

# **solidare**

**real estate holding plc**

168 St. Christopher Street  
Valletta VLT1467 / Malta

## **Interim Consolidated Financial Statements**

**for the period from  
1 January to 30 June 2016**

SOLIDARE REAL ESTATE HOLDING PLC, MALTA

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30. JUNI 2016

**Content**

	Page
Interim Consolidated Financial Statements	
Consolidated Statement of Financial Position as of 30 June 2016	I-II
Consolidated Income Statement for the period from 1 January to 30 June 2016	III
Consolidated Statement of Comprehensive Income for the period from 1 January to 30 June 2016	IV
Consolidated Statement of Changes in Shareholders' Equity for the period from 1 January to 30 June 2016	V
Consolidated Cash Flow Statement for the period from 1 January to 30 June 2016	VI
Notes to the Interim Consolidated Financial Statements as of 30 June 2016	1-31

**Solidare Real Estate Holding plc, Malta**

**Consolidated Statement of Financial Position as of 30 June 2016**

**Assets**

	<u>Notes</u>	<u>30 June 2016</u> kEUR	<u>31 December 2015</u> kEUR
<b>A. <u>Non-current assets</u></b>			
I. Investment property under construction	7.1	49.872	0
II. Other tangible assets	7.1	292	0
III. Intangible assets	7.2	1.233	0
<b>Total non-current assets</b>		<b>51.397</b>	<b>0</b>
<b>B. <u>Current assets</u></b>			
I. Inventories	7.3	494	0
II. Assets classified as held for sale	7.4	571	4.034
III. Trade and other receivables	7.5	14.434	0
IV. Cash and cash equivalents	7.6	631	0
<b>Total current assets</b>		<b>16.130</b>	<b>4.034</b>
<b>Total assets</b>		<b>67.527</b>	<b>4.034</b>

**Solidare Real Estate Holding plc, Malta**

**Consolidated Statement of Financial Position as of 30 June 2016**

**Shareholders' equity and liabilities**

	Notes	30 June 2016 kEUR	31 December 2015 kEUR
<b>A. <u>Capital and reserves</u></b>	7.7		
I. Common stock		40.800	19.758
II. Retained earnings (prior year: accumulated losses)		1.361	-18.626
III. Accumulated amounts recognised directly in equity relating to currency translation adjustments		0	-131
IV. Non-controlling interests		2.934	0
<b>Total shareholders' equity</b>		<b>45.095</b>	<b>1.001</b>
<b>B. <u>Current liabilities</u></b>			
I. Financial liabilities	7.8	12.792	0
II. Other financial liabilities		263	0
III. Trade and other payables	7.9	2.638	89
IV. Provisions	7.10	6.739	106
V. Liabilities directly associates with assets classified as held for sale		0	2.838
<b>Total current liabilities</b>		<b>22.432</b>	<b>3.033</b>
<b>Total shareholders's equity and liabilities</b>		<b>67.527</b>	<b>4.034</b>

Solidare Real Estate Holding plc, Malta

Consolidated Income Statement  
for the period from 1 January to 30 June 2016

	<u>Notes</u>	1 January 2016 - 30 June 2016 <u>kEUR</u>	1 January 2015 - 30 June 2015 <u>kEUR</u>
<b><u>Continuing operations</u></b>			
Results from asset management and property development		0	0
Other not directly attributable expenses	8.1	-240	-28
Operating profit		<u>-240</u>	<u>-28</u>
Gain on bargain purchase	8.2	4.652	0
Profit for the period from continuing operations before tax (EBT)		<u>4.412</u>	<u>-28</u>
Income tax expenses	8.3	0	0
<b>Profit for the period from continuing operations after tax</b>		<u><b>4.412</b></u>	<u><b>-28</b></u>
<b><u>Discontinued operations</u></b>			
<b>Loss for the period from discontinued operations</b>	8.4	<b>-120</b>	<b>-334</b>
<b>Profit for the period</b>	7.7	<u><b>4.292</b></u>	<u><b>-362</b></u>
Attributable to:			
Owners of the Company		4.292	-362
Non-controlling interests		0	0
<b>Earnings per share</b>	8.5		
From continuing and discontinued operations		0,40	-0,02
From continuing operations		0,41	0,00

Solidare Real Estate Holding plc, Malta

Consolidated Statement of Comprehensive Income  
for the period from 1 January to 30 June 2016

	<u>Notes</u>	1 January 2016 - 30 June 2016 <u>KEUR</u>	1 January 2015 - 30 June 2015 <u>KEUR</u>
<b>Profit for the period</b>		<u>4.292</u>	<u>-362</u>
<b>Other comprehensive income</b>			
Items that will be reclassified subsequently to profit or loss		0	0
Items that will not be reclassified subsequently to profit or loss		0	0
<b>Other comprehensive income</b>		<u>0</u>	<u>0</u>
<b>Total comprehensive income</b>	7.7	<u>4.292</u>	<u>-362</u>
Thereof income attributable to:			
Owners of the Company		4.292	-362
Non-controlling interests		0	0

**Solidare Real Estate Holding plc, Malta**

**Consolidated Statement of Changes in Shareholders' Equity  
for the period from 1 January to 30 June 2016**

	Common stock		Retained earnings/ Accumulated losses	Non-controlling interests	Accumulated amounts recognised directly in equity relating to currency translation adjustments	Total shareholders' equity
	Shares thousands	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR
<b>Balance as of 1 January 2015</b>	<b>19.758</b>	<b>19.758</b>	<b>-17.977</b>	-	<b>-131</b>	<b>1.650</b>
Loss for the period			-362			-362
Other comprehensive income, net of tax						-
<b>Total comprehensive income</b>			<b>-362</b>	-		<b>-362</b>
<b>Balance as of 30 June 2015</b>	<b>19.758</b>	<b>19.758</b>	<b>-18.339</b>	-	<b>-131</b>	<b>1.288</b>
<b>Balance as of 1 January 2016</b>	<b>19.758</b>	<b>19.758</b>	<b>-18.626</b>	-	<b>-131</b>	<b>1.001</b>
Profit for the period			4.292			4.292
Other comprehensive income, net of tax			-			-
<b>Total comprehensive income</b>			<b>4.292</b>	-		<b>4.292</b>
Cancellation of common stocks (part I)	-16.219	-16.219	16.219			-
Cancellation of common stocks (part II) and transfer	-1.563	-1.563	-524		131	-1.956
Issue of common stocks for business combination	38.000	38.000				38.000
Additional non-controlling interests (minorities) arising from business combinations				2.934		2.934
Issue of common stocks	824	824				824
<b>Balance as of 30 June 2016</b>	<b>40.800</b>	<b>40.800</b>	<b>1.361</b>	<b>2.934</b>	-	<b>45.095</b>

**Solidare Real Estate Holding plc, Malta**

**Consolidated Cash Flow Statement  
for the period from 1 January to 30 June 2016**

	1 January 2016 - 30 June 2016	1 January 2015 - 30 June 2015
<u>Notes</u>	<u>kEUR</u>	<u>kEUR</u>
<b>Cash flows from operating activities</b>		
Profit for the period	4.292	-362
Adjustments:		
Increase in prepaid expenses	-1	10
Increase in liabilities and provisions	32	46
Gain on bargain purchase	-4.652	0
Other non-cash income and expenses	-7	149
<b>Cash flows used for operating activities</b>	<b>-336</b>	<b>-157</b>
- thereof for discontinued operations	-7	0
<b>Cash flows from investing activities</b>		
Cash and cash equivalents acquired in business combinations	354	0
Net cash outflow from disposal of subsidiary	-7	0
<b>Cash flows provided by investing activities</b>	<b>347</b>	<b>0</b>
- thereof for discontinued operations	-7	0
<b>Cash flows from financing activities</b>		
Proceeds from issue of common stocks	824	0
Proceeds from loans granted	99	0
Payments for redemptions of loans	-350	0
Proceeds from shareholder loans	-	158
<b>Cash flows provided by financing activities</b>	<b>573</b>	<b>158</b>
- thereof for discontinued operations	88	0
<b>Net increase in cash and cash equivalents</b>	<b>584</b>	<b>1</b>
Cash and cash equivalents at the beginning of the period	47	9
<b>Cash and cash equivalents at the end of the period</b>	<b>631</b>	<b>10</b>

## 1. GENERAL INFORMATION

Solidare Real Estate Holding plc, Malta, (“the Company”) is a limited liability company incorporated as Xanthus Holdings p.l.c. as of 21 March 2011 in Malta, and renamed in Solidare Real Estate Holding plc on 9 June 2016. The business year ends on 31 December 2016. The Company is the parent holding company of solidare real estate holding GmbH, Dusseldorf, Germany (herein referred to as “the Solidare-Group”).

The Company is registered with the Registry of Companies in Malta, registration number C 52332 with its registered office at 168 St. Christopher Street, Valletta, VLT1467, Malta.

The principle purpose of Solidare-Group is the construction and development of property in the market of micro-living. Solidare Real Estate Holding plc holds indirect participations in property companies, which are focused on the acquisition and rental service of property. Moreover, Solidare Real Estate Holding plc also has indirect participations in service companies, which are specialised in property development. The Solidare-Group has positioned itself so that the entire value chain from a single source can be operated, including acquisition, finance, planning, construction management, removal, rebuilding, reconstruction, interior fitting, rental, facility and property management.

Besides this, Solidare Real Estate Holding plc may also acquire and hold, buy and/or sell shares, stocks, bonds or securities or other assets of/or in any other company, and to invest these funds, which support the above mentioned purpose and as deemed appropriate by the Board of Directors.

## 2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

### Application of new and revised IFRS

The following paragraphs describe the IFRSs published by the IASB and endorsed for application in the EU that were applied for the first time during the reporting period. Thereafter, new standards and interpretations that have been issued by the IASB as of the reporting date are described but have not been applied early, as their application is either not mandatory or endorsement by the European Commission is still pending.

SOLIDRE REAL ESTATE HOLDING PLC, MALTA

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

The following new standards and amendments to standards have been adopted by the Company for the first time for the financial year beginning on 1 January 2016:

EU endorsement until Dec. 31,2015	Standard/ interpretation	Content	Applicable for FY beginning on/after	Effects
standard shall not be endorsed	IFRS 14	New standard „Regulatory deferral accounts“	(1 Jan. 2016)	None
24 Nov. 2015	Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations	1 Jan. 2016	None
2 Dec. 2015	Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation	1 Jan. 2016	None
18 Dec. 2015	Amendments to IAS 27	Equity method in separate financial statements	1 Jan. 2016	None
Not yet endorsed	Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: applying the consolidation exception	1 Jan. 2016	None
18 Dec. 2015	Amendments to IAS 1	Disclosure initiative	1 Jan. 2016	Notes disclosure
17 Dec. 2014	Amendments to IAS 19	Defined benefit plans: employee contributions (Amendments to IAS 19 „Employee Benefits“)	1 Feb. 2015	None
17 Dec. 2014	Annual improvements to IFRSs	„Improvements to IFRSs 2010-2012 Cycle“	1 Feb. 2015	None
15 Dec. 2015	Annual improvements to IFRSs	„Improvements to IFRSs 2012-2014 Cycle“	1 Jan. 2016	None

**Impacts of New and amended IFRSs and interpretations which were adopted by the Solidare-Group the first time in the reporting period**

• **Amendments to IFRS 11 “Joint arrangements”**

The amendments to IFRS 11 relate to the accounting for acquisitions of interests in joint operations. It clarifies the accounting treatment in the event that these shares constitute a business. The amendments were published on 6 May 2014. They are effective for annual periods beginning on or after 1 January 2016.

The Solidare-Group did not realise any impact on its reporting resulting from the amendments.

• **Amendments to IAS 16 and IAS 38 “Clarification of acceptable methods of depreciation and amortisation”**

These amendments were issued on 12 May 2014, and relate to the clarification of acceptable methods of depreciation and amortisation. The revenue-based depreciation method is not an acceptable depreciation method under IAS 16.

There are no impacts on the Solidare-Group’s financial position and results operation.

- **Amendments to IAS 27 “Equity method in separate financial statements”**

These amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures, and associates in an entity’s separate financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

There is no impact on the Solidare-Group’s financial accounting.

- **Amendments to IFRS 10, IFRS 12, and IAS 28 “Investment entities: applying the consolidation exception”**

These amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. They are effective for annual periods beginning on or after 1 January 2016.

Since Solidare Real Estate Holding plc, Malta, does not constitute as investment entity and the group does not include investment entities; the amendments will not have an effect on the Solidare-Group’s financial statements.

- **Amendments to IAS 1 “Disclosure initiative”**

These amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

Minor changes in the presentation of the interim consolidated financial statements of the Company are relevant.

- **Amendments to IAS 19 “Employee benefits”**

On 21 November 2013, the IASB published further amendments to IAS 19. The amendments clarify the requirements related to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service. The amendments are effective for annual periods beginning on or after 1 February 2015, with earlier application being permitted.

The amendments are not affecting the presentation of the Solidare-Group’s financial reporting.

- **Annual improvement process for IFRSs 2010-2012**

The International IASB issued “Annual Improvements 2010–2012,” a collection of amendments to IFRSs, in response to issues addressed during the 2010–2012 cycle. Eight standards (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, and IAS 38) were affected by the amendments. The improvements apply to annual periods beginning on or after 1 February 2015.

The amendments will be of only minor, if any, relevance to the consolidated financial statements of the Company.

- **Annual improvement process for IFRSs 2012-2014**

The IASB issued “Annual Improvements 2012–2014,” a collection of amendments to IFRSs, in response to issues addressed during the 2012–2014 cycle. Four standards (IFRS 5, IFRS 7, IAS 19, and IAS 34) were affected by the amendments. The improvements apply to annual periods beginning on or after 1 January 2016.

The amendments will be of only minor, if any, relevance to the Solidare-Group.

### **New and amended IFRSs and interpretations to existing standards which are not yet effective and have not been adopted early by the Solidare-Group**

In its interim consolidated financial statements as of 30 June 2016, Solidare Real Estate Holding plc, Malta, did not apply the following accounting standards or interpretations, which have already been adopted by the IASB but were not required to be applied for the financial year 2016.

<b>EU endorsement</b>	<b>Standard/ interpretation</b>	<b>Content</b>	<b>Applicable for FY beginning on/after</b>	<b>Effects</b>
Not yet endorsed	IFRS 9	New standard „Financial instruments: classification and measurement“	1 Jan. 2018	Under review
Not yet endorsed	IFRS 15	New standard „Revenue from contracts with customers“	1 Jan. 2018	Notes disclosures
Not yet endorsed	IFRS 16	New standard „Leases“	1 Jan. 2019	No material effects
Not yet endorsed	Amendments to IFRS 7 and IFRS 9	Mandatory effective date and transition disclosures	1 Jan. 2018	None
Not yet endorsed	Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Postponed	Under review
Not yet endorsed	Amendments to IAS 7	Disclosure initiative	1 Jan. 2017	Notes disclosure
Not yet endorsed	Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses	1 Jan. 2017	Under review

- **IFRS 9 “Financial instruments”**

This is a new standard issued on 12 November 2009. The standard addresses the classification and measurement of financial assets and is likely to affect the Group’s accounting of financial assets. Application of the standard is mandatory from 1 January 2018, onward. However, the standard is available for early adoption subject to EU endorsement.

The Solidare-Group has not yet assessed the full impact of IFRS 9 on its consolidated financial statements.

- **IFRS 15 “Revenues from contracts with customers”**

IFRS 15 is a new standard and was issued on 28 May 2014. It applies to an annual reporting period beginning on or after 1 January 2018. IFRS 15 specifies how and when an entity reporting in accordance with IFRSs shall recognise revenue as well as requires such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles-based, five-step model to be applied to all contracts with customers.

Apart from the additional disclosures, no impact on the consolidated net assets, financial statements, and earnings position of the Solidare-Group is expected.

- **IFRS 16 “Leases”**

On 13 January 2016, the IASB issued IFRS 16, the new accounting standard for leases. The new requirements in this standard apply in particular to the recognition of leases by lessees, introducing significant changes to lease accounting. As a matter of principle, the so-called “right-of-use approach” (RoU approach) will now have to be applied to the recognition of all leasing agreements. Under IAS 17 “Leases,” it is currently still possible to structure agreements in such a way that leases will not be reported on a company’s balance sheet (off-balance-sheet leases). This will no longer be possible in the future when the RoU approach is applied. For operating leases, lessees currently only recognise the expense from lease payments on the income statement, while the assets used are not accounted for. For lessors, IFRS 16 carries forward the lessor accounting requirements in IAS 17, so that a lessor continues to classify its leases as operating leases or finance leases. IFRS 16 will be effective starting 1 January 2019.

The application of this IFRS will not have any material effects on the Company’s consolidated financial statements because the Company primarily has commercial property lease agreements for its investment property portfolio and, hence, mainly acts as a lessor. The scope of transactions in which the Company is engaged as a lessee is not material.

- **Effective date of IFRS 7 amendments on application of IFRS 9**

On 16 December 2011, the IASB issued “Mandatory effective date and transition disclosures” (Amendments to IFRS 9 and IFRS 7), which amend the effective date of IFRS 9 “Financial Instruments” to annual periods beginning on or after 1 January 2018, and modify the relief from restating comparative periods and the associated disclosures in IFRS 7 “Financial Instruments: Disclosures.” The amendments to IFRS 7 apply when an entity first applies the requirements of IFRS 9 and so apply to annual periods beginning on or after 1 January 1 2018 (or such other date as when an entity applies IFRS 9).

- **Amendments to IAS 28 and IAS 10 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”**

These amendments were proposed due to the conflict between the requirements of IAS 28 “Investments in Associates and Joint Ventures” and IFRS 10 “Consolidated Financial Statements.” The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, whether it is housed in a subsidiary or not. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The effective date has been postponed indefinitely.

The application of these amendments may have an impact on the Company’s consolidated financial statements in the future periods, should such transactions arise.

- **Amendments to IAS 7 “Statement of cash flows—disclosure initiative”**

These amendments are clarifications with regard to the finance activities of a company. Users of financial statements shall be put in the condition to better assess financial debt.

- **Amendments to IAS 12 “Recognition of deferred tax assets for unrealised losses”**

The amendment to IAS 12 provides the guidance that unrealised losses on the fair value of debt instruments lead to deductible, temporary differences. It also clarifies that it has to be assessed for all deductible, temporary differences together if it is probable that sufficient taxable income will be generated to use these and, thus, to recognise them. IAS 12 is supplemented by rules and examples that clarify how the future taxable income shall be determined for the accounting of deferred tax assets.

The Solidare-Group did not adopt any new or amended standard or interpretation early in 2016.

### 3. ACCOUNTING POLICIES

#### 3.1 Statement of compliance

The interim consolidated financial statements of Solidare Real Estate Holding plc, Malta, and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB), including the interpretations of the IFRS interpretations committee (IFRIC), as adopted in the European Union. The applied accounting policies and calculation methods are the same as for the last consolidated financial statements of the Company as of 31 December 2015.

#### 3.2 Basis of preparation of the interim consolidated financial statements

Apart from investment property (land and buildings) and certain financial instruments that are measured at fair values at the end of each reporting period and as explained in the accounting policies below, the interim consolidated financial statements have been prepared based on historical cost.

Historical cost is generally based on the fair value of the consideration paid for the asset on the acquisition date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. This definition applies regardless of whether the price was directly observable or estimated using a valuation method.

Fair value is not always available as a market price and must frequently be determined on the basis of various valuation parameters. Fair value is categorised into different hierarchy levels, depending on the availability of observable parameters and the importance of these parameters in determining fair value in its entirety:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation parameters which are not quoted prices as described in Level 1, but which are observable either directly as a quoted price or indirectly derived from quoted prices for the asset or liability.
- Level 3: Valuation parameters for assets or liabilities that are not based on observable market data.

In the Solidare-Group, reclassifications between the various levels in the IFRS 13 fair value hierarchy are made at the end of the financial year in which the change occurred.

The interim consolidated financial statements are presented in Euros. All values are rounded to the nearest thousand (kEUR), except when otherwise indicated. In some cases, this may result in minor discrepancies in the tables included in these interim consolidated financial statements and in the totals provided in the notes.

The consolidated financial statements presented in this report were prepared for the period from 1 January to 30 June 2016. Single items are summarised in the consolidated statement of financial position and the consolidated income statement. They are commented on in the notes to the interim consolidated financial statements.

Assets and liabilities are classified as non-current and current, respectively. Current items are defined as items that are due in less than one year, and vice versa.

Due to the changes in the scope of consolidation, the Solidare-Group data for the period of 1 January to 30 June 2016 are only comparable to a very limited extent with figures posted for the same period of the last year.

### 3.3 Consolidation methods

#### 3.3.1 Consolidation principles

The interim financial statements of all companies included in the consolidated financial statements (see section 4 Scope of consolidation) were converted to IFRS and, in the case of business combinations, revalued (see section 3.3.3 Business combinations (initial consolidations)). The accounting and valuation principles applied by all companies included in the consolidated financial statements were standardised and adjusted to conform to the options elected by the Solidare-Group. The financial statements of all fully consolidated companies were prepared as of the same balance sheet date as the consolidated financial statements.

All receivables and liabilities, revenues, other income and expenses from the provision of goods and services between companies of the group were eliminated. Interim profits that arise primarily from the transfer of stakes in other companies and properties between member companies of the group were also eliminated.

#### 3.3.2 Fully consolidated companies

A subsidiary is an entity that is controlled by a parent company. Subsidiaries are included in the interim consolidated financial statements of the Solidare Real Estate Holding plc through full consolidation. The control concept standardised in IFRS 10 forms the basis for deciding when a company must be classified as a subsidiary. Under IFRS 10, a parent company is considered to exercise control when it has power over a subsidiary. The parent company must also be exposed to variable returns from its involvement with the subsidiary and must have the ability to affect these returns through its power. Even if the parent company holds less than the majority of voting rights, other facts and circumstances (including contractual agreements that give the parent company power over the subsidiary) can lead to control over the subsidiary. A subsidiary is included in the consolidated financial statements on the date control is obtained and deconsolidated when control ends.

#### 3.3.3 Business combinations (initial consolidations)

In accordance with IFRS 3, acquisitions of property companies (share deals) or assets, including investment properties and debt (asset deals) by the Solidare-Group are accounted for as business combinations by applying the acquisition method if they meet the definition of a business. In all other cases, the acquisition costs are allocated to the identifiable assets and liabilities in proportion to their fair values at the acquisition date. Transactions that are not classified as business combinations do not result in the recognition of goodwill.

The Solidare-Group often views the acquired property companies or assets and liabilities as businesses. Assessing whether investment properties constitute a business as defined in IFRS 3 involves discretionary judgment and regularly requires a detailed analysis of the acquired operations and structures, particularly with regard to property management.

In a business combination, Solidare-Group obtains control over one (or more) business(es) as part of an asset deal or share deal. The acquisition method is used to account for these transactions. The consideration transferred in the form of the acquisition cost is compared with the proportionate fair value of the identifiable net assets acquired in order to identify any difference. A positive difference is treated as goodwill. A negative difference initially leads to a reassessment by the acquirer of the carrying amounts of the acquired items and the subsequent recognition of any remaining negative difference in profit or loss. In this process, non-controlling interests are valued at the proportional share of revalued net assets. The use of the acquisition method to account for the purchase of property companies can lead to goodwill because of the obligation to record deferred tax liabilities on the difference between the fair value and the tax base of the investment property acquired. This goodwill normally results as a technical figure (additional details on the impairment testing of goodwill are provided in section 3.5.6 Impairment).

### 3.3.4 De-consolidation

When a subsidiary is sold or the Solidare-Group otherwise loses control, it is no longer be included in the consolidated financial statements. The income and expenses of the deconsolidated subsidiary are included in the interim consolidated financial statements of the Solidare-Group up to the date on which control is lost.

The deconsolidation involves the offset of the disposed assets and transferred liabilities against the fair value of the consideration received. The subsequent gain or loss on deconsolidation is reported in the valuation result in profit or loss.

Any retained interest in the former subsidiary is measured at fair value at the date when control is lost.

## 3.4 Currency translation

### 3.4.1 Functional currency

The Solidare-Group's reporting currency is the Euro. As the Solidare-Group operates exclusively in the Euro zone, the functional currency of all its subsidiaries is also the Euro.

### 3.4.2 Foreign currency transactions

The individual Group companies record foreign currency transactions at the average exchange rate in effect on the date of the event. Foreign currency monetary assets and liabilities are translated at the average exchange rate in effect on the balance sheet date. Any resulting foreign exchange gains and losses are recognised in profit or loss for the financial year.

## 3.5 Specific accounting policies

### 3.5.1 Revenue recognition

#### **Revenues from asset management**

Asset Management covers the Solidare-Groups traditional rental business. The main source of revenue is rental income from the Solidare-Group's portfolio of residential properties in Germany.

Revenues from asset management consists of rental income for residential property and other rental income, operating costs passed on to tenants and revenues from property management for third parties as well as other revenues. Rental income arises from the rents agreed in the underlying rental agreements for residential properties and from other sources resulting from the rental of office space, retail space and parking spaces. Operating costs passed on to tenants include costs for the property management staff and for purchased services directly attributable to tenants such as waste disposal, electricity, insurance, taxes, fees and other expenses for common areas as well as equipment and facilities such as elevators and gardens. Property management revenues for third parties include revenues from the management of real estate portfolios of third parties. The Solidare-Group is accountable to tenants for the selection of suppliers and acts as the contractor in this respect. Therefore, the revenues and expenses from operating costs are reported as gross amounts.

Revenues from property rentals are recognised during the period defined by the underlying rental agreement.

#### **Revenues from property sales**

Property sales involve the sale of individual apartments (unit sales) as well as the sale of complete individual properties and property portfolios (block sales) to private and institutional investors. Revenues from property sales represent the fair value of the properties at the time of the sale transaction and results in an equal reduction of the carrying amount on disposal.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

Revenues from the sale of individual apartments, individual properties and portfolios are recognised when the amount can be reliably estimated; when it is sufficiently probable that the sale will result in an economic benefit for the company; and when the related costs can be reliably estimated. The date of the transfer of economic ownership represents the date of realisation. The transfer of economic ownership is defined as the transfer of the significant risks and opportunities and the transfer of control. Other expenses allocated to the results of Property Sales are recognised as incurred and include all personnel and operating expenses directly related to the sale process for a property or property company.

The results of property sales also include adjustments to the fair value of property sold in the financial year and investment properties held for sale.

**Results of property development**

The results of property development include the revenues from the sale of inventories and the related production costs, with the transfer of economic ownership representing the date of realisation. The transfer of economic ownership is defined as the transfer of the significant risks and opportunities and the transfer of control. Contracts for the sale of inventories that are concluded "off plan" or during the construction stage fall under the scope of application of IAS 18 if the criteria listed in IFRIC 15 are met. An agreement for the construction of property is only viewed as a construction contract that falls under the scope of application of IAS 11 when the buyer is able to define the main planning elements before the start of construction and/or to define changes in the main structural elements after construction has started (independent of whether the buyer decides to exercise this right). IAS 11 is applied if the buyer has this right. IAS 18 is applied to all of the Solidare-Group's development projects at the present time.

Other expenses allocated to the results of property development are recognised as incurred and include all personnel and operating expenses directly related to the development of a property. Income from the sale of inventories is reported under the results of property development, whereby revenue is realised when the significant opportunities and risks of ownership are transferred. In the event of a sale, the related production costs are recorded as a disposal under the production cost of sold inventories.

The results of property development also include adjustments to the fair value of investment properties under construction and impairment losses recognised to inventories during the financial year. The proceeds from the sale of undeveloped land allocated to this business area are also reported here.

Since the acquisition took place shortly before 30 June 2016, no revenues were recognised during the period of 1 January 2016 until 30 June 2016.

**3.5.2 Investment property and property under construction**

Investment property and investment property under construction include land, buildings or parts of buildings that are held to generate rental income or to realise a long-term increase in value, and are not used in production or for other administrative purposes or sold as part of the company's ordinary business activities. Land purchased as a site for the construction of investment property is classified as investment property on the date of acquisition.

In accordance with IAS 40, investment property is measured at cost at the time of recognition; subsequent valuation is based on the fair value model.

**Valuation process**

The valuation of investment property using the fair value model requires regular revaluation. In the Solidare-Group, this valuation is performed by independent experts in accordance with the recommendations of the Royal Institution of Chartered Surveyors (RICS).

The ENTERCON AG was engaged by the Solidare-Group to prepare the property appraisal for the IFRS interim consolidated financial statements as of 30 June 2016. This property appraisal is based on property appraisals for the property companies of the Solidare-Group prepared by the experts of Jones Lang LaSalle ("JLL").

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

The external appraiser JLL values the properties based on market knowledge and information provided by the Solidare-Group that includes inventory data, rent lists, rental agreements, land register extracts and investment budgets. The data are reviewed by the appraiser and checked for plausibility through comparisons with market data. The appraiser also makes estimates, among others, for the occupancy rates, future rental income, future investments and expected returns.

In accordance with IAS 40, the fair value of the Solidare-Group's investment properties is regularly reassessed. The determination of fair value at the half-year and end of the financial year is based on external appraisals.

### Valuation methods

JLL performed its appraisals in accordance with the valuation requirements of the Royal Institute of Chartered Surveyors (RICS).

The discounted cash flow method (DCF method) is used to value the standing investments. This method is based on a dynamic investment calculation, which explicitly includes valuation assumptions and ensures the transparent calculation of fair value.

A standardised DCF method is used for the standing investments in Germany. This DCF method includes the future cash inflows and outflows for the respective properties over a detailed analysis period of 10 years as well as a terminal value that corresponds to the rental income capitalised at a growth-based rate in year 11.

The valuation of properties with building rights (standing investments on third-party sites) is also based on the DCF model. The existence of building rights is taken into account by adding an appropriate premium to the discount rate and, if necessary, adjusting the analysis period.

In appraising undeveloped sites or sites that can be developed beyond their existing status, the value of the site is based primarily on the value of the optimal building that could be constructed and for which a construction permit would be granted. The value of the site in these cases is calculated with the sales comparison approach or, if a specific construction plan exists, with the residual value method. Under the residual value method, the first part of the calculation involves estimating the probable sale proceeds (development value) of the completed project based on a DCF calculation. The second step includes the deduction of all costs connected with the preparation or completion of the project from this development value. Possible costs include, for example, demolition costs, all construction costs, ancillary building costs, fees, financing costs, sales and marketing costs as well as a contingency position for unforeseen expenses. The developer's profit is estimated as a percentage of the development value or total development cost and also deducted. Financing costs incurred during construction are often estimated by calculating the interest on the total construction costs over one-half of the construction period. A clear development plan is a fundamental prerequisite for determining the project costs. When the sales comparison approach is used, the square meter prices are derived from market transactions.

Changes in the fair value of investment properties, investment properties under construction, sold investment properties and available-for-sale investment properties are recognised in the income statement. These items are reported under adjustments to the fair value of investment properties, investment properties under construction, sold investment properties and available-for-sale investment properties (revaluation result).

All investment properties are allocated to Level 3 of the fair value hierarchy since the input factors used for their valuation are not directly or indirectly observable in the market.

### 3.5.3 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of assets whose acquisition or development requires a significant amount of time are generally capitalised as part of the cost. These borrowing costs are reduced by any income from the temporary investment of funds that were borrowed specifically for the acquisition of the qualified asset. The borrowing costs attributable to real estate inventories under development are capitalised as incurred.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

IAS 23 does not require the application of this accounting rule if the acquired or developed assets are measured at fair value. As the Solidare-Group applies the fair value model to the subsequent measurement of investment properties, the borrowing costs on construction are not capitalised for properties recognised in accordance with IAS 40.

#### 3.5.4 Other tangible assets

In accordance with IAS 16, tangible assets not covered by IAS 40 are carried at cost less accumulated depreciation and recognised impairment losses. Acquisition or production cost includes all expenses incurred to bring the asset to the location and condition necessary for it to be capable of operating in the intended manner. Depreciation is calculated on a straight-line basis beginning in the month of acquisition.

Ordinary straight-line depreciation on depreciable tangible assets is based on the following useful lives:

	<b>Useful life</b> in years
Technical equipment and machinery	5 - 13
Office furniture and equipment	2 - 13

The useful lives of the various assets and the depreciation method are reviewed regularly in agreement with IAS 16 to ensure they reflect the expected development of the economic value in use of the tangible asset.

#### 3.5.5 Other intangible assets

Intangible assets are carried at cost less amortisation in accordance with IAS 38. With the exception of goodwill, all intangible assets held by the Solidare-Group have a finite useful life and are amortised on a straight-line basis over their useful lives (pro rata temporis). Goodwill is not reduced through scheduled amortisation.

Ordinary straight-line amortisation is based on the following useful lives:

	<b>Useful life</b> in years
Software	2 - 5
Other intangible assets	2 - 5

Other intangible assets relate mainly to contracts with favourable market terms. They are written-down in accordance with the individual contract terms. In addition, other intangible assets are tested in accordance with IAS 36 when there is an indication of impairment.

The Solidare Group has no internally generated intangible assets or capitalised trademarks.

#### 3.5.6 Impairment

Tangible and intangible assets are tested for impairment as required by IAS 36 when there is any indication that they may be impaired. Independent of this practice, goodwill and intangible assets with an indefinite useful life must be tested annually for signs of impairment. The impairment test is performed at the cash-generating unit level if cash inflows cannot be directly allocated to a specific asset and individual valuation is therefore not possible. Cash-generating units represent the smallest group of assets to which independent cash inflows can be allocated. A cash-generating unit may not be larger than an operating segment defined in accordance with IFRS B. IAS 36 defines the recoverable amount as the relevant benchmark for impairment testing. The recoverable amount equals the higher of fair value less costs to sell and the value in use.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

Fair value less costs to sell represents the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction at normal market conditions between knowledgeable and willing parties, less the costs to sell; the costs to sell are incremental costs directly attributable to the sale of an asset or cash-generating unit.

The value in use represents the present value of the estimated future cash flows that are expected to arise from the continuing use of an asset or cash-generating unit. Cash flows relevant to the valuation must be based on reasonable and justifiable assumptions. As a rule, the value in use is determined by using a net present value method; the discounted cash flow (DCF) method is used here.

If the carrying amount of an asset or cash-generating unit exceeds the recoverable amount, the difference is recognised as an impairment loss. An impairment loss calculated in accordance with the above principles must then be allocated to the assets in the cash-generating unit as follows: first, the carrying amount of the goodwill in the cash-generating unit is written down; any remaining difference is allocated to the other assets in the cash-generating unit in proportion to their carrying amount. An impairment loss is not allocated to an individual asset if a separate fair value less costs to sell would fall below a separately determined value in use or zero.

If there is an indication that the reasons for impairment no longer exist or have decreased, the impairment loss is reversed to the carrying amount that would have been determined (net of amortisation or depreciation) if the impairment loss had not been recognised in prior years. An impairment loss recognised to goodwill may not be reversed.

When companies are acquired as part of a share deal, the accounting rules defined by IFRS 3 Business Combinations are applied (see section 3.3.3 Business combinations (initial consolidations)). The use, if necessary, of the acquisition method leads to goodwill as a technical figure because of the obligation to record deferred tax liabilities on the difference between the fair value and the tax base of the investment property acquired. This goodwill must be tested annually for indications of impairment. The cash-generating units primarily represent individual properties, property portfolios or groups of cash-generating units that benefit from synergies resulting from the combination.

### 3.5.7 Trade and other receivables

Receivables and other financial assets are generally classified as loans and receivables (L&R) in accordance with IAS 39 and carried at amortised cost. Recognisable individual risks are reflected in corresponding valuation adjustments.

### 3.5.8 Income taxes

Income taxes comprise both current and deferred taxes. Current and deferred taxes are recognised to the income statement, unless they are related to items that are recognised either in other comprehensive income or directly in equity. In these cases the current or deferred taxes are also recognised in other comprehensive income or directly in equity. If current or deferred taxes result from the initial recognition of a business combination, the tax effects on the accounting for the business combination are included.

Current tax expense is based on taxable income for the year. Taxable income differs from net income as reported on the consolidated statement of comprehensive income due to income and expenses that are only taxable or tax deductible in later years or are never taxable or tax deductible.

Deferred taxes are recognised for existing differences between the carrying amounts of assets and liabilities in the IFRS consolidated financial statements and the corresponding tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences, while deferred tax assets are only recognised when it is probable that positive taxable income will be available to utilise the deductible temporary differences. Deferred tax assets and deferred tax liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor net income.

Deferred tax liabilities are recognised on taxable temporary differences arising from investments in subsidiaries unless the Solidare-Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

The carrying amount of the deferred tax assets is reviewed each year at the balance sheet date and reduced if it is no longer probable that sufficient taxable income will be available to utilise the claim in full or in part.

Deferred taxes are measured using the tax rates that are expected to apply to temporary differences when they are reversed and at the tax rates that were enacted or substantively enacted at the balance sheet date.

The measurement of deferred taxes reflects the tax consequences arising from the Solidare-Group's expectations for the realisation of the carrying amounts of assets or the settlement of liabilities at the reporting date.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and when there is a legally enforceable right to set off current tax assets against current tax liabilities.

### 3.5.9 Non-current assets held for sale

IFRS 5 requires the classification of non-current assets and disposal groups containing assets and liabilities as held for sale if they can be sold in their present condition and their sale is highly probable within 12 months due to an intention to sell. If the relevant criteria are no longer met, the assets or disposal groups are reclassified to the original balance sheet positions.

Non-current assets held for sale and disposal groups are valued at the lower of the carrying amount and fair value less costs to sell. Exceptions to this IFRS 5 measurement rule are investment properties which are valued in accordance with the fair value mode) as well as financial assets and deferred taxes. These non-current assets are only subject to the provisions for separate disclosure under IFRS 5.

### 3.5.10 Inventories

Inventories represent assets that are held for sale during the ordinary course of business, or are in the process of production for such sale, or take the form of materials or supplies to be consumed in the production process or in the rendering of services.

The business activities of the Solidare-Group as a real estate company comprise the acquisition and rental as well as the best possible commercial utilisation of assets to optimise asset management. The properties held for sale by the Solidare-Group do not fall within the scope of application of IAS 40 Investment Property, and are therefore accounted for as inventories in accordance with IAS 2.

Inventories are capitalised at acquisition or production cost, including borrowing costs, (see section 3.5.3) and measured at the lower of carrying amount and net realisable value (in part determined through an expert opinion) as of the balance sheet date. The acquisition or production cost of inventories includes all purchase and processing costs as well as other expenses incurred to bring the asset to the current location and condition. Net realisable value is determined as the estimated selling price less any outstanding production costs and costs to sell.

As of 30. June 2016, Solidare-Group disclosed no investment property under the inventories in the consolidated statement of financial position.

### 3.5.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, funds in transit and deposits with financial institutions with a term of up to three months. These items are carried at the value applicable on the relevant balance sheet date. The above-mentioned liquid funds are included in the cash and cash equivalents which are relevant for the consolidated cash flow statement.

### 3.5.12 Financial liabilities, trade and other liabilities

Financial liabilities are initially recognised at their fair value less directly attributable transaction costs. Fair value generally corresponds to the amount of funds received. Any difference (premium, discount or other difference) between the amount received and the repayment amount is allocated over the term of the financing according to the effective interest rate method and recorded under financial results.

Financial liabilities are generally classified as financial liabilities measured at amortised cost (FLAC) in accordance with IAS 39 and are valued using the effective interest rate method.

Non-financial liabilities are also carried at amortised cost.

Financial liabilities, trade and other liabilities are derecognised when the payment obligations expire or are transferred and the Solidare Group has transferred all material risks and opportunities connected with the liability.

Financial assets and liabilities are only offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the financial instruments on a net Basis or to settle the relevant financial liability simultaneously with the realisation of the involved financial asset.

### 3.5.13 Provisions

In accordance with IAS 37.14, an obligation arising from a past event whose timing or amount is uncertain is recorded as a provision when it becomes probable that an outflow of resources will be required to settle this obligation and when the amount can be reliably estimated.

The provision is based on the best estimate at the time the consolidated financial statements are prepared. The best estimate of the amount required to meet the present obligation is the amount the company would rationally pay to settle the obligation at the balance sheet date or to transfer the obligation to a third party at that time.

The risks and uncertainties that inevitably surround many events and circumstances must be taken into account in determining the best estimate. The expected cash flows must be discounted to their present value if the time value of money is material. The interest expense arising from the compounding of the provision is recorded under financial results, if they are material.

In cases where some or all of the expenditure required to settle an obligation is expected to be reimbursed by another party, the reimbursement may only be recognised when it is virtually certain that it will be received when the obligation is settled. The reimbursement must be treated as a separate asset, and the recognised amount may not exceed the amount of the provision.

The carrying amount of provisions must be reviewed and adjusted at each balance sheet date. If an outflow of resources is no longer probable, the provision must be derecognised through profit or loss.

### 3.6 Judgments and estimation uncertainty

The preparation of consolidated financial statements in agreement with IFRS requires the use of judgments and assumptions for future developments by the management of Solidare Real Estate Holding plc. These judgments and assumptions can have a significant influence on the recognition and value of assets and liabilities, the disclosure of other obligations as of the balance sheet date and the reporting of income and expenses for the financial year.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

- Accounting for business combinations using the acquisition method standardised in IFRS 3 is dependent on whether a business is acquired. Assessing whether acquired investment properties constitute a business as defined in IFRS 3 is discretionary and regularly requires a detailed analysis of the acquired operations and structures, particularly with regard to property management. The application of the acquisition method involves the recognition of the transaction costs as expenses, the full recognition of the tax liabilities on temporary differences between the fair value of the acquired property asset and its tax base, and the annual impairment testing of the resulting goodwill. The acquisition method is not applied if the acquisition does not represent a business. In this case, the acquisition costs, including transaction costs, are allocated to the assets acquired and liabilities assumed in accordance with their fair values; tax liabilities are not recognised ("initial recognition exemption") and there is no goodwill.

The following assumptions carry a significant risk that may lead to a material adjustment in the value of assets and liabilities during the next financial year:

- The fair values of the Solidare Group's investment properties, investment properties under construction and investment property held for sale and the net realisable value of some inventories are determined on the basis of appraisals prepared by independent property experts. Most of these appraisals include the use of discounted cash flow (DCF) models, specifically through discounting the expected future cash flows from the respective properties. The preparation of these appraisals involves the use of assumptions, e.g. for the applied discount rate, expected occupancy, outstanding construction costs and/or future development of rental prices. One characteristic of discounted cash flow models is their sensitivity to the underlying assumptions and parameters. For example, a reduction in the applied discount rate without any changes to the other assumptions or parameters will lead to an increase in the value of the respective property. In contrast, a reduction in the expected occupancy rate or the expected rental prices without any changes to the other assumptions or parameters will lead to a decline in the value of the respective property. The assumptions and parameters relevant to the valuation are determined through a careful process as of each balance sheet date based on the best possible estimates of the current market environment by management and the appraisers. These estimates are updated as of every balance sheet date, which could lead to substantial fluctuations in the fair value of the properties (see section 7.1).
- The impairment testing of intangible assets, goodwill and tangible assets is based on forward-looking assumptions. The determination of the recoverable amount or value in use of an asset for an impairment test involves the use of numerous assumptions, e.g. concerning future surplus cash flows and the discount rate. These surplus cash flows reflect the latest estimates available at the time the financial statements are prepared (see sections 7.1 and 7.2).
- The recognition of deferred tax assets, in general, and of tax assets on tax loss carryforwards, in particular, is based on the expectations of the Solidare Group's management concerning the availability of sufficient future taxable income. The accounting decision on the recognition or impairment of deferred taxes is based on assumptions concerning the timing of the reversal of deferred tax liabilities and on the latest tax planning data in a five-year planning period (see section 8.3).
- The valuation of provisions is based on best estimates, which are in part made by external experts. The valuation of provisions is based, in particular, on past experience, the probable outcome of legal disputes and tax litigation, future cost trends, interest rate assumptions, etc. (see section 7.10).
- The contingent liabilities arising from sureties, guarantees and other liabilities, which are not recognised in the Solidare-Group's balance sheet, are regularly assessed with regard to their probability of occurrence. If an outflow of resources embodying economic benefits is neither sufficiently probable to require a provision, nor improbable, the relevant obligations are recorded as contingent liabilities. These liabilities represent best estimates by management.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

The estimates and the underlying assumptions and parameters are reviewed regularly. Actual values may vary from these estimates when the development of the general parameters differs from expectations on the balance sheet date. Changes are made when more accurate information is available, and the presentation of the assumptions and parameters relevant to the valuation are adjusted accordingly.

#### 4. SCOPE OF CONSOLIDATION

As of 30 June 2016, Solidare Real Estate Holding plc, Malta, held shares in the following entities:

Entity	Place of incorporation	Proportion of ownership interest
<b>Direct consolidated entities</b>		
solidare real estate holding GmbH	Germany	100.00%
<b>Indirect consolidated entities</b>		
solidare service GmbH	Germany	100.00%
Prodomi Wohnservice GmbH	Germany	100.00%
Promas Verwaltungsgesellschaft mbH	Germany	100.00%
Pecunia Facility Services GmbH	Germany	100.00%
Primus Asset Management GmbH	Germany	100.00%
solidare Wohnraum, Bau- und Planungsges. mbH	Germany	100.00%
4. Rigi Property GmbH	Germany	94.90%
ONO student GmbH	Germany	94.90%
2. Rigi Property GmbH	Germany	94.90%
VSF Grundstücks AG	Germany	94.00%
3. Rigi Property GmbH	Germany	83.75%
<b>Non-consolidated participation</b>		
Rigi Property GmbH	Germany	3.23%

#### Changes in scope of consolidation

With effect from 4 May 2016 the reduction in common shares decided in 2015 was carried out by the way of transfer of 100% of shares in Taiga Atlas plc (former: Xanthus Spec 1 Limited), Malta, including its subsidiaries Boreal United (former: Xanthus Special Investment 1) Limited, Malta, and North Wall Production Limited, Cayman Islands, at their fair value of kEUR 1,563 to the shareholders of the Company. As result of this transaction, all direct and indirect participations of the Company were transferred to its shareholders.

SOLIDRE REAL ESTATE HOLDING PLC, MALTA

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

An analysis of net assets transferred as of the transfer date is disclosed in the following table. The data are based on the financial numbers as of 30 April 2016.

	<b>30 April 2016</b>
	kEUR
<b>Assets</b>	
Cash and cash equivalents	9
Other investments	1,836
Loans	2,957
Other assets	6
	<u>4,806</u>
<b>Liabilities</b>	
Trade payables	31
Loans	3,009
Provisions	69
	<u>3,109</u>
<b>Net assets transferred</b>	<u><u>1,699</u></u>

The result from this de-consolidation is determined as follows:

	<b>30 April 2016</b>
	kEUR
Net assets transferred	1,699
Reduction in common shares (equity)	1,563
<b>Loss</b>	<u><u>-136</u></u>

The loss is included in the loss for the period from discontinued operations within the interim consolidated financial statements (see section 8.4).

## 5. BUSINESS COMBINATIONS

On 17 June 2016 Solidare Real Estate Holding plc, Malta, acquired from Suryoyo Holding GmbH, Dusseldorf, 100% of shares in solidare real estate holding GmbH, Dusseldorf, for a consideration (purchase price) of kEUR 38,000. The consideration was fully paid by the issue of 38,000,000 common stocks of the Company to Suryoyo Holding GmbH, Dusseldorf, at a nominal value of EUR 1.00 per stock. By acquiring the shares in solidare real estate holding GmbH, Dusseldorf, Solidare Real Estate Holding plc, Malta, also took over indirectly its 11 subsidiaries.

The acquisition of solidare real estate holding GmbH, Dusseldorf, is a business combination in terms of IFRS 3 *Business Combinations*. No goodwill arose from this business combination.

SOLIDRE REAL ESTATE HOLDING PLC, MALTA

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

a) **Subsidiary acquired**

	Principal activity	Date of acquisition	Proportion of voting equity interest acquired	Consideration transferred kEUR
solidare real estate holding GmbH	Acquisition, development, and rental of investment property	17 June 2016	100%	38,000
				38,000

Solidare real estate holding GmbH, Dusseldorf, including its subsidiaries, was acquired to achieve sales revenues by rental of investment property on a long-term basis.

b) **Consideration transferred**

	solidare real estate holding GmbH kEUR
Common stocks of Solidare Real Estate Holding plc at nominal value of EUR 1	38,000
<b>Total</b>	<b>38,000</b>

c) **Assets acquired and liabilities recognised at dated of acquisition**

	kEUR
<b>Current assets</b>	
Cash and cash equivalents	354
Trade and other receivables	14,431
Assets classified as held for sale	571
Inventory	494
<b>Non-current assets</b>	
Investment property under construction	49,872
Other tangible assets	292
Intangible assets	1,233
<b>Current liabilities</b>	
Financial liabilities	-12,792
Trade and other payables	-2,249
Provisions	-6,620
	<b>45,586</b>

## d) Gain on bargain purchase

	<b>solidare real estate holding GmbH kEUR</b>
Consideration transferred	38,000
Plus: non-controlling interests (minority interests) in solidare real estate holding GmbH	2,934
Less: fair value of net assets acquired	-45,586
<b>Gain on bargain purchase</b>	<b>-4,652</b>

The gain on bargain purchase of kEUR 4,652 was disclosed as a separate item in the consolidated income statement. The reason for this gain was an agreed discount during the negotiations and the existing know-how, knowledge and the financing structure of the acquirer, which will be used for the establishing of an integrated investment property group listed in the EU.

The business combination described caused acquisition expenses of kEUR 95 in total, which are not part of the purchase price and were expenses as incurred in the interim consolidated financial statements.

## e) Net cash outflows

The acquisition of solidare real estate holding GmbH did not lead to any cash outflows.

## f) Effects on the interim consolidated financial statements

The acquisition took place shortly before 30 June 2016; therefore, no revenues and profits from the entity acquired are included in these interim consolidated financial statements for the period from 1 January to 30 June 2016.

A disclosure on revenues and profits from the merged group for the period from 1 January to 30 June 2016 assuming a fictitious dated of business combination as of 1 January 2016 is not possible without unreasonably high costs and many hypothetical assumptions. The investment property with its structure as of 30 June 2016 was yet established in the calendar year 2016.

## 6. SEGMENT REPORTING

In accordance with IFRS 8 business segments are identified by regular reports to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. In addition, a business segment is a component of an entity, which creates sales revenue and causes expenses.

The group controlling of the operating results is made on a global basis without differentiations in segments like regions or investment activities. Moreover, the Solidare-Group did not yet achieve sales revenue in the reporting period. In this case no different business segments can be formed in accordance with IFRS 8. Consequently, the Solidare-Group operates just one segment.

The disclosures to assets, liabilities, expenses and profits for the only segment can be derived from the consolidated statement of financial position and income statement.

**7. EXPLANATIONS ON CONSOLIDATED STATEMENT OF FINANCIAL POSITION****7.1 Tangible assets**

The book value of the tangible assets as of the balance sheet date can be derived from the following table:

	<b>30 June 2016</b>	<b>31 Dec 2015</b>
	kEUR	kEUR
Investment property under construction	49,872	0
Other tangible assets	292	0
	<b>50,164</b>	<b>0</b>

The development of book values was as follows:

	<b>Investment property under construction</b>	<b>Other tangible assets</b>	<b>Total</b>
	kEUR	kEUR	kEUR
<i>Historical cost</i>			
<b>Balance as of 31 Dec 2015/1 Jan 2016</b>	<b>0</b>	<b>0</b>	<b>0</b>
Additions	0	0	0
Additions by business combination	49,872	292	50,164
Disposals	0	0	0
<b>Balance as of 30 June 2016</b>	<b>49,872</b>	<b>292</b>	<b>50,164</b>

The additions to the investment property under constructions are mainly acquisition costs for properties and capitalised costs of constructions. As of 30 June 2016, investment property under construction with a book value of kEUR 6,973 was pledged as collaterals for liabilities incurred.

Other tangible assets are mainly office equipment and cars.

In the period from 1 January to 30 June 2016, no depreciation expenses were booked in the consolidated income statement.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

## 7.2 Intangible assets

The book value of the intangible assets as of the balance sheet date can be derived from the following table:

	30 June 2016	31 Dec 2015
	kEUR	kEUR
Software	45	0
Contracts with favourable market terms	1,188	0
	<b>1,233</b>	<b>0</b>

The development of book values was as follows:

	Software	Contracts with favourable market terms	Total
	kEUR	kEUR	kEUR
<b>Historical cost</b>			
<b>Balance as of 31 Dec 2015/1 Jan 2016</b>	<b>0</b>	<b>0</b>	<b>0</b>
Additions	0	0	0
Additions by business combination	45	1,188	1,233
Disposals	0	0	0
<b>Balance as of 30 June 2016</b>	<b>45</b>	<b>1,188</b>	<b>1,233</b>

## Significant intangible assets

Solidare-Group has contracts with favourable market terms for the development of its investment property. The book value of these contracts of million EUR 1.2 (31 December 2015: million EUR 0) will be completely written down in 2 – 5 years. Regarding the accounting and measurement methods of contracts with favourable market terms we refer to section 3.5.5 of these notes.

In the reporting period no amortisation expenses were booked in the consolidated income statements.

## 7.3 Inventories

As of 30 June 2016, the book value of inventories amounted to kEUR 494 (31 December 2015: kEUR 0). In the reporting period, the inventories contain unfinished services of kEUR 72, finished goods and services of kEUR 142, and advance payments of kEUR 280.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

## 7.4 Assets classified as held for sale

Assets classified as held for sale at the amount of kEUR 571 (31 December 2015: kEUR 4,034) relate mainly to the fair value of identified 3.23% participation at the acquisition date in Rigi Property GmbH, Dusseldorf. The assets classified as held for sale as of 31 December 2015 at the amount of kEUR 4,034 were disposed of in the reporting period as part of the capital reduction of the Company by allocation of 100% of shares in Taiga Atlas plc (former: Xanthus Spec 1 Limited), Malta, and its subsidiaries Boreal United (former: Xanthus Special Investment 1) Limited, Malta, and North Wall Production Limited, Cayman Islands. We refer to section 4 of these notes.

## 7.5 Trade and other receivables

	30 June 2016	31 Dec 2015
	kEUR	kEUR
Trade receivables	13,317	0
Less: allowances	107	0
	<u>13,210</u>	<u>0</u>
Other receivables	1,091	0
Prepaid items	133	0
	<u><b>14,434</b></u>	<u><b>0</b></u>

Trade receivables (kEUR 13,210) result mainly from the sale of 96.77% shares in Rigi Property GmbH.

Other receivables (kEUR 1,091) relate mainly to receivables from loans granted to third parties.

Prepaid items were disclosed for payments before 30 June 2016, which are expenses for future periods after 30 June 2016. These are advance payments to supplier.

Receivables shown above do not contain any amounts, which were overdue on 30 June 2016.

The following table shows the receivables classified by the remaining maturity period:

	Until 1 year kEUR	1 to 5 years kEUR	Over 5 years kEUR	Total kEUR
Trade receivables	13,210	0	0	13,210
(31 December 2015)	(0)	(0)	(0)	(0)
Other receivables	1,091	0	0	1,091
(31 December 2015)	(0)	(0)	(0)	(0)
Prepaid items	133	0	0	133
(31 December 2015)	(0)	(0)	(0)	(0)
<b>Total</b>	<u><b>14,434</b></u>	<u><b>0</b></u>	<u><b>0</b></u>	<u><b>14,434</b></u>

SOLIDRE REAL ESTATE HOLDING PLC, MALTA

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

7.6 Cash and cash equivalents

In the consolidated statement of financial position as of 30 June 2016 cash and cash equivalents amounted to kEUR 631 (31 December 2015: kEUR 0).

7.7 Shareholders' equity

Solidare Real Estate Holding plc, Malta, has an authorised capital of 300,000,000 ordinary shares (common stock) as of 30 June 2016 (31 December 2015: 300,000,000 ordinary shares) with a nominal value of EUR 1.00 which do not entitle the subscriber to a fixed profit. As of 30 June 2016 40,800,000 ordinary shares (31 December 2015: 19,757,762 ordinary shares) were issued and fully paid in.

	Number of shares		Common stock		Additional paid-in capital	
	30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015	30 June 2016	31 Dec 2015
	'000	'000	kEUR	kEUR	kEUR	kEUR
Issued and fully paid-in capital: ordinary shares of par value EUR 1.00	40,800	19,758	40,800	19,758	0	0

The movement in issued and paid-in ordinary shares of Solidare Real Estate Holding plc, Malta, during the reporting period was as follows:

	1 Jan to 30 Jun 2016
	Thousand shares
<b>Balance as of 1 January 2016</b>	<b>19,758</b>
Capital reduction on 22 February 2016	-16,219
Capital reduction on 4 May 2016 (see section 4)	-1,563
Capital increase on 17 June 2016 (see section 5)	38,000
Capital increase on 22 June 2016	824
<b>Balance as of 30 June 2016</b>	<b>40,800</b>

In a first step, the issued share capital of the Company was reduced by the cancellation of 16,218,986 ordinary shares issued by the Company leaving a balance of 3,538,776 ordinary shares issued and outstanding in accordance with the unanimously approved resolution No 1 of the Extraordinary General Meeting of the Company held on 19 November 2015. This cancellation has become effective with value of 22 February 2016. The purpose of the reduction was to offset losses incurred.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

In a second step, the issued share capital of the Company was reduced by the cancellation of 1,563,000 ordinary shares issued by the Company leaving a balance of 1,975,776 ordinary shares issued and outstanding. Thereby the unanimously approved resolution No 2 of the Extraordinary General Meeting of the company held on 19 November 2015 has become effective with value of 4 May 2016. The purpose of the reduction was to transfer all of the Company's holdings of shares in Taiga Atlas p.l.c, to the existing shareholders of Xanthus Holdings p.l.c., Malta, in proportion to their shareholding in Xanthus Holdings p.l.c., Malta.

With effect from 17 June 2016, the Company acquired 100% of the shares in solidare real estate holding GmbH, Dusseldorf, for a total consideration of kEUR 38,000. The consideration was paid by the issue of 38,000,000 ordinary shares at par value of EUR 1.00 per share (see section 5).

Moreover, the former majority shareholder of the Company subscribed a capital increase on 22 June 2016 of kEUR 824. As a result of all transactions, the Company has issued 40,800,000 ordinary shares as of 30 June 2016.

The retained earnings of kEUR 1,361 (31 December 2015: accumulated losses of kEUR -18,626) disclosed in the consolidated statement of financial position as of 30 June 2016 contain loss carryforwards of kEUR -2,931 (31 December 2015: kEUR -17,977) and the profit earned in the reporting period of kEUR 4,292 (2015: kEUR -649).

As of 30 June 2016 non-controlling interests (minority interests) in the Solidare-Group of kEUR 2,934 (31 December 2015: kEUR 0) existed stemming from all group companies, in which the Company does not hold 100% of the shares via solidare real estate holding GmbH (see section 4).

In the period from 1 January to 30 June 2016, the Solidare-Group did not grant any share-based options or payments.

### 7.8 Financial liabilities

	30 June 2016 kEUR	31 Dec 2015 kEUR
<b>Unsecured - amortised cost</b>		
Loans granted from related parties	5,162	0
Loans granted from third parties	1,404	0
Current accounts	4	0
	<u>6,570</u>	<u>0</u>
<b>Secured - amortised cost</b>		
Bank loans	4,222	0
Loans granted from third parties	2,000	0
Current accounts	0	0
	<u>6,222</u>	<u>0</u>
	<b><u>12,792</u></b>	<b><u>0</u></b>

As of 30 June 2016, all financial liabilities are classified as short-term.

Unsecured loans granted from third parties (kEUR 1,404; 31 December 2015: kEUR 0) as well as the unsecured loans granted from related parties at an amount of kEUR 5,162 (31 December 2015: kEUR 0) were incurred for the purposes of short-term financing. We refer to section 10.

SOLIDRE REAL ESTATE HOLDING PLC, MALTA

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

Secured bank loans (kEUR 4,222; 31 December 2015: kEUR 0) contain liabilities due to Kreissparkasse Weilburg for mortgage loans at the amount of kEUR 2,108, and liabilities due to Volksbank Limburg at an amount of kEUR 2,114. Additional loans granted from third parties (kEUR 2,000; 31 December 2015: kEUR 0) are also secured by an external credit institution.

The material terms of the secured bank loans and loans from third parties as of 30 June 2016 are as follows:

	Currency	Interest fix/variable	Average interest rate %	Remaining amount kEUR	Consolidated statement of financial position kEUR
Mortgage loans Kreissparkasse Weilburg	EUR	variable	3.00*	2,108	2,108
Mortgage loans Volksbank Limburg	EUR	variable	3.00*	2,114	2,114
Mortgage loans granted from third parties	EUR	fix	3.00	2,000	2,000
<b>Total</b>					<b>6,222</b>

\*Interest adjustments are dependent on the development of the benchmark interest rate of 3-months-EURIBOR

The following table shows the remaining maturity date of the financial liabilities as of 30 June 2016:

	Thereof remaining maturity date until 1 year kEUR	Thereof remaining maturity date 1 to 5 years kEUR	Thereof remaining maturity date over 5 years kEUR	Consolidated statement of financial position kEUR
Current accounts	4	0	0	4
Unsecured loans granted from third parties	1,404	0	0	1,404
Unsecured loans granted from related parties	5,162	0	0	5,162
Secured loans granted from third parties	2,000	0	0	2,000
Mortgage loans Kreissparkasse Weilburg	2,108	0	0	2,108
Mortgage loans Volksbank Limburg	2,114	0	0	2,114
<b>Total</b>				<b>12,792</b>

## 7.9 Trade and other payables

In the consolidated statement of financial position as of 30 June 2016, trade payables of kEUR 2,638 (31 December 2015: kEUR 89) are disclosed resulting from the development of the properties.

## 7.10 Provisions

The balances of the provisions are as follows:

## SOLIDRE REAL ESTATE HOLDING PLC, MALTA

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

	30 June 2016	31 Dec 2015
	kEUR	kEUR
Land reclamation	5,400	0
Other provisions	1,339	106
	<b>6,739</b>	<b>106</b>

As of 30 June 2016, all provisions are short-term in their nature.

#### 7.10.1 Provision for land reclamation

Based on a property purchase agreement, one of the group companies is obliged to reclaim the land. The expected reclamation costs were accrued for.

#### 7.10.2 Other provisions

Other provisions relate mainly to outstanding invoices for legal, consulting and tax services and tax accruals. Based on their short-term classification, a cash outflow is expected to be incurred within one year.

## 8. EXPLANATIONS ON CONSOLIDATED INCOME STATEMENT

### 8.1 Other not directly attributable expenses

Other not directly attributable expenses of kEUR 240 (previous comparable period: kEUR 28) relate mainly to legal and consulting costs as well as expenses for the stock exchange (as in the previous year period).

### 8.2 Gain on bargain purchase

The gain on bargain purchase of kEUR 4,652 results from the acquisition and the subsequent valuation of solidare real estate holding GmbH. We refer to our detailed explanations in section 5.

### 8.3 Income taxes

In Malta, no separate corporate income tax system exists. A company is subject to the income tax like an individual person. All companies located in Malta are subject to a nominal income tax rate of 35%. Since the introduction of the income tax in Malta in 1948 there is an imputation system of income taxes, e. g. the income taxes paid by a company will be imputed/refunded on the level of its shareholder at the time of a dividend payment. This system applies for Maltese shareholders as well as for non-resident shareholders.

## SOLIDRE REAL ESTATE HOLDING PLC, MALTA

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

The Board of Directors of Solidare Real Estate Holding plc plans to generate revenues via dividend income from its German subsidiary solidare real estate holding GmbH. From an income tax perspective, solidare real estate holding GmbH basically generates profit from the following two sources of income streams:

- Dividend income/capital gains which would be exempted from income taxes in Malta through the application of the participation exemption under the Maltese tax law. Therefore, no deferred tax assets would be recognised;
- Other income.

Relating to the taxable profit earned in the period from 1 January to 30 June 2016 all profits are allocated to the first of the income streams mentioned above; therefore no deferred taxes were accounted for in the interim consolidated financial statements as of 30 June 2016.

Foreign income taxes are calculated at the tax rate prevailing in the relevant countries, which varies from 0% to 35%.

The components of the income taxes of Solidare-Group for the reporting period are as follows:

	1 January to 30 June 2016 kEUR
<b>Current taxes</b>	
Malta	0
Abroad	0
<b>Deferred taxes</b>	0
<b>Income taxes</b>	0

Under the tax laws prevailing in Malta tax loss carryforwards may be carried forward and offset against future profits without any time restrictions. Companies forming part of a group may benefit from group relief provisions in respect of allowable losses which are surrendered. However, group relief only applies to companies' resident in Malta, and such companies that are deemed to form part of a group if one or more companies are owned, directly or indirectly, as to at least fifty-one per cent.

In Germany, tax loss carryforwards may also be carried forward and offset against profits without any time restrictions. However, the German tax authorities limit the tax loss carryforwards with taxable profits until an offset amount of EUR 1 million. All other taxable profits exceeding the amount of EUR 1 million can be offset with tax loss carryforwards at an amount of 60%.

The Company assumes to realise deferred tax assets in accordance with IAS 12 to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. However, tax loss carryforwards can only be used in the future if they do not belong to non-taxable income. On this basis, deferred tax assets and liabilities are disclosed.

#### 8.4 Result from discontinued operations

Already in the last year, the shareholders of Xanthus Holdings p.l.c. decided to transfer the investment business to its shareholders by the separation of the subsidiary and its participations and a capital reduction. After the legal terms this transaction became effective on 4 May 2016.

SOLIDRE REAL ESTATE HOLDING PLC, MALTA

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

The result from discontinued operations can be analysed as follows:

	1 Jan – 30 June 2016 kEUR	1 Jan – 31 Dec 2015 kEUR
<b>Investment income</b>		
Interest income	84	111
Other financial income	117	8
Gain on revaluation of assets and liabilities	112	-10
<b>Total investment income</b>	<b>313</b>	<b>109</b>
<b>Investment costs</b>		
Legal and consulting expenses	-79	-82
Other not directly attributable expenses	-93	-271
Interest expenses	-125	-90
<b>Total investment costs</b>	<b>-297</b>	<b>-443</b>
<b>Result before tax</b>	<b>16</b>	<b>-334</b>
Income tax expenses	0	0
Loss on disposal of the business	-136	0
<b>Loss for the period from discontinued operations</b>	<b>-120</b>	<b>-334</b>

### 8.5 Earnings per share

Information about earnings per share are in accordance with IAS 33:

	1 Jan – 30 June 2016 EUR/Share	1 Jan – 30 June 2015 EUR/Share
From continuing operations	0.41	0,00
From discontinued operations	-0,01	-0,02
	<b>0,40</b>	<b>-0,02</b>

SOLIDRE REAL ESTATE HOLDING PLC, MALTA

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

The results and the weighted average number of shares for basic earnings per share are as follows:

	<b>1 Jan – 30 June 2016 kEUR</b>	<b>1 Jan – 30 June 2015 kEUR</b>
Profit for the period attributable to the owners of the Company	4,292	-362
Profit for the period used in the calculation of basic earnings per share	4,292	-362
Loss from discontinued operations used in the calculation of basic earnings per share from discontinued operations	-120	-334
<b>Profit for the period from continuing operations used in the calculation of basic earnings per share from continuing operations</b>	<b>4,412</b>	<b>-28</b>
	<b>1 Jan – 30 June 2016 Thousands of shares</b>	<b>1 Jan – 30 June 2015 Thousands of shares</b>
Weighted average number of shares for the calculation of basic earnings per share	10,728	19,758

No diluted effects existed neither in the reporting period nor in the comparable last year period because the Solidare-Group did not use such instruments. Therefore, there are no rights from any party which could lead to a dilution.

## 9. LITIGATIONS

The Company was not involved in any litigation or legal disputes as of 30 June 2016.

## 10. RELATED PARTY DISCLOSURES

According to IAS 24 “*Related Party Disclosures*” an entity is required to identify all relationships and transactions with related parties and individual persons, since the relationships can have an impact on net worth, financial and profit situation of the Solidare-Group.

Intergroup transactions, which are related parties in the sense of IAS 24, are eliminated in the preparation of Interim Consolidated Financial Statements of the Xanthus Group and will not be mentioned in this note. We refer to section 4 for the presentation of all subsidiaries.

All members of the governing body of the Solidare-Group (the Board of Directors) and their immediate family members are deemed to be related parties from the point of view of Solidare Real Estate Holding plc, Malta, in accordance with IAS 24 Related Party Disclosures.

Zeki Yigit, Member of the Board of Directors of Solidare Real Estate Holding plc, Malta, is the sole owner and Managing Director of Suryoyo Holding GmbH, Dusseldorf, one of the shareholders of Solidare Real Estate Holding plc, Malta.

As of 30 June 2016 the Company discloses several short-term loans due to Suryoyo Holding GmbH, Dusseldorf, at a total book value of kEUR 4,757 (31 December 2015: kEUR 0) shown as financial liabilities in the consolidated statement of financial position.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2016

Patrick Rehberger is Managing Director of solidare real estate holding GmbH, Dusseldorf, and of other group companies. Moreover, he is also Managing Director of one of the shareholders of Solidare Real Estate Holding plc, Malta, the Suryoyo Holding GmbH, Dusseldorf, as well as of other companies, which do not belong to the Solidare-Group. One of these non-Solidare companies, PA.RE Real Estate Holding GmbH, Saarbrücken, granted a loan of kEUR 405 (31 December 2015: kEUR 0) to the Solidare-Group which is shown as financial liabilities in the consolidated statement of financial position as of 30 June 2016.

**11. NON-CASH TRANSACTIONS**

In the sections 4, 5 and 7.7 of these notes there are non-cash transactions listed and explained. Other material non-cash transactions were not performed in the reporting period.

**12. EMPLOYEES**

As part of the acquisition of solidare real estate holding GmbH shortly before the 30 June 2016 (see section 5) the Company took over 25 employees. The resulting average number of employees in the reporting period was therefore 2 (prior year period: 0) and is comprised as follows:

	<b>1 Jan – 30 June 2016</b>	<b>1 Jan – 30 June 2015</b>
	Number	Number
Officers	2	0
Industrial worker	0	0
	<b>2</b>	<b>0</b>

**13. GOVERNING BOARD AND COMPENSATION**

In the period from 1 January to 30 June 2016, the Board of Directors of the Company comprised the following persons:

- Dr. Stefan Feuerstein (until 6 June 2016)
- Claudio Morandi (until 6 June 2016)
- René Mueller
- Zeki Yigit (since 13 May 2016).

Thomas Jacobsen is Secretary of the Company.

The Board of Directors did not receive any remunerations for the period.

**14. EVENTS AFTER THE BALANCE SHEET DATE 30 JUNE 2016**

There were no reportable events after 30 June 2016

## 15. GUARANTEE OF THE BOARD OF DIRECTORS

In all conscience we assure, as representative for the Board of Directors of the Company, that the interim consolidated financial statements for the period from 1 January to 30 June 2016 are in compliance with IFRSs, as adopted by the EU, and give a true and fair view of the Group's Net Assets, Financial Position and Results of Operations.

Malta, 29 September 2016

René Mueller

Zeki Yigit