830         |
| Other financial liabilities                      | FLAC                   | 8,903          | 2,502          | 6,401           | 0                    | 9,209          |
| Liabilities from leasing contracts               | FLAC                   | 390            | 110            | 280             | 0                    | 390            |
| <b>Variable interest</b>                         |                        |                |                |                 |                      |                |
| Liabilities to banks                             | FLAC                   | 20,000         | 20,000         | 0               | 0                    | 20,000         |
| Other financial liabilities                      | FLAC                   | 0              | 0              | 0               | 0                    | 0              |
| <b>Derivatives</b>                               |                        |                |                |                 |                      |                |
| Interest swaps                                   | FLHfT                  | 2,040          | 798            | 1,242           | 0                    | 2,040          |
|  |                        | <b>208,676</b> | <b>59,826</b>  | <b>136,264</b>  | <b>12,586</b>        | <b>218,579</b> |
| FLHfT = available for sale                       |                        |                |                |                 |                      |                |
| FLAC = financial liabilities at acquisition cost |                        |                |                |                 |                      |                |

The fair values of the financial instruments were mainly determined on the basis of the market information available on the balance sheet date and are to be allocated to one of the three levels of the fair value hierarchy in accordance with IFRS 13.

Level 1 financial instruments are calculated on the basis of prices quoted on active markets for identical assets and liabilities. In Level 2, financial instruments are calculated on the basis of input factors which are derivable from observable market data or on the basis of market prices for similar instruments. Level 3 financial instruments are calculated on the basis of input factors which are not derivable from observable market data.

The determination of fair values in the consolidated balance sheet financial instruments described in the Notes is based on either quoted prices pursuant to Level 1 or based on information and input factors pursuant to level 2. Through the use of observable market parameters, the valuations do not differ from of general market assumptions.

As at March 31, 2015 the financial instruments available for sale are valued at TEUR 1,930 (as at December 2014: TEUR 2,040) pursuant to the Level 2 of the fair value hierarchy.

### 3. Consolidated group

During the first three months of 2015 the corporate structure changed ,.

During the reporting period, the following company was first included in the scope of consolidation:

- PNE WIND Elektrik Üretim Ltd., Turkey, Ankara (100 percent),

This event did not result in any material effects on the earnings, financial and asset situation.

We refer to the disclosures on the summary of business activity, the sales development, the results of operations, the financial position and the net assets as well as the corporate structure in the condensed interim group management report for the first three months of 2015.

### 4. Contingencies

The Company granted the shareholders of the Silbitz timber-fired power station an annual guaranteed dividend of the equity provided up to the year 2016 by way of a contract in the event that the Silbitz power plant is not able to pay relevant dividends from its own funds. Due to the present plans for the Silbitz power station the Company has formed provisions in the amount of euro 0.7 million.

### 5. Major events following the end of the reporting period

No significant events took place since the end of the period under report, which have an effect on the asset, financial and earnings situation.

# Segment reporting

## Segment reporting pursuant to IFRS 8 according to areas

The internal organisation and management structure as well as internal reporting to the Board of Management and the Supervisory Board form the foundation for determining the operating segments of PNE WIND AG. As a result a categorisation is made into the two areas of projecting of wind power turbines and electricity generation.

The “Projecting of wind power turbines” division entails project planning and realisation of wind farms in Germany and abroad (“onshore”) and project planning of wind farms on the high seas (“offshore”). Alongside this provision of services in connection with the operation of wind farms and the set-up and operation of transformer stations is part of this business segment. The core of operating activities is the discovery of suitable sites for wind farms and subsequent project planning and realisation thereof.

The “Electricity generation” segment includes on the one hand the operation of the “Laubuseschbach” and “Altenbruch II” wind farms. On the other hand, it entails the PNE Biomasse GmbH holding company which hires employees for the Silbitz timber-fired power station operating company on the basis of a corresponding contract for services and which also controls further contractual obligations of PNE WIND AG with regard to the Silbitz timber-fired power station. This includes in particular delivery of fuels to the Silbitz timber-fired power station operating company which is also allocated to this segment. Furthermore, the operation of the solar BGZ solar park Passau Land GmbH & Co. KG is part of the electricity generation business. Finally the “Electricity generation” business area also includes the corporations in the legal form of a limited commercial partnership with a limited liability company as its partner (GmbH & Co. KG) which act as supporting companies until the implementation of a wind farm project and are then sold to the investor in question. The assignment of these corporations to the “Electricity generation” segment is based on the background that they will be active in producing electricity as the future operator of a wind farm - albeit only after they have left the PNE WIND Group.

The assessment of the stated revenue and expense amounts as well as of segment assets and liabilities is based on the regulations for external accounting. A separate transition of individual pieces of segment information to the matching figures in the consolidated financial statements is not necessary for this reason.

As a matter of principle the business relationships between the companies of the Group are based on prices that are also agreed with third parties.

The figures per March 31, 2015 are compared with the figures per March 31, 2014 or in the case of segment assets/liabilities the figures per December 31, 2014.

| All figures in TEUR<br>(differences due to rounding possible) | Projecting of<br>wind power<br>turbines | Electricity<br>generation | Consolidation               | PNE WIND AG<br>Group      |
|---|---|---------------------------|-----------------------------|---------------------------|
|   | 2015<br>2014                            | 2015<br>2014              | 2015<br>2014                | 2015<br>2014              |
| External sales  | <b>10,953</b><br>29,530                 | <b>4,239</b><br>3,409     | <b>0</b><br>0               | <b>15,192</b><br>32,939   |
| Inter-segment sales   | <b>836</b><br>11,795                    | <b>140</b><br>140         | <b>-976</b><br>-11,935      | <b>0</b><br>0             |
| Change in inventories   | <b>7,256</b><br>2,005                   | <b>0</b><br>0             | <b>439</b><br>8,104         | <b>7,695</b><br>10,109    |
| Other capitalised contributions                               | <b>0</b><br>0                           | <b>0</b><br>0             | <b>0</b><br>0               | <b>0</b><br>0             |
| Other operating income  | <b>757</b><br>631                       | <b>53</b><br>0            | <b>-78</b><br>-18           | <b>732</b><br>614         |
| <b>Total aggregate output</b>                                 | <b>19,802</b><br>43,961                 | <b>4,432</b><br>3,549     | <b>-615</b><br>-3,849       | <b>23,619</b><br>43,662   |
| Depreciation  | <b>31</b><br>-723                       | <b>-1,920</b><br>-1,132   | <b>0</b><br>0               | <b>-1,889</b><br>-1,855   |
| Operating income  | <b>-7,789</b><br>843                    | <b>1,357</b><br>1,265     | <b>439</b><br>-2,928        | <b>-5,992</b><br>-820     |
| Interest and similar income                                   | <b>1,990</b><br>1,981                   | <b>92</b><br>2            | <b>-1,879</b><br>-1,545     | <b>203</b><br>438         |
| Interest and similar expenses                                 | <b>-4,202</b><br>-4,529                 | <b>-818</b><br>-843       | <b>1,879</b><br>1,545       | <b>-3,141</b><br>-3,827   |
| Taxes   | <b>234</b><br>-2,112                    | <b>55</b><br>-43          | <b>-132</b><br>878          | <b>158</b><br>-1,276      |
| Investments   | <b>1,597</b><br>1,758                   | <b>266</b><br>5           | <b>0</b><br>0               | <b>1,863</b><br>1,763     |
| Segment assets  | <b>616,620</b><br>580,415               | <b>151,647</b><br>97,619  | <b>-317,746</b><br>-261,200 | <b>450,521</b><br>416,834 |
| Segment liabilities   | <b>504,084</b><br>458,524               | <b>148,186</b><br>95,149  | <b>-354,684</b><br>-297,035 | <b>297,587</b><br>256,639 |
| <b>Segment shareholders' equity</b>                           | <b>112,536</b><br>121,890               | <b>3,461</b><br>2,470     | <b>36,937</b><br>35,835     | <b>152,934</b><br>160,195 |

The following companies are included in the individual segments:

**Projecting of wind power turbines:** PNE WIND AG, PNE WIND Betriebsführungs GmbH, PNE WIND Verwaltungs GmbH, PNE WIND Netzprojekt GmbH, PNE Gode Wind III GmbH, PNE WIND Nemo GmbH, PNE WIND Jules Verne GmbH, PNE WIND Nautilus GmbH, PNE WIND Atlantis I GmbH, PNE WIND Atlantis II GmbH, PNE WIND Atlantis III GmbH, PNE WIND Ausland GmbH, PNE WIND GM Hungary Kft., PNE WIND Pusztahencse Kft., NH North Hungarian Windfarm Kft., PNE WIND NEH/I Kft., PNE WIND Yenilenebilir Enerjila Ltd., PNE WIND Elektrik Üretim Ltd., PNE WIND Development EOOD, PNE WIND Straldja-Kamenec OOD, PNE WIND PARK Dobrudzha OOD, S.C. PNE WIND MVI SRL, PNE WIND USA Inc., PNE WIND Central States LLC, PNE WIND DEVELOPMENT LLC, Underwood Windfarm LLC, Butte Windfarm LLC, Chilocco WIND FARM LLC, PNE-BCP WIND Inc., PNE WIND UK Ltd., Wind Kapital Invest Verwaltungs GmbH, Wind Kapital Invest GmbH & Co. KG, WKN AG, Windkraft Nord USA Inc., WKN Italia S.R.L., Aero Sol S.R.L., Aero-Tanna S.R.L., ATS Energia S.R.L., WKN Basilicata Development S.R.L., WKN France S.A.S.U.,

Parc Eolien de Crampon S.A.S.U., TOV WKN Ukraine, Ukrainische Windenergie Management GmbH, New Energy Association International GmbH, Sevivon Sp. z o.o., VKS Vindkraft Sverige AB, WKN Windcurrent SA (Pty) Ltd., NordStrom New Energy GmbH

**Electricity generation:** PNE Biomasse GmbH, PNE WIND Grundstücks GmbH, PNE WIND Laubuseschbach GmbH & Co. KG, PNE WIND Altenbruch II GmbH & Co. KG, Holzheizkraftwerk Silbitz GmbH & Co. KG, PNE WIND Park I GmbH & Co. KG (until 7.4.14), PNE WIND Park III GmbH & Co. KG (until 3.6.14), PNE WIND Park VI GmbH & Co. KG (until 23.12.14), PNE WIND Park VII GmbH & Co. KG (until 16.12.14), PNE WIND Park Altdöbern A GmbH & Co. KG, PNE WIND Park Altdöbern B GmbH & Co. KG, PNE WIND Park Altdöbern C GmbH & Co. KG, PNE WIND Park Großräschen A GmbH & Co. KG, PNE WIND Park Großräschen B GmbH & Co. KG, PNE WIND Infrastruktur Chransdorf-West GmbH & Co. KG, PNE WIND Infrastruktur Chransdorf Verwaltung GmbH, PNE WIND Park Calau II B GmbH & Co. KG, PNE WIND Park Calau II C GmbH & Co. KG (until 30.6.14), PNE WIND Park Calau II D GmbH & Co. KG (until 30.9.14), PNE WIND Park Köhlen I GmbH & Co. KG, PNE WIND Park Köhlen II GmbH & Co. KG, PNE WIND Park Kührstedt-Alfstedt A GmbH & Co. KG, PNE WIND Park Kührstedt-Alfstedt B GmbH & Co. KG, PNE WIND Park IX GmbH & Co. KG, PNE WIND Infrastruktur Calau II GmbH (until 30.6.14), NordStrom Solar GmbH, NordStrom Bioenergie GmbH, BGZ Solarpark Passauer Land GmbH & Co. KG, PNE WIND YieldCo Deutschland GmbH, PNE WIND YieldCo International ltd., Kommanditgesellschaften

Assets and liabilities held for sale are recognised in the “Projecting of wind power turbines” segment.

Of the figures in the “Projecting of wind power turbines” segment, total performance of euro 7.9 million (previous year: euro 39.4 million), sales of euro 8.8 million (previous year: euro 40.6 million), operating income of euro -4.1 million (previous year: euro 1.7 million), a share of segment assets of euro 423.9 million (as of December 31, 2014: euro 401.5 million), and an equity share of euro 90.9 million (as of December 31, 2014: euro 104.1 million) are allocated to the German wind power onshore subdivision. For the international onshore accounts, the following values can be ascribed; total performance of euro 10.8 million (previous year: euro 3.6 million), sales of euro 2.4 million (previous year: euro 0.2 million), operating income of euro -3.5 million (previous year: euro -0.4 million), a portion of segment assets of euro 158.5 million (as of December 31, 2014: euro 146.3 million) and an equity share of euro 25.5 million (as of December 31, 2014: euro 22.5 million).

Sales revenues with external customers and segment assets of the segments “Projecting of wind power turbines” and “Electricity generation” are attributable mainly to Germany. During the reporting period sales were generated with customers who accounted for more than 10 percent of Group sales. With one single customer, sales of euro 6.7 million were generated, which were higher than 10 percent of consolidated sales.

The basis of accounting for transactions between reporting segments is in line with the accounting principles applicable to the consolidated financial statements.

Cuxhaven, May 8, 2015

PNE WIND AG Board of Management

# Imprint

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This interim report includes statements concerning the future, which are subject to risks and uncertainties. They are estimations of the Board of Management of PNE WIND AG and reflect their current views with regard to future events. Such expressions concerning forecasts can be recognised with terms such as “expect”, “estimate”, “intend”, “can”, “will” and similar terms relating to the Company. Factors, which can have an effect or influence are, for example (without all being included): the development of the wind power market, competitive influences including price changes, regulatory measures and risks with the integration of newly acquired companies and participations. Should these or other risks and uncertainty factors take effect or should the assumptions underlying the forecasts prove to be incorrect, the results of PNE WIND AG could vary from those, which are expressed or implied in these forecasts. The Company assumes no obligation to update such expressions or forecasts.





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