

solidare

real estate holding plc

168 St. Christopher Street
Valletta VLT1467 / Malta

Interim Consolidated Financial Statements

**for the reporting period from
1 January to 30 June 2017**

SOLIDARE REAL ESTATE HOLDING PLC, MALTA

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2017

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Solidare Real Estate Holding plc, Malta

Consolidated Statement of Financial Position as of 30 June 2017

Assets

	<u>Notes</u>	<u>30 June 2017</u> kEUR	<u>31 December 2016</u> kEUR
A. <u>Non-current assets</u>			
I. Property, plant and equipment	5.1	569	471
II. Intangible assets	5.2	975	1,109
III. Financial assets	5.3	132	283
IV. Deferred tax assets	6.5	149	149
Total non-current assets		<u>1,825</u>	<u>2,012</u>
B. <u>Current assets</u>			
I. Property inventories	5.4	77,397	71,027
II. Trade and other receivables	5.5	5,931	4,050
III. Cash and cash equivalents	5.6	4,360	1,461
IV. Assets classified as held for sale	5.7	544	18,960
Total current assets		<u>88,232</u>	<u>95,498</u>
Total assets		<u>90,057</u>	<u>97,510</u>

Solidare Real Estate Holding plc, Malta

Consolidated Statement of Financial Position as of 30 June 2017

Shareholders' equity and liabilities

	Notes	30 June 2017 kEUR	31 December 2016 kEUR
A. <u>Shareholders' equity</u>	5.8		
I. Capital stock		40,800	40,800
II. Accumulated losses (previous year: retained earnings)		-450	1,392
III. Amounts recognised directly in equity relating to currency translation adjustments		0	5
IV. Non-controlling interest		3,865	4,026
Total shareholders' equity		44,215	46,223
B. <u>Non-current liabilities</u>			
I. Financial liabilities	5.9	20,816	0
II. Deferred tax liabilities	6.5	7,188	7,388
Total non-current liabilities		28,004	7,388
C. <u>Current liabilities</u>			
I. Financial liabilities	5.9	11,296	37,742
II. Trade payables	5.10	1,261	935
III. Other payables	5.11	672	933
IV. Provisions	5.12	4,609	4,289
Total current liabilities		17,838	43,899
Total shareholders' equity and liabilities		90,057	97,510

Solidare Real Estate Holding plc, Malta

Consolidated Income Statement
for the period
from 1 January to 30 June 2017

	Notes	1 January to 30 June 2017 kEUR	1 January to 30 June 2016 kEUR
<u>Continuing operations</u>			
Rental income		807	0
Other income from asset management		160	0
Expenses related to property assets		-583	0
Results from asset management	6.1	384	0
Income from property development & sales		864	0
Expenses from property development & sales		-56	0
Results from property development & sales	6.2	808	0
Other not directly attributable expenses	6.3	-2,062	-240
Operating result		-870	-240
Gain from a bargain purchase		0	4,652
Financial expense		-1,024	0
Financial income		25	0
Financial result	6.4	-999	0
Result from continuing operations for the year, before income tax (EBT)		-1,869	4,412
Income taxes	6.5	-134	0
Result from continuing operations for the year, net of income taxes		-2,003	4,412
<u>Discontinued operations</u>			
Result for the year from discontinued operations		0	-120
Consolidated profit of the year		-2,003	4,292
Attributable to:			
Owners of the Company		-1,842	4,292
Non-controlling interests		-161	0
Earnings per share	6.6		
From continuing and discontinuing operations		-0,05	0,40
From continuing operations		-0,05	0,41

Solidare Real Estate Holding plc, Malta

**Consolidated Statement of Comprehensive Income
for the period
from 1 January to 30 June 2017**

	Notes	1 January to 30 June 2017 kEUR	1 January to 30 June 2016 kEUR
Consolidated profit for the year		-2,003	4,292
Items that will be reclassified subsequently to profit and loss under certain conditions			
Exchange differences on translating foreign operations		-5	0
Income tax on items that will be reclassified subsequently to profit and loss under certain conditions		0	0
		<u>-5</u>	<u>0</u>
Items that will not be reclassified subsequently to profit and loss		0	0
Other comprehensive income for year, net of income taxes		-5	0
Total comprehensive income for the year		-2,008	4,292
Atributable to:			
Owners of the Company		-1,847	4,292
Non-controlling interests		-161	0

Solidare Real Estate Holding plc, Malta

**Consolidated Statement of Changes in Shareholders' Equity
for the period
from 1 January to 30 June 2017**

	Common stock		Retained earnings/ accumulated losses (-)	Amounts recognised directly in equity relating to currency translation adjustments	Shareholders' equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
	Shares thousands	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR	Amount kEUR
Balance at 1 January 2016	19,758	19,758	-18,626	-131	1,001	-	1,001
Consolidated profit for the year			4,292		4,292		4,292
Other comprehensive income for the year			0		-		-
Total comprehensive income for the year			4,292		4,292	-	4,292
Capital reduction - part 1	-16,219	-16,219	16,219		-		-
Capital reduction - part 2 and transfer of shares	-1,563	-1,563	-524	131	-1,956		-1,956
Issue of ordinary shares for company acquisition	38,000	38,000			38,000		38,000
Addition of non-controlling shares (minority interest) due to business combinations						2,934	2,934
Capital increase	824	824			824		824
Balance at 30 June 2016	40,800	40,800	1,361	-	42,161	2,934	45,095
Balance at 1 January 2017	40,800	40,800	1,392	5	42,197	4,026	46,223
Consolidated profit for the year			-1,842		-1,842	-161	-2,003
Other comprehensive income for the year				-5	-5		-5
Total comprehensive income for the year	-	-	-1,842	-5	-1,847	-161	-2,008
Balance at 30 June 2017	40,800	40,800	-450	-	40,350	3,865	44,215

Solidare Real Estate Holding plc, Malta

Consolidated Cash Flow Statement for the period from 1 January to 30 June 2017

	Notes	1 January to 30 June 2017 kEUR	1 January to 30 June 2016 kEUR
Cash flows from operating activities			
Consolidated profit for the year		-2,003	4,292
Income tax expense recognised in profit and loss		134	-
Finance costs recognised in profit and loss		1,024	-
Investment income recognised in profit and loss		-25	-
Gain from a bargain purchase		-	-4,652
Impairment of financial assets		-	-
Amortisation of non-current assets		211	-
Movements in working capital:			
Increase/(decrease) in inventories as well as trade and other receivables		10,316	-1
Increase in trade payables, provisions and other liabilities		-510	32
Other non-cash income and expenses			-7
Cash generated from operations		9,147	-336
Interest paid		-467	-
Interest received		25	-
Income taxes paid		2	-
Net cash generated by operating activities		8,707	-336
- thereof from discontinued operations		-	-7
Cash flows from investing activities			
Net cash outflow from the acquisition of subsidiaries less cash and cash equivalents received		-	354
Proceeds from sale of subsidiaries less cash and cash equivalents given		-	-7
Proceeds from disposal of property, plant and equipment		32	-
Payments for property, plant and equipment		-207	-
Payments for intangible assets		-	-
Net cash (used in)/ generated by investing activities		-175	347
- thereof from discontinued operations		-	-7
Cash flows from financing activities			
Proceeds from issuing equity instruments of the Company		-	824
Proceeds from loans received		21,201	99
Repayment of loans		-26,834	-350
Net cash used in financing activities		-5,633	573
- thereof from discontinued operations		-	88
Net increase in cash and cash equivalents		2,899	584
Cash and cash equivalents at the beginning of the year		1,461	47
Cash and cash equivalents at the end of the year		4,360	631

1 GENERAL INFORMATION

Solidare Real Estate Holding plc, Malta, (“the Company”) is a limited liability company incorporated as Xanthus Holdings plc. as of 21 March 2011 in Malta, and reformed in Solidare Real Estate Holding plc on 9 June 2016. The Company is the parent holding company of solidare real estate holding, Duesseldorf, 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 participations in property companies, which are focused on the acquisition and rental service or sale of property. Moreover, Solidare Real Estate Holding plc also has indirect participations in service companies, which are specialised to develop the property. The Solidare-Group has positioned itself 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 – as before – 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 ACCOUNTING METHODS APPLIED

The Solidare Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), taking into consideration the interpretations of the IFRS Interpretations Committee (IFRIC), as adopted by the European Union (EU). The interim consolidated financial statements as at 30 June 2017 have been prepared in compliance with the requirements of International Accounting Standard (IAS) 34. The Notes are presented in condensed form.

All standards and interpretations applicable as of 1 January 2017 were applied when preparing the interim consolidated financial statements. The interim consolidated financial statements as of 30 June 2017 were prepared in accordance with the same accounting and valuation methods as those applied in the preceding consolidated financial statements as of 31 December 2016. All mandatory standards and interpretations to be applied by 1 January 2017 for the first time, had no material impact on the Group's net assets, financial position and results of operations.

The Solidare Group's interim consolidated financial statements as of 30 June 2017 were neither subject to a full audit nor to an audit review by an auditor.

3 SCOPE OF CONSOLIDATION

As of 30 June 2017, Solidare Real Estate Holding plc, Malta, held shares in the following entities:

Entity	Place of incorporation	Proportion of ownership interest
Direct consolidated entities		
solidare real estate holding GmbH	Germany	100.00%
Solidare International AG	Switzerland	100.00%
Indirect consolidated entities		
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%
Pilatus II Holding GmbH	Germany	100.00%
Rigi Neuss 1 Property GmbH	Germany	100.00%
Pilatus SR Holding GmbH	Germany	100.00%
7. Rigi Property GmbH	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%
Non-consolidated participation		
Rigi Property GmbH	Germany	3.23%

Changes in scope of consolidation

As of 30 June 2017, the newly formed companies Pilatus SR Holding GmbH and 7. Rigi Property GmbH were included in the scope of consolidation of Solidare for the first time.

4 SEGMENT REPORTING

A business segment as defined by IFRS 8 is a component of an entity that engages in business activities from which it may earn revenues and incur expenses and whose operating results are regularly reviewed by the entity's chief operating decision maker (Board of Directors) to make decisions about resources to be allocated to the segment and assess its performance for which discrete financial information is available.

The Solidare-Group is engaged in the development and trading of properties in the segment of micro-apartments. All properties held by Solidare-Group are located in the Rhine-Ruhr region. Due to the uniform characteristics of the real estate portfolio and the narrow geographic area, there is no division of the business into segments. The group controlling of the operating results is made on a global basis without differentiations in segments like regions or investment activities.

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.

5 EXPLANATIONS ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

5.1 Property, plant and equipment

The book value of the property, plant and equipment as of 30 June 2017 can be derived from the following table:

	30 June 2017 kEUR	31 December 2016 kEUR
Property, plant and equipment	569	471
	569	471

The development of book values was as follows:

	Other tangible assets kEUR
Historical cost	
Balance at 31 Dec 2016/1 Jan 2017	471
Additions	207
Amortisations	-77
Disposals	-32
Balance at 30 June 2017	569

The property, plant and equipment consist mainly of operating and business equipment and vehicles. The additions primarily relate to the historical costs for additional operating and business equipment.

5.2 Intangible assets

The book value of the intangible assets as of 30 June 2017 can be derived from the following table:

	30 June 2017 kEUR	31 December 2016 kEUR
Software	67	88
Contracts with favourable market terms	908	1.021
	975	1.109

The development of book values was as follows:

	Software kEUR	Contracts with fa- vourable market terms kEUR	Total kEUR
Historical cost			
Balance as of 31 Dec 2016/1 Jan 2017	88	1.021	1.109
Additions	0	0	0
Amortisations	-21	-113	-134
Disposals	0	0	0
Balance as of 30 June 2017	67	908	975

Significant intangible assets

Solidare-Group has contracts with favourable market terms for the development of its investment property. Service contracts acquired by business combinations with a book value of kEUR 908 (31 December 2016: kEUR 1,021) were reduced by amortisations in the amount of kEUR 113 (2016: also kEUR 113) in the first half-year based on a useful life of 5 years. Regarding the accounting and valuation methods of contracts with favourable market terms we refer to the consolidated financial statements as at 31 December 2016.

5.3 Financial assets

	30 June 2017 kEUR	31 December 2016 kEUR
Loans carried at amortised cost		
Loans to related parties	132	283
Total	132	283

The financial assets are unsecured loans granted to related parties. We refer to section 8 of these Notes.

5.4 Property inventories

In the first half of 2017, property inventories increased due to the acquisition and further development of properties. As of the balance sheet date of 30 June 2017, the carrying amount of the property inventories amounted to kEUR 77,397 (31 December 2016: kEUR 71,027). The development of the inventory is shown in the following table:

	Property inventories kEUR
Balance at 31 Dec 2016/1 Jan 2017	71,027
Additions to inventories	5,586
Development of inventories	614
Capitalisation of interest on borrowings	170
Disposals	0
Balance at 30 June 2017	77,397

In the first half of 2017, interests on borrowings were capitalised in the amount of kEUR 170 (first half-year of 2016: kEUR 0). As a result, property inventories include capitalised interest on borrowings in the amount of kEUR 372 (31 December 2016: kEUR 202) as of 30 June 2017. In the reporting period, no inventories were recognised as expenses in the income statement. The realisation of inventories of approximately kEUR 77,397 is expected to take longer than twelve months.

5.5 Trade and other receivables

	30 June 2017 kEUR	31 December 2016 kEUR
Trade receivables	3,175	1,637
Less: allowances	-28	-116
	3,147	1,521
Other receivables	1,898	2,375
Prepaid items	886	154
	5,931	4,050

The amount of kEUR 1,968 of the kEUR 3,147 trade receivables relate to outstanding receivables due from Rigi Property GmbH, Bonn, within the scope of the general contract agreement concluded between these two parties. We refer to section 7 of these notes. Due to expected uncollectibility, individual trade receivables were written down.

Other receivables with a book value of kEUR 1,898 relate to the still outstanding portion of the purchase price receivable (kEUR 1,837) from the sale of Rigi Property GmbH, Bonn.

Deferred income items were created for expenses that represent expenses for future periods after the balance sheet date and mainly relate to the establishment of a financing facility and to prepayments to suppliers as well as to insurances which represent expenses after 30 June 2017.

SOLIDARE REAL ESTATE HOLDING plc
Notes to the interim consolidated financial statements as of 30 June 2017

The above-mentioned receivables include amounts (see age structure analysis below), which are overdue as of the reporting date, for which the Group, however, has not recognised impairments. In particular, this applies to the still outstanding portion of the purchase price receivable from the sale of Rigi Property GmbH, Bonn, which has been overdue for more than 120 days and the open partial invoice under the general contract agreement between PRIMUS Asset GmbH and Rigi Property GmbH, Bonn. In both cases, no impairments were made, since Solidare is still considered to be the legally enforceable nature of the claim. We refer to section 7 of these Notes.

	30 June 2017 kEUR	31 December 2016 kEUR
Less than 60 days	93	500
60 to 90 days	95	500
91 to 120 days	0	0
120 days +	2,550	0
	2,738	1,000

The following table shows the receivables according to their maturities:

	Less than 1 year kEUR	1 to 5 year kEUR	5 years + kEUR	Total kEUR
Trade receivables	3,147	0	0	3,147
<i>(31 December 2016)</i>	<i>(1,521)</i>	<i>(0)</i>	<i>(0)</i>	<i>(1,521)</i>
Other receivables	1,898	0	0	1,898
<i>(31 December 2016)</i>	<i>(2,375)</i>	<i>(0)</i>	<i>(0)</i>	<i>(2,375)</i>
Prepaid expenses	886	0	0	886
<i>(31 December 2016)</i>	<i>(154)</i>	<i>(0)</i>	<i>(0)</i>	<i>(154)</i>
Total	5,931	0	0	5,931

5.6 Cash and cash equivalents

In the consolidated statement of financial position as of 30 June 2017 cash and cash equivalents amounted to kEUR 4,360 (31 December 2016: kEUR 1,461).

5.7 Assets classified as held for sale

As of 30 June 2017, the non-current assets held for sale totalled kEUR 544 (31 December 2016: kEUR 18,960). They relate to the remaining 3.23% participation in Rigi Property GmbH, Duesseldorf. There is an agreement with the buyer to sell the remaining 3.23% as well. In the first half of 2017, the property assets of the 4. Rigi Property GmbH, which were still shown as of the balance sheet date of the past financial year, were sold.

5.8 Shareholders' equity and retained earnings

Solidare Real Estate Holding plc, Malta, has an authorised capital of 300,000,000 ordinary shares (common stock) as of 30 June 2017 (31 December 2016: 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 2017 40,800,000 ordinary shares (31 December 2016: 40,800,000 ordinary shares) were issued any fully paid.

	Number of shares		Common stock		Additional paid-in capital	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
	'000	'000	kEUR	kEUR	kEUR	kEUR
Issued and fully paid-in capital: ordinary shares of par value EUR 1.00	40,800	40,800	40,800	40,800	0	0

During the first half of 2017, there were no changes to the ordinary shares in circulation of Solidare Real Estate Holding plc, Malta.

The cumulative losses of kEUR -450 reported in the consolidated statement of financial position as of 30 June 2017 contain retained earnings of kEUR 1,392 as of 31 December 2016 and the Group period loss of kEUR 1,842 incurred in the first half of 2017.

As of 30 June 2017 non-controlling interests (minority interests) in the Solidare-Group of kEUR 3,865 (31 December 2016: kEUR 4,026) existed stemming from all group companies, in which the Company does not hold 100% of the shares via solidare real estate holding (see section 3).

In the period from 1 January to 30 June 2017, the Solidare-Group did not grant any share-based options or payments.

5.9 Financial liabilities

	30 June 2017 kEUR	31 December 2016 kEUR
Unsecured — amortised cost		
Loans granted from related parties	8,207	9,202
Loans granted from third parties	427	1,513
Current accounts	89	161
	<u>8,723</u>	<u>10,876</u>
Secured — amortised cost		
Bank loans	8,224	26,866
Loans granted from third parties	15,165	0
Current accounts	0	0
	<u>23,389</u>	<u>26,866</u>
	<u>32,112</u>	<u>37,742</u>

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Notes to the interim consolidated financial statements as of 30 June 2017

The following table shows the remaining maturity date of the financial liabilities as of 30 June 2017:

	Thereof remain- ing maturity date until 1 year kEUR	Thereof remain- ing maturity date 1 to 5 years kEUR	Thereof remain- ing maturity date over 5 years kEUR	Consolidated statement of financial position kEUR
Loans granted from related parties	8.207	0	0	8.207
Loans granted from third parties	0	427	15,165	15,592
Loan of overdraft	89	0	0	89
Mortgage loan Sparkasse Muensterland Ost – Rigi Neuss 1 Property GmbH	0	1,250	0	1,250
Mortgage loan Volksbank Warendorf – Rigi Neuss 1 Property GmbH	0	1,250	0	1,250
Mortgage loan Volksbank Hamm – Rigi Neuss 1 Property GmbH	0	1,275	0	1,275
Mortgage loan Sparkasse Neuss – Rigi Neuss 1 Property GmbH	0	1,250	0	1,250
Loan Sparkasse Muensterland Ost – Solidare real estate holding GmbH	0	154	0	154
Mortgage loan Sparkasse Muensterland Ost – ONO Student GmbH	0	45	0	45
Mortgage loan Volksbank Warendorf – ONO Student GmbH	3,000	0	0	3,000
Total				32,112

In addition, Solidare concluded a financing facility with a credit line of EUR 50 million in the reporting period with the purpose to acquire and develop future projects. As of 30 June 2017, the financing facility has not yet been used.

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Notes to the interim consolidated financial statements as of 30 June 2017

The material loan terms as of 30 June 2017 are as follows:

	Currency	Interest fix/variable	Average inter- est rate %	Remaining amount kEUR	Consoli- dated statement of financial position kEUR
Mortgage loans Sparkasse Muensterland Ost – Rigi Neuss 1 Property GmbH	EUR	variabel	2.50*	1,250	1,250
Mortgage loans Volksbank Warendorf – Rigi Neuss 1 Property GmbH	EUR	variabel	2.50*	1,250	1,250
Mortgage loans Volksbank Hamm – Rigi Neuss 1 Property GmbH	EUR	variabel	2.50*	1,275	1,275
Mortgage loans Sparkasse Neuss – Rigi Neuss 1 Property GmbH	EUR	variabel	2.50*	1,250	1,250
Loan Sparkasse Muensterland Ost – Solidare real estate holding GmbH	EUR	fix	2.95	154	154
Mortgage loans Sparkasse Muensterland Ost – ONO Student GmbH	EUR	fix	2.00	45	45
Mortgage loans Volksbank Warendorf – ONO Student GmbH	EUR	variabel	1.95*	3,000	3,000
Total					8,224

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

Loans granted by related parties were concluded at an interest rates of 5.0% per annum. We refer to section 8 of these Notes. Unsecured loans from third parties will also be charged at an interest rate of 5.0% per annum. But collateralised loans from third parties will be charged at an interest rate of 3.1% per annum.

5.10 Trade payables

In the consolidated statement of financial position as of 30 June 2017, trade payables of kEUR 1,261 (31 December 2016: kEUR 935) are disclosed resulting from the development of the properties. The increase in trade payables as of 31 December 2016 is relating to the Group's increased operating activities in this area.

Liabilities from affiliated companies in the amount of kEUR 275 (31 December 2016: kEUR 307) are included in trade payables.

SOLIDARE REAL ESTATE HOLDING plc
Notes to the interim consolidated financial statements as of 30 June 2017

5.11 Other liabilities

	30 June 2017 kEUR	31 December 2016 kEUR
Other financial liabilities		
Liabilities from the acquisition of shares	0	329
Total other financial liabilities	0	329
Other non-financial liabilities		
Liabilities to tax authorities	242	122
Deferred income	62	54
Liabilities from wages and salaries	10	93
Other	358	335
Total other non-financial liabilities	672	604
Total	672	933

Other non-financial liabilities relate to sales revenue and wage tax liabilities, wages and salaries liabilities, and deferred income. Deferred income items are primarily formed for rents received, which represent rental income for the time period after 30 June 2017.

5.12 Provision

The balances of the provisions are as follows:

	30 June 2017 kEUR	31 December 2016 kEUR
Land reclamation	3,187	3,267
Other provisions	1,422	1,022
	4,609	4,289

As of 30 June 2017, all provisions are short-term in their nature.

	Land reclamation kEUR	Other provisions kEUR	Total TEUR
Balance at 31 Dec 2016/1 Jan 2017	3,267	1,022	4,289
Additional provisions recognised	0	519	519
Reductions arising from payments/other sacrifices of future economic benefits	-80	-109	-189
Reductions resulting from re-measurement or settlement without cost	0	-10	-10
Unwinding of discount and effect of changes in the discount rate	0	0	0
Balance at 31 December 2016	3,187	1,422	4,609

5.12.1 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. The project will be completed in 2017 so that the property can be developed as planned.

5.12.2 Other provisions

Other provisions primarily relate to provisions for taxes (kEUR 1,178) as well as to outstanding invoices for legal, consulting and tax services and tax accruals (kEUR 79). Based on their short-term classification, a cash outflow is expected to be incurred within one year.

6 NOTES TO THE CONSOLIDATED INCOME STATEMENT

6.1 Results from asset management

The rental income for the property inventories corresponds to the agreed rents in the respective rental agreements in the reporting period. Mainly 3. Rigi Property GmbH and 4. Rigi Property GmbH generated rental income in the reporting period, as the remaining properties were renovated and upgraded during the financial year.

Other income from asset management includes further operating costs and income from rental services such as facility management, administration and management of buildings, including their technical facilities and installations (property management).

Expenses related to property assets include expenses in connection with the maintenance of the property assets, which do not lead to a significant improvement or structural change of the property, as well as operating costs, which are partially charged out to tenants. This item also includes personnel and material expenses in connection with the rental and administration of properties including all provided services in the area of property management. The personnel expenses directly attributable to the Asset Management amounted to kEUR 68 (first half of 2017: kEUR 0) in the current financial year.

6.2 Results from property development & sales

The results from property development & sales includes income from the sale of the Group's property, including income from apartment sales and block sales (property or portfolio sales).

The item also includes other income generated from services to third parties in the area of property development. The provided services include, in particular, planning, architecture and renovation services.

Expenses from property development & sale comprise all personnel and material expenses related to the development of the Solidare's property portfolio which can not be capitalised since they are not attributable to a specific project or do not relate to expenses before the start of the project as well as to expenses provided to third parties in the area project development. Costs directly attributable to the sale of objects are also recognized under this item.

6.3 Other not directly attributable expenses

Not directly attributable expenses consist of expenses which are not directly attributable to the different revenue streams (asset management and property development & sales). They consist of the following expenses:

	1 Jan 2017 - 30 Jun 2017	1 Jan 2016 - 30 Jun 2016
	kEUR	kEUR
Other not directly attributable expenses		
Administration expenses	854	21
Personnel expenses	545	0
Legal, audit and consulting expenses	364	219
Amortisations	211	0
Rental and office expenses	58	0
IT and communication expenses	28	0
Other	2	0
Total	2,062	240

The legal, audit and consulting expenses primarily relate to consulting expenses for financing, auditing and tax consulting expenses as well as other legal and consulting expenses. The other not directly attributable expenses include depreciation on tangible and intangible assets in the amount of kEUR 211.

6.4 Financial result

The financial result is broken down as follows:

	1 Jan 2017 - 30 Jun 2017	1 Jan 2016 - 30 Jun 2016
	kEUR	kEUR
Financial result		
Financial expense	-1,024	0
Financial income	25	0
Total	-999	0

The financial expense primarily results from interest paid and deferred interest for loans received. The financial income results from interest on cash and cash equivalents as well as from interest on interest-bearing loans and receivables issued by the Solidare.

In the reporting period, the financial expense was reduced by capitalised borrowing costs on property inventories under development in the amount of kEUR 170. The weighted average cost of borrowed capital was 2.74%.

6.5 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 shareholders at the time of a dividend payment. This system applies for Maltese shareholders as well as for non-resident shareholders.

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.
- Other income.

Foreign income taxes are calculated using the tax rate applicable in the respective countries, which varies from 0% to 35%. Besides Malta, the Solidare-Group is also represented in Germany and Switzerland with Group companies. In Germany all Group companies – except for VFS Grundstuecks AG – are structured in the legal form of limited liability companies (GmbH), this means they are subject to corporation tax, trade tax and the solidarity surcharge. The property companies, which are the substantial part of the Group's activities, essentially managing asset and thus are trade tax-exempted. Therefore, these companies are only subject to corporation tax plus the solidarity surcharge payable on this. Therefore, a nominal income tax rate of 15.83% is applied here. In case of the minor German service companies in the Solidare-Group, the commercial tax has to be calculated additionally, which results in a formal tax on income tax of 30.5%.

The Swiss Group is generating most of its sales revenues in non-Swiss countries and thus meets the requirements of the domicile taxation, which is why an income tax rate of 0% was applied to the Swiss Group. However, the final assessment of the tax status of the Company by the local tax authorities is still pending.

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

	1 Jan 2017 – 30 Jun 2017 KEUR	1 Jan 2016 – 30 Jun 2016 KEUR
Current taxes		
Malta	0	0
Abroad	-334	0
Deferred taxes	200	0
Income taxes (+ expense / -earnings)	-134	0

6.6 Earnings per share

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

	1 Jan 2017 - 30 Jun 2017	1 Jan 2016 - 30 Jun 2016
	EUR/share	EUR/share
From continuing operations	-0.05	0.41
From discontinued operations	0.00	-0.01
	-0.05	0.40

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

	1 Jan 2017 - 30 Jun 2017	1 Jan 2016 - 30 Jun 2016
	kEUR	kEUR
Profit for the period attributable to the owners of the Company	-1,842	4,292
Profit for the period used in the calculation of basic earnings per share	-1,842	4,292
Loss from discontinued operations used in the calculation of basic earnings per share from discontinued operations	0	-120
Profit for the period from continuing operations used in the calculation of basic earnings per share from continuing operations	-1,842	4,412

	1 Jan 2017 - 30 Jun 2017	1 Jan 2016 - 30 Jun 2016
	Thousands of shares	Thousands of shares
Weighted average number of shares for the calculation of basic earnings per share	40.800	10.728

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

7 LEGAL DISPUTES

In May 2016, solidare real estate holding GmbH sold 91.67% of its shares in Rigi Property GmbH before they were acquired by Solidare Real Estate Holding plc. In connection with the sale, a general contractor agreement was also concluded between the property company Platanenweg 29, Bonn, S.a.r.l., and PRIMUS Asset GmbH for the renovation of the before-mentioned property. Since the property company Platanenweg 29, Bonn, S.a.r.l., did not balance a first instalment invoice from PRIMUS Asset GmbH in the amount of kEUR 500 from 12 October 2016, PRIMUS Asset GmbH was able to obtain a debt-securing mortgage in an equal amount to secure its claim. Within the context of a court settlement, PRIMUS Asset GmbH committed itself in February 2017 to the deletion of the obtained land mortgage. In return, they received a guarantee of BayernLB in the amount of kEUR 270. A further court proceeding on the legality of the work-related remuneration is still running.

In addition, the Solidare-Group was not involved in any further legal disputes as of 30 June 2017.

8 RELATED PARTY DISCLOSURE

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, ist the sole owner and Managing Director of Suryoyo Holding GmbH, Duesseldorf, one of the shareholders of Solidare Real Estate Holding plc, Malta.

As of 30 June 2017 the Company discloses several short-term loans due to Suryoyo Holding GmbH, Duesseldorf, at a total book value of kEUR 8,207 (31 December 2016: kEUR 7,756) shown as financial liabilities in the consolidated statement of financial position.

Mrs. Feride Can, sister of Mr. Zeki Yigit, is the sole shareholder and managing director of Paulus Holding GmbH, Guetersloh.

In the reporting period, Solidare repaid all loans from Paulus Holding GmbH, Guetersloh. Therefore, there are no longer any loan liabilities to Paulus Holding GmbH recorded under financial liabilities in the consolidated statement of financial position as of 30 June 2017 (31 December 2016: kEUR 1.041).

Mr. Petrus Can, son of Mrs. Feride Can, is the sole shareholder and managing director of Gauss Consult GmbH, Guetersloh.

In the consolidated statement of financial position as of 30 June 2017, the company has reported trade payables to Gauss Consult GmbH, Guetersloh, in the amount of kEUR 8 (31 December 2016: kEUR 45). In the reporting period, Gauss Consult GmbH, Guetersloh was charged with a total of kEUR 1,024 (first half of 2016: kEUR 0) for deliveries and services.

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Mr. Genco Yigit, brother of Mr. Zeki Yigit, is the sole shareholder of Genco Handels & Vertriebsgesellschaft mbH, Bad Laer, which is the sole shareholder of Valvero GmbH, Bad Laer.

In the consolidated statement of financial position as of 30 June 2017, the company has reported trade payables to Valvero GmbH, Bad Laer, in the amount of kEUR 0 (31 December 2016: kEUR 42). In the reporting period, Valvero GmbH, Bad Laer, was charged with a total of kEUR 21 (first half of 2016: kEUR 0) for deliveries and services.

René Mueller is member of the Board of Directors of Solidare Real Estate Holding plc, Malta.

In the consolidated statement of financial position as of 30 June 2017, the entity reported directly and indirectly various loan receivables to René Mueller in a total value of kEUR 132 (31 December 2016: kEUR 283) under financial assets.

Mr. Mueller is also administration council of GSC General Service Center AG, Zug. In the consolidated statement of financial position as of 30 June 2017, the company has reported trade receivables to GSC General Service Center AG, Zug, in the amount of kEUR 42 (31 December 2016: kEUR 0). In the reporting period, GSC General Service Center AG, Zug, was charged with a total of kEUR 12 (first half of 2016: kEUR 0) for deliveries and services.

Patrick Rehberger is Managing Director of solidare real estate holding GmbH, Duesseldorf, and of other group companies. Moreover, he is also Managing Director of one of the shareholder of Solidare Real Estate Holding plc, Malta, the Suryoyo Holding GmbH, Duesseldorf, 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, Saarbruecken, has granted short-term loans to the Solidare Group, which have been fully repaid in the reporting period. Therefore, they are no longer recorded in the consolidated statement of financial position as of 30 June 2017 (31 December 2016: kEUR 405). In addition, business shares were sold to PA.RE Real Estate Holding GmbH whose purchase price was not yet fully settled. They are reported under other receivables in the consolidated statement of financial position as at 30 June 2017 in the amount of kEUR 337 (31 December 2016: EUR 329).

9 INFORMATION ON FINANCIAL INSTRUMENTS

Classes and categories of financial instruments

ASSETS in kEUR	L&R		Non-FI	
	Amortised costs	Not subject to IFRS 7	Book value at 30 Jun 2017	Fair Value at 30 Jun 2017
Trade and other receivables	5,931	0	5,931	5,931
Trade receivables	3,147	0	3,147	3,147
Other receivables	2,784	0	2,784	2,784
Other financial assets	170	0	170	170
Loans granted	170	0	170	170
Cash and bank balances	4,360	0	4,360	4,360
TOTAL ASSETS	10,461	0	10,461	10,461

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EQUITY AND LIABILITIES in KEUR	FLAC		Non-FI	
	Amortised costs	Not subject to IFRS 7	Book value at 30 Jun 2017	Fair Value at 30 Jun 2017
Financial liabilities	32,112	0	32,112	32,112
Bank loans	8,224	0	8,224	8,224
Other financial liabilities	23,888	0	23,888	23,888
Trade payables	1,261	0	1,261	1,261
Other liabilities	0	672	672	672
Liabilities from acquisition of shares	0	0	0	0
Remaining other liabilities	0	672	672	672
TOTAL EQUITY AND LIABILITIES	33,373	672	34,045	34,045

L&R: loans and receivables
FLAC: financial liabilities at amortised cost
Non-FI: non-financial asset/liabilities

Allocation of financial instruments into categories of IAS 39 - previous year

ASSETS in KEUR	L&R		Non-FI	
	Amortised costs	Not subject to IFRS 7	Book value at 31 Dec 2016	Fair Value at 31 Dec 2016
Trade and other receivables	4.050	0	4.050	4.050
Trade receivables	1.521	0	1.521	1.521
Other receivables	2.529	0	2.529	2.529
Other financial assets	283	0	283	283
Loans granted	283	0	283	283
Cash and bank balances	1.461	0	1.461	1.461
TOTAL ASSETS	5.794	0	5.794	5.794

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EQUITY AND LIABILITIES in kEUR	FLAC	Non-FI	Book value at 31 Dec 2016	Fair Value at 31 Dec 2016
	Amortised costs	Not subject to IFRS 7		
Financial liabilities	37.742	0	37.742	37.742
Bank loans	26.866	0	26.866	26.866
Other financial liabilities	10.876	0	10.876	10.876
Trade payables	935	0	935	935
Other liabilities	329	604	933	933
Liabilities from acquisition of shares	329	0	329	329
Remaining other liabilities	0	604	604	604
TOTAL EQUITY AND LIABILITIES	39.006	604	39.610	39.610

L&R: loans and receivables
FLAC: financial liabilities at amortised cost
Non-FI: non-financial asset/liabilities

Detailed explanations on the valuation methods can be found in the consolidated financial statements as of 31 December 2016.

10 EVENTS AFTER THE BALANCE SHEET DATE 30 JUNE 2017

On 17 August 2017, Mr. Patrick Rehberger was elected as member of the Board of Directors by the General Shareholders' Meeting.

There were no further reportable events after 30 June 2017.

11 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 2017 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, 22 September 2017

Zeki Yigit