Annual Report 2017

HELMA
Eigenheimbau AG

The HELMA Group at a glance

Earnings and dividend		2017	2016	2015	2014	2013	2012	2011	2010
Revenue	in k€	267,418	263,842	210,618	170,497	138,018	113,988	103,588	74,535
EBITDA	in k€	22,529	23,455	19,494	15,971	11,793	8,774	6,132	3,851
Adjusted EBITDA*	in k€	24,433	23,949	20,076	16,301	11,843	8,774	6,132	3,851
Operating earnings (EBIT)	in k€	20,232	21,662	17,774	14,167	10,286	7,335	4,786	2,724
Adjusted operating earnings (EBIT)*	in k€	22,136	22,156	18,356	14,497	10,336	7,335	4,786	2,724
Earnings before taxes (EBT)	in k€	19,130	19,568	14,956	11,690	8,271	5,755	3,381	1,910
Net income after minority interests	in k€	12,993	13,498	9,952	8,132	5,606	3,799	2,310	1,302
Cash earnings****	in k€	17,965	20,953	15,325	16,302	11,752	8,524	5,939	3,721
Earnings per share**	in €	3.25	3.37	2.69	2.43	1.85	1.33	0.83	0.50
Dividend per share	in €	1.40***	1.10	0.79	0.63	0.53	0.35	0.20	0.00
Adjusted gross profit margin	in %	21.0	21.5	23.4	24.4	24.1	23.7	21.4	21.6
Adjusted EBIT margin*	in %	8.3	8.4	8.7	8.5	7.5	6.4	4.6	3.7
EBT margin	in %	7.2	7.4	7.1	6.9	6.0	5.0	3.3	2.6
Return on sales (ROS)	in %	4.9	5.1	4.7	4.8	4.1	3.4	2.3	1.8

Sales performance		2017	2016	2015	2014	2013	2012	2011	2010
Net new orders received	in k€	245,393	286,815	269,386	193,005	158,979	131,398	106,828	97,629

Selected balance sheet items and key figures		12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011	12/31/2010
Property, plant and equipment	in k€	16,621	16,398	16,342	16,139	15,760	15,022	16,311	14,568
Inventories including land	in k€	199,891	173,816	154,369	96,054	78,408	35,816	19,830	8,628
Cash and cash equivalents	in k€	16,656	11,331	12,493	6,916	6,821	1,540	3,793	3,074
Equity	in k€	88,829	80,236	69,898	40,952	28,033	20,365	17,067	12,199
Net debt	in k€	149,236	124,320	98,581	79,401	68,034	36,347	16,552	10,261
Total assets	in k€	317,653	278,242	244,994	159,947	136,600	84,645	63,868	42,965
Equity ratio	in %	28.0	28.8	28.5	25.6	20.5	24.1	26.7	28.4

Other data		12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012	12/31/2011	12/31/2010
Number of employees		304	290	254	233	211	188	164	131

* Adjusted for the disposal of capitalised interest
** Relative to the average number of shares in circulation during the financial year
*** Proposal
**** The previous year's figures were restated due to the modified presentation of the cash flow statement based on DRS 21.

Contents

Note:

The English version of the annual report of HELMA Eigenheimbau AG at hand is a non-binding translation of the German version. Should any deviations between the English and German versions be found, only the German version applies.

HELMA is excellent

VON Kunden EMPFOHLEN
FOCUS MONEY
HÖCHSTE Weiterempfehlung
Massivhaus-anbieter
Ausgabe 27/17

VON Kunden EMPFOHLEN
FOCUS MONEY
HÖCHSTE Weiterempfehlung
Massivhaus-anbieter
Ausgabe 28/16

TOP JOB
Top-Arbeitgeber 2018


DEUTSCHLAND TEST
HÖCHSTES VERTRAUEN
VERBRAUCHERURTEIL
TEST (FOCUS 47/17)
www.deutschlandtest.de
FOCUS MONEY
FOCUS
WACHSTUMS-CHAMPION 2018
IN KOOPERATION MIT statista
CHAMPION 2017
IN KOOPERATION MIT statista
CHAMPION 2016
IN KOOPERATION MIT statista
DtGV | Deutsche Gesellschaft für Verbraucherstudien mbH
dtgv.de
QUALITÄTSTEST SERVICE & ERSTBERATUNG
TESTSIEGER
Massivhausanbieter
Test 01/2017
10 Anbieter
N24

FAMILY – VALUES – COMPANY

Founded in 1980 by Karl-Heinz Maerzke and Brigitte Hellwich, the company today is proud of its 38 years of successful building activities. And truly on a "one-stop shop" basis: founder and provider of half of the company's name Karl-Heinz Maerzke (HELlwich + MAerzke = HELMA) is today's CEO and consequently head of the HELMA family.

The family as an underlying value and institution has been at the very heart of the company and its management style since it was founded. On the one side – the business side – families are the natural target group for our core business of building detached homes, and the family always acts as a template for how people can interact within the company,

as well as with our customers and potential customers. The family as exemplar also informs the way in which responsibility is lived day-to-day – and reflected in the way in which HELMA as a company, and especially Karl-Heinz Maerzke, assumes responsibility for staff and trainees. On the other side – the social side – the company – led by Mr. Maerzke – has been active for decades on behalf of children, young people, and institutions that provide the most varied types of support for families in particularly difficult situations.

HELMA – We are also family!

PEOPLE FOR PEOPLE

The HELMA Group impresses with all the merits of a classic medium-sized company: flat hierarchies, mutual respect and honest communication distinguish us as service providers. This not only holds true within the company, but also applies quite particularly to our customer relations. The Management Board, managers and staff not only have a specific function within the company, but also frequently act as contacts and advisers, counsellors and critics – both in-house and externally – as required. As classic service providers, we see

in our customers not only partners in the meaning of a legal contract, but always also people with their individual wishes and ideas. If customers share their wishes and ideas with us, develop them further, and we can then present the perfect product to them at the end of the process – then we have reached our objective.

HELMA – That's us!

WE ENJOY BUILDING FOR YOUR LIFE

Planning and construction of individual solid construction detached and semi-detached houses for private homeowners.

HELMA Eigenheimbau AG

Apartments in Potsdam • Visualisation

WE OFFER HOME OWNERSHIP ON A ONE-STOP-SHOP BASIS

Project management and development of infrastructurally attractive land as all-in packages for private owner-occupier buyers and institutional residential real estate investors.

HELMA Wohnungsbau

HELMA Ferienimmobilien

WE COMBINE QUALITY OF LIFE AND RETURN ON INVESTMENT

Development, construction and sale of holiday properties in popular vacation regions.

Hausbau FINANZ

WE LOOK FOR THE IDEAL FINANCING ARRANGEMENT

Independent search and brokering of financing solutions and insurance services for private homebuilding.

House Dublin • Visualisation

GREAT VISIONS, SMALL DETAILS

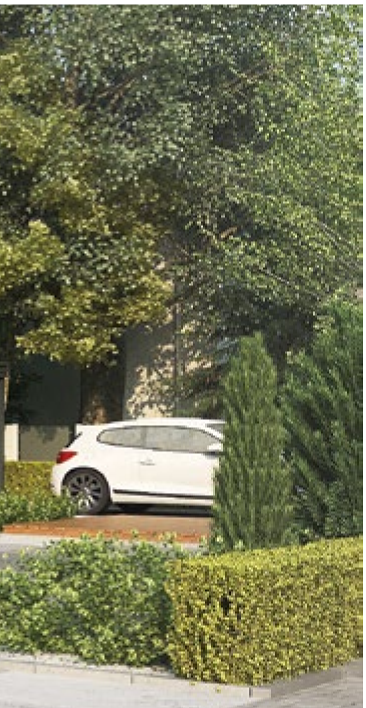
HELMA Eigenheimbau AG - Our solid construction houses offer a reflection of our customers. Long journeys begin with first steps and a clear vision of the destination in mind. This is as true of planning the ideal house as it is of personal life planning. Wishes and requirements vary over time, and it takes time to gain clarity.

The path that we take together always leads the way to a home. Always new. Always different. But always for people you love.

HELMA – We love to build for your life!

House Rostock • Visualisation


House Lübeck • Visualisation




House Aachen • Visualisation


House Ravenna • Visualisation


House Cuxhaven • Visualisation


House Valencia • Visualisation

House Bristol • Visualisation

OBSERVING AND GOING FURTHER

HELMA Eigenheimbau AG – Over the course of our more than three-decade history, we have acquired a great deal of knowledge and experience, been able to observe quite different types of people, and experience some very personal ideas. Together with our constant striving for innovation and sustainability, it is from this basis that we develop the ideal house – but not just one house, instead one house for each and every individual.

HELMA – Every day we take a step further!

Apartments in Sauerlach

IDENTIFYING AND UTILISING OPPORTUNITIES

HELMA Wohnungsbau GmbH – Where individuals have no possibilities open to them, we make the most of possibilities to make a lot of people happy. We buy and develop spaces in sought-after conurbation areas and densely populated inner city locations. We build suitable residential properties on them, or divide them up and develop them for quite different requirements: whether owner-occupier apartments and terraced housing or detached family homes.

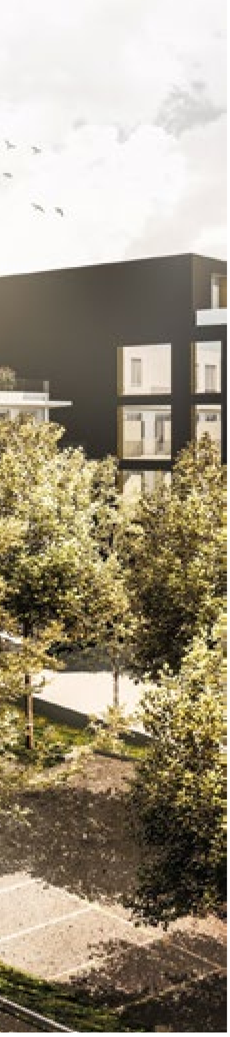
HELMA – We make people happy!


Terraced houses in Hamburg • Visualisation


Detached homes in Berlin-Karlshorst


Apartments in Hanover • Visualisation


Apartments in Berlin-Karlshorst



Apartments in Berlin-Tegel • Visualisation

THE EYE OF THE BEHOLDER

HELMA Wohnungsbau GmbH – Does beauty always lie in the eye of the beholder? No, not always. Beauty also derives from the environment and how a subject is perceived. The overall impression must be harmonious. Together with our partners, we develop building concepts that take more into account than just the land that was bought. Together, we can better identify a location's sense of life and history. Together, we are building for the future.

HELMA – We take a very close look!

Apartments in Hanover • Visualisierung

ROOM FOR LONGING

HELMA Ferienimmobilien GmbH – Behind the wish for the annual vacation, long dreamt-of holidays, and well-earned time out, there is always the great longing for freedom, an unfettered lifestyle, and a breakout from monotonous daily routine.

This longing is also our motivation. We plan investment properties for individuals' own use or as capital assets, and build captivating holiday properties that are the stuff of dreams. We create real places where longings can be made manifest, where imagination is given free rein, and where everything seems possible.

HELMA – We create quality of life!

Schlei villas • OstseeResort Olpenitz

Port houses • OstseeResort Olpenitz

Floating houses • OstseeResort Olpenitz

White beach villas • OstseeResort Olpenitz

Harbour village Zerpenschleuse

OstseeResort Olpenitz

Captains' houses • OstseeResort Olpenitz

STILL WATERS

HELMA Ferienimmobilien GmbH – The world around us is becoming ever busier and more hectic. And must we all contribute further to this situation? Why travel halfway around the world when we are still unfamiliar with the beauty to be found right on our doorstep, or which are no longer capable of seeing? We have already located some of the most beautiful places. And we are making them even better.

Our waterside holiday properties in Germany are situated within easy travelling reach, and offer great comfort, escape from stress, and plenty of relaxation.

HELMA – We create opportunities!

Floating houses • OstseeResort Olpenitz

Albatros villas • OstseeResort Olpenitz

House Berlin • Visualisation

WE BRING TOGETHER WHAT BELONGS TOGETHER

Hausbau Finanz GmbH – Large or small, established or new, online or offline – it can take homebuilders a lot of time to compare banks and lending terms.

But there's a simple way to do it, too: we know what's needed for a personal lending offer, and compile the relevant data together with our customers. We send personal information bundled together with information about the planned project (house, apartment, holiday property) and individual wishes to a large number of renowned lenders, and then select the best terms. Without obligation, independent and sound.

Hausbau Finanz – Where everything fits together!

Hausbau FINANZ

Our vision:

WE LOVE TO BUILD FOR YOUR LIFE!

Over a thousand customers every year report enthusiastically:

"It's more than just an advertising slogan at HELMA. They actually do!"

HELMA Group
Annual Report 2017

Letter to the shareholders

Dear shareholders, ladies and gentlemen,

The customer stands at the centre of our activities. **"We love to build for your life"** is much more for us than just an advertising slogan. Whenever we sign a contract, we give a quality commitment on which our customers have already been able to rely on for almost four decades. For this reason, we are very pleased that in the 2017 financial year we transferred more completed units than ever before to satisfied HELMA customers.

Moreover, we have received several awards (Focus, Focus Money, N24) for the high quality of our service and advice, and according to Top Job we rank among the best employers in Germany's medium-sized companies sector. This gives us a major incentive to continue to work daily on ourselves and our services. From our extensive customer satisfaction surveys, we know exactly where further specific improvement potentials exist, and we look forward to leveraging such potentials. Our colleagues' high expertise and commitment create the best preconditions for this endeavour.

Together with numerous references and the resultant customer recommendations, as well as many secured attractive land plots for the property development business, we enjoy a very solid foundation to continue the past years' profitable growth in the future. After having grown our pre-tax earnings more than tenfold between 2010 and 2016, we approximately confirmed this record in 2017. For the coming years, we assume we can again achieve double-digit percentage growth rates in our earnings before tax.

For this reason, our special thanks are due to all our staff as well as all the specialist advisers of the HELMA Group who have enabled these results to be achieved through to their great commitment and significant personal contributions.

We would also like to extend our warm thanks to the Supervisory Board for the way in which we were able to work together constructively and on a basis of trust. In particular, we would like to express our heartfelt thanks to our Supervisory Board Chairman of many years' standing, Mr. Otto W. Holzkamp, who died at the age of 75 in October 2017. Mr. Holzkamp had been the Supervisory Board Chairman of our company since 2004. He was always a valuable support and help to us with his wealth of expertise and many years of experience. We will always honour his memory.

We would like to thank you – esteemed shareholders, customers and business partners of the HELMA Group – for your confidence and trust. It would give us great pleasure if you would continue to accompany us on our path in the future.

Yours sincerely

Signed Karl-Heinz Maerzke
Management Board Chairman

Signed Gerrit Janssen
Management Board member

Signed Max Bode
Management Board member


Semi-detached houses in Olching (Munich region) • Visualisation


Terraced houses in Hanover • Visualisation

The Management Board

Karl-Heinz Maerzke

After training as a banker, Mr. Maerzke (1952) was first employed at Deutsche Bank AG, Brunswick, between 1971 and 1973, before moving to building society Bausparkasse Wüstenrot, Ludwigsburg, between 1973 and 1975. In 1975, he switched to housebuilder Neldel GmbH & Co. KG, Hanover, where he performed a sales role, before becoming Hanover branch manager for Bauteam Massivhaus GmbH, Langenhagen, between 1976 and 1980.

Karl-Heinz Maerzke founded HELMA Eigenheimbau GmbH in 1980, and became the company's Managing Director. Since the company converted to public stock corporation HELMA Eigenheimbau AG on March 24, 2005, Mr. Maerzke has been a member of the company's Management Board, and is currently responsible especially for the areas of land purchasing, project development and technology, as well as for HELMA Ferienimmobilien GmbH.

Mr. Maerzke's current period of office as Management Board Chairman (CEO) with sole power of representation of HELMA Eigenheimbau AG runs until March 31, 2020.

Karl-Heinz Maerzke is also Managing Director of the subsidiaries HELMA Wohnungsbau GmbH, HELMA Ferienimmobilien GmbH, and Hausbau Finanz GmbH, and has in each case the authorisation to represent the companies alone, and is exempt from the restrictions of Section 181 of the German Civil Code (BGB).

Mr. Maerzke is also a Management Board member of the German Federal Association of Independent Real Estate and Housing Enterprises, and also a Management Board member of the BFW State Association of Independent Real Estate and Housing Enterprises of Lower Saxony/Bremen.

Dipl.-Kfm. Gerrit Janssen, CFA

Mr. Janssen (1979) studied business administration at the University of Hamburg and Louisiana State University (LSUS), USA, successfully concluding his studies in 2005 with a master's degree in business administration. After graduating, Mr. Janssen was active until June 2009 for a Hamburg-based management consultancy specialising in capital market advisory. During this period, Mr. Janssen acted in an advisory capacity for HELMA Eigenheimbau AG. Mr. Janssen has been a member of the Management Board of HELMA Eigenheimbau AG since July 1, 2009. As CFO, Mr. Janssen is particularly responsible for the areas of controlling, personnel, financial accounting, corporate organisation, and Hausbau Finanz GmbH, as well as for the finance and investor relations areas.

Gerrit Janssen's current period of office as a Management Board member with sole power of representation of HELMA Eigenheimbau AG runs until June 30, 2019.

Mr. Janssen is also Managing Director of the subsidiaries HELMA Wohnungsbau GmbH, HELMA Ferienimmobilien GmbH, and Hausbau Finanz GmbH, and has in each case the authorisation to represent the companies alone, and is exempt from the restrictions of Section 181 of the German Civil Code (BGB).

Gerrit Janssen is a Chartered Financial Analyst (CFA) Charterholder, and an active member of the CFA Institute, Charlottesville, USA. Mr. Janssen is also involved as a member on the Committee for Credit and Finance Questions of the Hanover Chamber of Industry and Commerce, as well as on the Money and Credit Committee of the German Chamber of Industry and Commerce.

Dipl.-Kfm. Max Bode

Mr. Bode (1982) studied business administration at the University of Frankfurt am Main, successfully concluding his studies in 2010 with a master's degree. After graduating, Mr. Bode initially acted as Management Board Chairman assistant at HELMA Eigenheimbau AG. Mr. Bode has been a member of the Management Board of HELMA Eigenheimbau AG since July 1, 2015, and is responsible especially for the areas of marketing, sales and the administrative office, as well as the customer service and contract management.

Max Bode's current period of office as Management Board member of HELMA Eigenheimbau AG runs until June 30, 2020.

Mr. Bode is also Managing Director of the subsidiary HELMA Wohnungsbau GmbH and holds company officer powers for the subsidiaries HELMA Ferienimmobilien GmbH and Hausbau Finanz GmbH.

Supervisory Board Report

Sven Aßmann
Chairman of the Supervisory Board

DEAR SHAREHOLDERS,

In the 2017 reporting year, the Supervisory Board performed the tasks incumbent upon it according to statutory requirements, the company's articles of incorporation, and procedural rules. The Supervisory Board's activities were overshadowed by the death of Otto W. Holzkamp, who passed away on October 9, 2017 at the age of 75. Mr. Holzkamp had been the company's Supervisory Board Chairman since 2004. With his significant expertise and decades of experience, he played a considerable role in helping to shape the successful development of the HELMA Group. The Supervisory Board is profoundly indebted to Otto W. Holzkamp and will always hold his memory in the highest esteem.

The Supervisory Board consulted regularly with the company's Management Board, and supervised its activity.

The Supervisory Board was directly included in all decisions of fundamental significance for the company.

The Management Board informed the Supervisory Board regularly, comprehensively, in both written and verbal reports, about corporate planning, particularly financial, investment and personnel planning, business progress, strategic further development, as well as the Group's current position, including the risk position and risk management.

The Supervisory Board convened for a total of five meetings in the 2017 reporting year, which were attended by the Supervisory Board members as follows:

	03/23/2017	06/26/2017	09/25/2017	11/10/2017	12/11/2017
Otto W. Holzkamp	x	x	-		
Sven Aßmann	x	x	x	x	x
Dr. Peter Plathe	x	x	x	x	x
Paul Heinrich Morzynski	-	-	x	x	x

The Supervisory Board passed the resolutions required by law, the company's articles of incorporation, or procedural rules. Following thorough review and consultation, decisions were made on the basis of the reporting and the Management Board's proposals for resolutions.

The Supervisory Board was also rapidly informed outside the scope of meetings about projects and transactions of particular significance or urgency, and passed corresponding resolutions, especially those relating to individual projects of HELMA Wohnungsbau GmbH.

Above and beyond this, the Supervisory Board Chairman was in regular contact with the Management Board, thereby enabling events of extraordinary significance for the position and progress of the company and the Group to be discussed immediately.

Given the Supervisory Board's size in the 2017 financial year, the Board refrained from forming committees.

DETAILS OF INDIVIDUAL SUPERVISORY BOARD MEETINGS:

At the Supervisory Board meeting on March 23, 2017, the separate annual financial statements of HELMA Eigenheimbau AG and the consolidated financial statements for 2016, as well as the combined management report for HELMA Eigenheimbau AG and the Group, which had been prepared by the Management Board, were discussed in depth together with the Management Board and the auditor. The same applies to the report on related companies pursuant to Section 312 of the German Stock Corporation Act (AktG) that was prepared by the Management Board and audited by the auditor. The Supervisory Board's examinations resulted in no reservations. The annual financial statements of HELMA Eigenheimbau AG and the consolidated financial statements for the 2016 financial year, each of which had been issued with an unqualified audit opinion, were approved, and the annual financial statements of HELMA Eigenheimbau AG were adopted. In the further course of the meeting, the Management Board explained the Group forecast report and the detailed planning for the 2017 and 2018 financial years, as well as the revenue and new order intake trends during the first quarter of 2017. Moreover two land purchases in Munich planned by HELMA Wohnungsbau GmbH were presented to the Supervisory Board. The Supervisory Board also received extensive information about the planned promissory note issue.

At the Supervisory Board meeting on June 26, 2017, as the first item André Müller presented himself to the Supervisory Board members as an applicant for the position as a member of the Management Board responsible for technological area. The Management Board then reported on the financial, liquidity and order book positions as well as the positive conclusion of the promissory note transaction. Furthermore, the Management Board informed the Supervisory Board about the successful development of the holiday property project in Olpenitz. The forthcoming AGM was also discussed in detail during the further course of the meeting.

At the Supervisory Board meeting on September 25, 2017, the Management Board explained the half-year report to the Supervisory Board and provided information about the Group companies' current new order intake and revenue trends in the third quarter of 2017. In addition, the Management Board informed the Supervisory Board about the development of current projects at HELMA Wohnungsbau GmbH and HELMA Ferienimmobilien GmbH. The date of André Müller's entry to the Management Board of HELMA Eigenheimbau AG was also discussed.

At the Supervisory Board meeting on November 10, 2017, as a consequence of Mr. Holzkamp no longer being a Supervisory Board member, Sven Aßmann was elected as Chairman and Paul Heinrich Morzynski was elected as Deputy Chairman.

At the Supervisory Board meeting on December 11, 2017, the Management Board informed about the order book position as well as expected new order intake and revenue figures for the fourth quarter of 2017 and gave a detailed explanation of the HELMA Group's current financial and liquidity positions. Moreover, the Supervisory Board received an extensive status report on the holiday property project in Olpenitz as well as up-to-date information about the projects of HELMA Wohnungsbau GmbH. Investment and personnel planning for the 2018 financial year formed a further focus of the meeting, which the Management Board presented to the Supervisory Board in detail.

AWARD OF THE AUDIT MANDATE TO EBNER STOLZ GMBH & CO. KG WIRTSCHAFTS-PRÜFUNGSGESELLSCHAFT STEUERBERATUNGSGESELLSCHAFT, HANOVER:

At the Ordinary Shareholders' General Meeting on July 7, 2017, shareholders elected Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hanover, as the auditor of the separate and consolidated financial statements for the 2017 financial year. The Supervisory Board subsequently awarded the audit mandate and, in doing so, agreed clear rules relating to the specifics of the mandate, and the co-operation between the Supervisory Board and the auditor. The auditor informed the Supervisory Board that no circumstances existed that would give rise to concern about its impartiality. It also provided information about the services it had rendered in connection with the auditing of the financial statements.

SUPERVISORY BOARD ACCOUNTS MEETING ON MARCH 28, 2018:

The separate annual financial statements of HELMA Eigenheimbau AG prepared by the Management Board according to the regulations of the German Commercial Code (HGB) and the consolidated financial statements prepared according to International Financial Reporting Standards (IFRS) for the 2017 financial year, as well as the combined management report for HELMA Eigenheimbau AG and the Group, were audited in the light of the financial bookkeeping by Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hanover. The auditor awarded unqualified audit opinions. The documents relating to the separate and consolidated financial statements, and the audit reports, were discussed in detail together with the Management Board and the auditor at the Supervisory Board accounts meeting on March 28, 2018. The auditor reported on the findings of the audits, and was available to provide further information to the Supervisory Board. The requisite documents were made available in good time before the Supervisory Board accounts meeting, which allowed sufficient time for them to be inspected. The Supervisory Board concurred with the results of the audit by the external auditor on the basis of its own review of the separate annual financial statements, the consolidated financial statements, and the combined management report for HELMA Eigenheimbau AG and the Group. The Supervisory Board approved the separate and consolidated financial statements without reservations; the separate financial statements have been adopted as a consequence.

The auditor awarded the following unqualified audit opinion on the related parties report pursuant to Section 312 of the German Stock Corporation Act (AktG), which was prepared by the Management Board, and audited by the auditor:

"In accordance with the audit duties incumbent on us, and in our assessment, we confirm that

1. the actual disclosures of the reports are correct,

2. in the case of the legal transactions listed in the report, the considerations rendered by the company were not inappropriately high,

3. in the case of the measures listed in the report, no circumstances suggest an assessment significantly different from that of the Management Board."

The Supervisory Board also examined the related parties report itself, and discussed it with the Management Board and the auditor at the accounts meeting. Having conclusively ended its review, it has no objections to the final declaration of the Management Board, and concurs with the result of the external audit.

On the basis of dividend-entitled share capital of € 4,000,000.00, divided into 4,000,000 ordinary shares, the Supervisory Board, following its own review, concurred with the Management Board's proposal relating to the application of unappropriated retained earnings. For this reason, together with the Management Board, the Supervisory Board proposes to the Shareholders' General Meeting that it distribute from the unappropriated retained earnings of € 16,338,210.01 an amount of € 5,600,000.00 as a dividend – corresponding to a dividend of € 1.40 per dividend-entitled ordinary share – and to carry forward the remaining amount of € 10,738,210.01 to the other revenue reserves.

EXPANSION OF THE MANAGEMENT BOARD:

The Supervisory Board decided on June 28, 2017 to appoint Mr. André Müller, a graduate of construction engineering science, to the company's Management Board for a period of five years. André Müller will start his work as a member of the Management Board of HELMA Eigenheimbau AG at the latest as of January 1, 2019 and will assume responsibility for the technical area.

The Supervisory Board would like to thank the Management Board members and all Group company staff for their outstanding work. Once again, they have contributed to a successful year for the HELMA Group.

Lehrte, March 29, 2018

On behalf of the Supervisory Board

Signed Sven Aßmann
Chairman

The Supervisory Board

Sven Aßmann

After completing law studies at the University of Hamburg in 1994, Mr. Aßmann (1961) initially practiced as both a generalist lawyer and as a specialist labour law lawyer before being appointed partner at Zimmermann, Scholz & Partners legal practice in Hamburg in 1997, where he worked until resigning in 2015. Since 2006, Sven Aßmann has also been managing shareholder at Avatar Merchandising GmbH, a Hamburg-based company.

Mr. Aßmann was appointed Deputy Supervisory Board Chairman of HELMA Eigenheimbau AG in 2014 and took over the chairmanship of the Board in November 2017. His current period of office ends with the conclusion of the Shareholders' General Meeting that passes a resolution concerning the discharge of Supervisory Board members for the 2018 financial year.

Paul Heinrich Morzynski

Mr. Morzynski (1950) has been a tax advisor for more than 40 years, has acted independently since 1994 as an auditor in a firm he founded together with other partners, and since 2007 has also been a shareholder of PRETAX Steuerberatungsgesellschaft, Hanover. Since 1979, Mr. Morzynski has also been a significant shareholder in Waldersee Treuhand- und Vermögensverwaltungsgesellschaft mbH & Co. KG, which functions today as a family holding company. Among other properties, this holding company's assets include the Grandhotel Heiligendamm and the majority interest in the trading firm ARKO GmbH, Wahlstedt. Between 2001 and 2004, Mr. Morzynski held the post of Supervisory Board Chairman of CinemaxX AG, and was active as Supervisory Board Chairman of mediacall AG between 2003 and 2006. Mr. Morzynski also has been Supervisory Board Chairman of Halloren Schokoladenfabrik AG in Halle between 2006 and 2017.

Mr. Morzynski has been a member of the Supervisory Board of HELMA Eigenheimbau AG since 2016 and was appointed Deputy Supervisory Board Chairman in November 2017. His current period of office ends with the conclusion of the Shareholders' General Meeting that passes a resolution concerning the discharge of Supervisory Board members for the 2018 financial year.

Dr. Peter Plathe

Dr. Plathe (1942) studied law in Kiel, Marburg and Hamburg. Following his doctorate in commercial law and second state exam, Dr. Plathe commenced judicial service in the labour arbitration court of the State of Schleswig-Holstein in 1972. He moved to the labour arbitration court of the State of Lower Saxony in 1980. From 1981 until retirement in 2007, Dr. Plathe was presiding judge at the labour arbitration court of Lower Saxony. Dr. Plathe also acted as trustee for the coverage assets of various insurance companies between 2005 and 2012. Today, Dr. Plathe chairs various redress and arbitration committees, and arbitration committees and courts related to collective wage bargaining.

Dr. Plathe has been a member of the Supervisory Board of HELMA Eigenheimbau AG since 2009. His current period of office ends with the conclusion of the Shareholders' General Meeting that passes a resolution concerning the discharge of Supervisory Board members for the 2018 financial year.

HELMA share

Performance of the HELMA share in 2017

During the first six months of the 2017 stock-market year, continuous share price gains characterised the trend in the German equity market. Following Emmanuel Macron's victory in the French presidential elections, the DAX set several new record highs and for the first time in its history exceeded the 12,900-point level in June 2017. As of the midyear stage, the strong euro compared to the dollar initially inhibited the further upswing and the German equity market incurred some temporary price losses. With a tailwind from the ECB's continued expansive monetary policy and further economic growth, a turnaround proved successful at the start of the third quarter with the German equity market's positive performance continuing. The DAX index exceeded the 13,500-point threshold in November, reaching a new all-time high of 13,525 points on November 7, 2017. Despite slight share price losses at the year-end, the DAX successfully concluded the 2017 stock-market year at 12,917 points, representing an appreciation of around 13 %.

The HELMA share started the 2017 stock market year at a price of € 51.20. After we informed the capital market in an ad hoc announcement on February 23, 2017 about the record result achieved in 2016 and at the same time the reduction in our growth forecast for the 2017 and 2018 financial years, the HELMA share incurred share price reductions of up to 25 % in high trading volumes in subsequent days, dropping to a share price level below € 40.00 for the first time since 2016. Sideways movements characterised the performance of the HELMA share in the following weeks before an upturn became established at the end of May 2017 and the HELMA share recovered some of its price level as of the midyear stage. After a low-volatility third-quarter characterised by sideways movements, the price of the HELMA share recorded significant gains at the start of the fourth quarter, and at € 49.45 on October 13, 2017 was only just below its € 50.00 threshold. This trend proved unsustainable in the subsequent weeks, however, and the HELMA share incurred price losses in line with the general market trend. The closing price of the HELMA share in XETRA trading on December 29, 2017, stood at € 44.10. This corresponds to a market capitalisation of around € 176.4 million.

Performance of the HELMA share in 2017

Analyst coverage

The HELMA Group and the share of HELMA Eigenheimbau AG were covered in 2017 by the analysts Cosmin Filker (GBC Research), Ralf Marinoni (quirin bank Research), and Andreas Pläsier (Warburg Research). In August 2017 Jasko Terzic of Metzler bank also took up coverage.

Research Company	Date	Stock price target	Recommendation
GBC AG Partner für den Mittelstand	03/20/2018	€ 53.00	Buy
METZLER	01/16/2018	€ 37.00	Sell
quirin bank	01/22/2018	€ 40.00	Hold
WARBURG RESEARCH	03/15/2018	€ 51.00	Buy

GBC and Warburg recommend the HELMA share as a Buy with share price targets of € 53.00 and € 51.00. With a € 40.00 share price target, quirin bank has issued a Hold recommendation and Metzler bank appraises the HELMA share as a Sell with a € 37.00 share price target.

Dividend

In its single-entity financial statements prepared according to the accounting standards of the German Commercial Code (HGB), HELMA Eigenheimbau AG reports unappropriated retained earnings of € 16,338,210.01 for the 2017 financial year on net income of € 16,338,210.01. The Management and Supervisory boards will propose to the Shareholders' General Meeting to be held on July 6, 2018, that it approves the distribution of a dividend of € 1.40 (previous year: € 1.10) per dividend-entitled ordinary share, consequently € 5,600,000.00, and that the remaining amount of € 10,738,210.01 be transfered to the other revenue reserves. The total amount of dividends and the amount to be transferred to the other revenue reserves in the aforementioned resolution proposal for the application of unappropriated retained earnings is based on dividend-entitled share capital of € 4,000,000.00, divided into 4,000,000 ordinary shares.

Our dividend policy is oriented to a high degree of continuity. Based on our positive earnings trend over the past years, as well as on the continuation of a sound liquidity position, this policy envisages a future payout ratio from 25 % up to 50 % of the net profits generated by the parent company. Accordingly, we wish for our shareholders to participate noticeably in the company's success and profitability, but also to invest at least half of our profits in the company's continued growth, thereby strengthening its equity.

Investor relations activities

Last year, we took part in investor conferences in Frankfurt and Venice, and we also conducted five (partly international) roadshows. In this context, we presented our company and growth strategy to a large number of analysts and investors.

We will continue with our intensive investor relations work in 2018. The company plans to participate at investor conferences in March and November in Frankfurt. In addition, we will also hold various roadshows in 2018, with a focus not only on the German-speaking countries, but also especially on Great Britain and Scandinavia.

Key data

Class	Nil-par ordinary bearer shares
ISIN	DE000A0EQ578
Ticker symbol	H5E
Share capital	€ 4,000,000
Initial listing	September 19, 2006
Market segment	Scale
Designated Sponsor	M.M. Warburg & CO KGaA

	2017	2016	2015	2014	2013	2012	2011
Number of shares at year-end	4,000,000 Shares	4,000,000 Shares	4,000,000 Shares	3,410,000 Shares	3,100,000 Shares	2,860,000 Shares	2,860,000 Shares
Market capitalisation at year-end	€ 176.4 million	€ 207.9 million	€ 183.0 million	€ 90.0 million	€ 54.2 million	€ 28.9 million	€ 23.4 million
Year-end share price	€ 44.10	€ 51.97	€ 45.76	€ 26.39	€ 17.49	€ 10.11	€ 8.19
Earnings per share	€ 3.25	€ 3.37	€ 2.69	€ 2.43	€ 1.85	€ 1.33	€ 0.83
Dividend per share	€ 1.40 *	€ 1.10	€ 0.79	€ 0.63	€ 0.53	€ 0.35	€ 0.20

* Proposal

Five-year overview of the share price performance

Listing of the HELMA share in the Scale SME listing segment

HELMA Eigenheimbau AG has been listed in the Scale SME listing segment of the Deutsche Börse since it was launched in March 2017. The HELMA share is traded on the stock exchanges of Berlin, Dusseldorf, Frankfurt, Hamburg, and Stuttgart, as well as on the XETRA electronic trading system.

Listing in the NISAX20

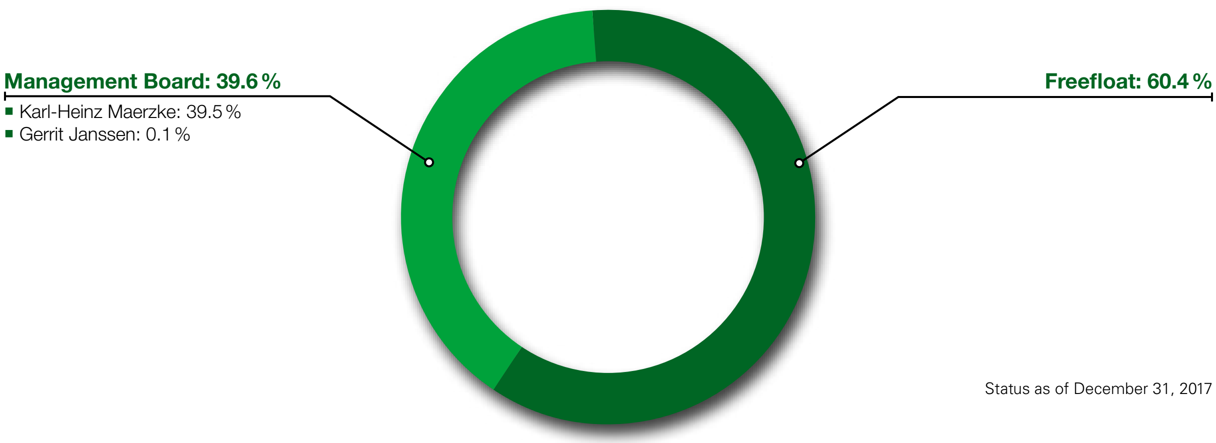
NORD/LB launched the NISAX20 Lower Saxony equity index in 2002. This regional index reflects the share price performance of the twenty largest listed companies in Lower Saxony, Germany. Along with internationally significant corporations such as Volkswagen, Continental, Salzgitter, Hannover Re and TUI, this index also includes a number of small and medium-sized companies. Its composition is determined by the market capitalisation of the free floats of the respective companies. HELMA Eigenheimbau AG was included in the Lower Saxony equity index as of September 21, 2015, where it has remained up to the current date.

Listing in the newly established Scale 30 Index

After establishing its Scale market segment for small and medium-sized enterprises (SMEs) in March 2017, Deutsche Börse set up its selective Scale 30 Index in February 2018. This index measures the price performance of the thirty most liquid shares listed in the Scale SME market segment. Inclusion in the index is based on order book turnover on both the XETRA Exchange and the Frankfurt Stock Exchange. Weighting of stocks in the Scale 30 Index is by market capitalisation and is adjusted quarterly. HELMA Eigenheimbau AG has been listed in the Scale 30 Index since its launch.

Shareholder structure

Company founder and Chief Executive Officer of HELMA Eigenheimbau AG Karl-Heinz Maerzke holds an approximately 39.5 % interest in the company as of December 31, 2017, thereby the largest shareholder in HELMA. The free float stands at around 60.4 %.



Status as of December 31, 2017

Aggregated management report for HELMA Eigenheimbau AG and the Group

Contents

Organisational structure

HELMA Eigenheimbau AG is the parent company of the HELMA Group, and is also operationally active as a customer-oriented building services provider. The company also provides services connected with the management, planning, and execution of construction projects on the basis of a non-gratuitous contract for services or work for its subsidiaries **HELMA Wohnungsbau GmbH** and **HELMA Ferienimmobilien GmbH**, which primarily operate in the business of developing residential and holiday properties. As a financial advisory company and home insurance broker, the subsidiary **Hausbau Finanz GmbH** rounds out the HELMA Group's product range.

Organisational chart of the HELMA Group

Fiscal units for corporation tax and VAT purposes

The following corporate agreements were concluded in order to optimise tax within the HELMA Group:

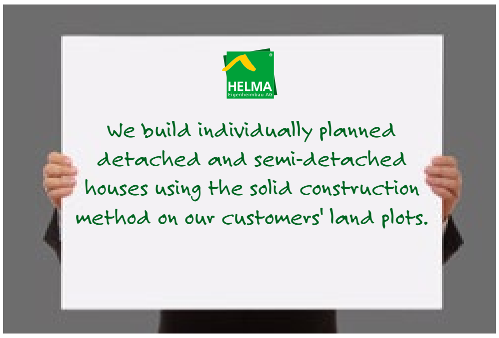
- Profit-and-loss transfer agreement between HELMA Eigenheimbau AG and HELMA Wohnungsbau GmbH; entered in the commercial register of HELMA Wohnungsbau GmbH on July 12, 2013. As a consequence, HELMA Wohnungsbau GmbH operates a fiscal unit for corporation tax and VAT purposes with HELMA Eigenheimbau AG.

- Control-and-profit-and-loss transfer agreement between HELMA Eigenheimbau AG and HELMA Ferienimmobilien GmbH; entered in the commercial register of HELMA Ferienimmobilien GmbH on July 22, 2014. As a consequence, HELMA Ferienimmobilien GmbH operates a fiscal unit for corporation tax and VAT purposes with HELMA Eigenheimbau AG.

- Control-and-profit-and-loss transfer agreement between HELMA Eigenheimbau AG and Hausbau Finanz GmbH; entered in the commercial register of Hausbau Finanz GmbH on July 12, 2013. As a consequence, Hausbau Finanz GmbH operates a fiscal unit for corporation tax and VAT purposes with HELMA Eigenheimbau AG.

Business activity and strategy

Business areas



Residential building services (individually plannable) – since 1980

HELMA Eigenheimbau AG is a customer-oriented provider of a full range of construction services. The company focuses on the development, planning, sale, and construction management of turnkey or partially completed detached and semi-detached houses using the solid construction method. Particularly the option of individual planning and individualisation without extra costs, as well as the company's outstanding know-how in the area of energy-efficient construction methods, are perceived on the market as HELMA Eigenheimbau AG's unique selling propositions. With its persuasive sustainable energy concepts, the company has established itself as one of the leading providers of solar energy-saving homes, and is one of the most experienced companies in the solid construction house sector, having constructed several thousand owner-occupier homes.

Residential property development business (individually plannable) – since 1984

Through **HELMA Wohnungsbau GmbH**, the HELMA Group also operates as a broadly diversified property developer in the major cities of Berlin, Hamburg, Hanover, Leipzig, Munich and Potsdam as well as in their suburban areas. Due to realising many projects successfully, we boast an extensive track record in the aforementioned regions.

The area of activity comprises, firstly, the purchase of attractive land plots that are sold together with individually planned solid-construction HELMA homes as units to private individuals. The approach is almost the same as at HELMA Eigenheimbau AG, except that the detached homes are built on land previously acquired by HELMA Wohnungsbau GmbH. Project sizes vary from just a few units through to spaces of up to 250 building plots.

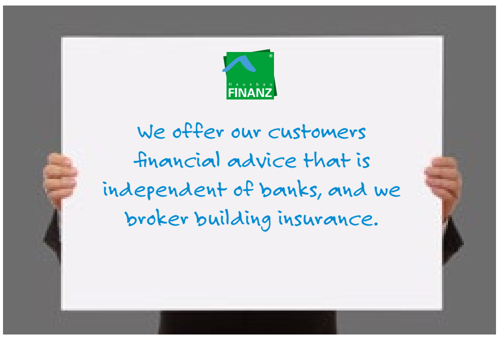
Residential property development business (preplanned) – since 1984

Along with detached houses that can be structured individually, the product portfolio of **HELMA Wohnungsbau GmbH** is expanded further in select locations by preplanned semi-detached houses, terraced houses and owner-occupier apartments in multi-family houses built to tried and tested solid-construction high quality. We are interested in this context both in projects with just a few units as well as projects entailing up to one hundred apartments.

When developing preplanned apartments in semi-detached, terraced and multi-family houses, we initially select land on the basis of extensive market surveys. The projects are then preplanned, which also entails examining respective building law regulations. Depending on project scope, we also make recourse to support from external architects. After planning the entire construction and obtaining building approvals, marketing to individual investors occurs, or potential buyers are contacted directly, about a purchase of the entire residential real estate project. The building of the structure to tried-and-tested solid construction methods is contracted out at a fixed price to either subcontractors or general contractors, depending on project scope. Our own project developers and construction engineers are responsible for controlling construction progress, thereby ensuring compliance with quality standards.

Holiday property development business (preplanned) – since 2011

Through **HELMA Ferienimmobilien GmbH**, the HELMA Group operates in the property development business for holiday homes. The focus here is on the development, planning and sale of holiday homes and apartments that are to be created at locations with good infrastructure development, predominantly on Germany's North Sea and Baltic coasts, as well as other attractive German seaside locations. Most of these properties will be sold to private customers for their own use, or as a capital investment. With the additional inclusion of strong partners for the further management of properties in the areas of rental, administration and caretaking service, we offer our customers an attractive all-inclusive package that comprises an important unique selling point.



Finance and building insurance broking – since 2010

Through **Hausbau Finanz GmbH**, we offer an additional service to customers and prospective homebuyers through our own in-house financial advisory and broking service for building loans that is independent of particular banks. Hausbau Finanz GmbH also arranges building insurance, and commands an extensive customer base in both areas.

Competitive strengths

Competitive strengths in the residential area

Individuality: In the detached and semi-detached houses area, we offer our customers the greatest possible design latitude with the option of individual planning without incurring extra cost. Our scope for individual designs and execution meets all customer requirements. Our house design proposals may represent the perfect home, or simply an inspiration for the implementation of customers' very specific plans. Customers do not incur additional costs for architects' services.

Value retention: HELMA constructs houses according to the value-retaining solid construction method, either utilising traditional bricklaying craftsmanship or assembled with brick wall elements. Our turnkey solid construction houses are oriented to the sustainability principle. Solid construction methods utilising vertical coring clay bricks cater for natural air conditioning regulation, as well as efficient heat and sound insulation. Our aim is to ensure that the buildings we construct enjoy stable valuations, especially through the solid-construction building approach and the utilisation of high-quality construction materials.

Access to attractive land plots: Potential private buyers mostly encounter a limited supply of land plots suitable for new constructions in major cities and their surrounding areas. As an experienced property developer, we are personally present locally within our core regions, which enables us to locate attractive land plots. Along with land plot sites in established residential areas, we also acquire spaces in attractive locations close to cities, for which we develop a modern construction concept and offer owner-occupier properties (individual detached houses, semi-detached and terraced houses, apartments) built to high-quality solid construction standards as complete packages for purchase.

Central sampling world: At the HELMA Sampling Centre at the Group headquarters in Lehrte, we offer our customers that have purchased from us an individual detached or semi-detached house an extensive selection of standard and special fittings from highly various trades over 350 m² of interior exhibition area and the approximately 200 m²-large exhibition area in the neighbouring HELMA showhouse park. Here, products from numerous renowned manufacturers are exhibited, ranging from stairs to modern house doors and from roof tiles through to break and plaster variants, as well as bathroom fittings. With individual advice given by trained specialist personnel at the centre, the sampling process can be conducted so that our customers have no need to make separate visits to materials traders, bathroom fitters, etc. It allows the sampling process for the entire house to be conducted quickly, without the need for extensive travel, and nevertheless entirely according to our clients' individual wishes.

For our customers who have decided on a preplanned unit, too, we offer all the benefits that sampling accompanied by trained specialist personnel provide. Customised to the respective project, our customers receive such advice directly on-site at our relevant locations.

Innovative strength: We draw on many years of experience in the area of solar energy-saving houses and efficient heating systems. Our focus is on the intensive harnessing of solar energy to provide heating. In addition to an attractive cost-benefit relationship for customers, our energy concepts are always developed according to sustainability principle. The aim of making an investment in a household and heating system that is as optimal, forward-looking and environmentally compatible as possible is of great significance in this context. For this reason, improved materials, optimised working equipment and more efficient construction technologies are carefully assessed and appraised before being deployed in building projects with a view to practicality, utility and benefit for our customers, and also creating added value and improved efficiency for them through the deployment of innovations.

Security: As a stock market listed company, we are committed to the greatest degree of transparency. We are our customers' direct contractual partners, and we are directly responsible to them. Comprehensive security packages adjusted to the projects' circumstances form part of our service scope. For example, the guaranteed fixed price for detached and semi-detached houses built individually in our residential building services business automatically includes the HELMA®- BauSchutzBrief, offering extensive security for building projects and customers. Besides essential construction insurance, this security package contains a contract performance guarantee, an independent technical inspection certificate (provided by the DEKRA inspection firm), a construction period guarantee, and final instalment processing by a notary trust account.

Competitive strengths in the holiday property market

Due to our extensive market knowledge and broad contact base, we are able to locate attractive plots of land to implement holiday property projects. Our target land plots also enable our customers to achieve stable and attractive rental returns with the holiday houses and apartments that we construct. We offer the buyers of our holiday properties an all-inclusive package through reliable partners that we have worked together with for many years in this context. Firstly, these packages include the complete administration of the holiday property (care of outdoor areas, waste disposal, and winter service). Secondly, our experienced rental partners take care of the entire rental management function (occupancy of the holiday home, handover of keys, cleaning). Together with partner firms, we have also put together appropriate furniture packages especially designed for holiday homes, allowing our customers to easily order the sets of furniture they desire, thereby receiving complete interior furnishings including accessories. Such arrangements also allow our customers to enjoy their new investments entirely stress-free following the purchase.

Sales markets

Customers in the residential area

Most of our customers in the building services business are private individuals and families from middle and higher income brackets. Families in the 25 to 55 year age range form the largest customer group. Our customers share a common appreciation of the fact that we enable them to comprehensively implement their individual wishes.

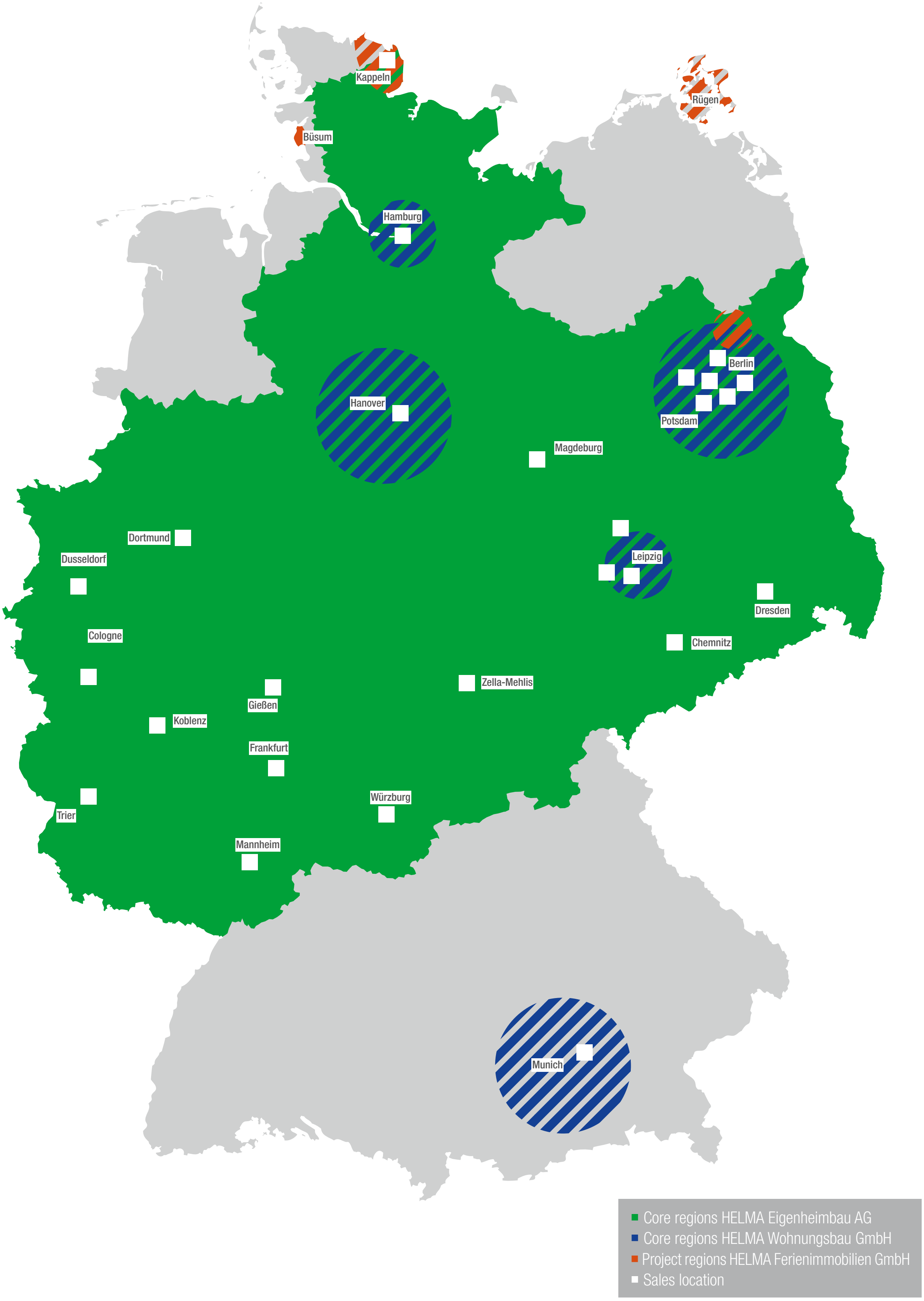
Following our successful expansion in the years after our IPO in 2006, today we address extensive areas of Germany as our sales market for our individually planned detached and semi-detached houses in the building services business. We identify particularly attractive potential in conurbations in Germany surrounding major cities such as Hamburg, Hanover, Berlin, Dresden, Leipzig, Dusseldorf and Frankfurt. We have taken this ongoing trend towards metropolitan living into particular consideration when selecting our showhouse locations, and we are geographically represented where high new home building demand offers corresponding sales potential.

In our property development business, we address a similar target group with individually structurable detached houses as well as preplanned semi-detached and terraced houses. In addition to owner-occupiers, the group of target customers in the multi-family house business also includes private investors and institutional investors with long-term investment horizons.

Customers in the holiday properties area

Most of our customers in the holiday properties area are private individuals with high incomes. Such individuals invest in holiday properties mainly as a capital investment, in other words, in order to achieve stable and attractive long-term returns. In addition, our holiday properties are also bought to be used exclusively by our customers as their own holiday home for extended vacations and/or regular weekend trips.

HELMA Group sales regions



Sales strategy

Sales strategy in the residential area

Our showhouses are located across the whole sales region, and are built to solid construction methods. They serve both as points-of-sale and as offices for our regional project managers. These showhouses form the cornerstones of our sales concept in the residential area. At various locations we work together on a commission basis with independent specialist advisors who operate exclusively for us in the building area, and who act as local contacts for potential customers. The financing consultants from Hausbau Finanz GmbH are also available to provide personalised building finance advice to our future home owners at our various sales locations.

At the end of the year under review we had 26 showhouses in our owner-occupier homes area, most of which are located in showhouse exhibitions, or close to conurbations at highly frequented transportation points. Our showhouse locations are generally long-term in nature in this context. Only our property development subsidiaries' showhouses, which we construct in the larger of our purchased land areas, are sold directly after the successful conclusion of the respective project. As a consequence, we are meanwhile represented with our locations almost across the entire area of Germany. On a market comparison, we enjoy one of the most up-to-date showhouse portfolios, and consequently a decisive competitive advantage. Moreover, we constantly exploit our numerous references to persuade potential buyers of our capacity to deliver. Our successfully realised large-scale projects, which comprise several hundred individual detached houses and are consequently regarded as Germany's largest unofficial showhouse park, deserve particular mention in this context.

Along with our specialist advisers' local presence, the HELMA management deploys its extensive network of contacts to address institutional investors on a targeted basis concerning the residential property development business.

Sales strategy in the holiday properties area

We sell our properties not only through our own holiday properties specialists, but also through selected real estate broking firms. In the case of some projects, showhouses and show apartments that are created for short-term use are sold after the projects have ended. We locate potential buyers for our holiday properties through advertisements, websites, and emails and newsletters to our constantly growing base of potential buyers and customers.

HELMA Group showhouses

Economic environment

Macroeconomic trends

The economic situation in Germany in 2017 reflected strong growth. The past eight years' positive trend continued with price-adjusted growth in gross domestic product (GDP) of 2.2 % compared with the previous year (1.9 %). Still-favourable labour market trends are playing a central role in the country's robust domestic economy.

On the expenditure side of GDP, growth in 2017 derived primarily from the home country. Private consumption spending increased by 2.0 % on a price-adjusted basis, while state consumption spending reported below-average growth with a 1.4 % rise. Investments also recorded considerable gains in 2017. Government and companies together invested 3.6 % more year-on-year on a price-adjusted basis in assets such as machinery, equipment and vehicles. Construction investments were up by 2.6 % in this context. The German export trade also gained momentum in 2017, with Germany selling 4.7 % more goods and services in 2017 on a price-adjusted basis, compared with 2016. Imports were up even more sharply by 5.2 % in the same period, so that net exports (the difference between exports and imports) made a relatively minor contribution of 0.2 percentage points to GDP growth.

On the output side of GDP, almost all economic areas contributed to growth. Price-adjusted gross value creation recorded a 2.2 % year-on-year increase in 2017. The service areas of information and communication performed above-average, putting in gains of 3.9 %. The construction industry also achieved significant growth of 2.2 %.

Given the favourable economic conditions, both the numbers of individuals in employment as well as wages and salaries expanded significantly in 2017. Germany's economic output on a year-average basis in 2017 was generated by almost 44.3 million employed individuals. Around 638 thousand individuals more or 1.5 % were thereby in employment in 2017 compared with the previous year. This corresponds to the highest level since German reunification. Employee compensation also rose markedly in 2017. Employees' gross wages and salaries were up by 4.4 % year-on-year. Net wages and salaries recorded somewhat less growth of 4.1 %, reflecting a stronger increase in wage taxes and social security contributions (+4.9 %). The considerable rise in wages and salaries derives, firstly, from a 1.7 % year-on-year higher number of employees (calculated according to the so-called national concept) and, secondly, a 2.7 % increase in gross wages and salaries per employee.

With a look to 2018, economic research institutions are predicting that the expansion will continue. The Hamburg Institute for the World Economy (HWWI) has upgraded its forecast thanks to last year's strong growth rates and expects 2.1 % year-on-year real GDP growth for 2018. The Kiel Institute for the World Economy (IfW) anticipates even faster GDP growth of 2.5 %.

Residential building approvals and completions in Germany

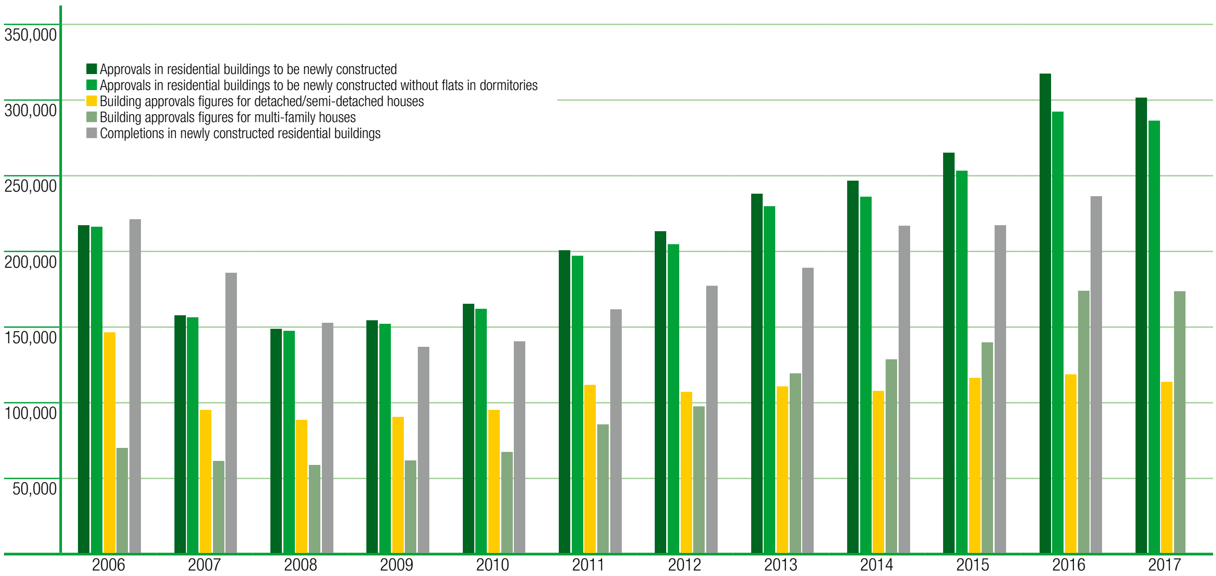
While the number of building approvals for residential buildings to be newly constructed rose significantly, by 19.8 % year-on-year, to around 317 thousand in 2016, a slight downtrend was evident in the 2017 financial year elapsed. The approximately 301 thousand new residential buildings approved fell short by around 16 thousand, or 5.0 %, of the previous year's figure. The new residential building approvals issued in 2017 thereby lie slightly above the 2015 figure, and remain at a high level on a multi-year observation.

While building approvals for detached houses also reduced by 5.0 % in 2017, the decrease in semi-detached houses was 2.7 %. The number of approvals for new build multi-family houses was almost unchanged, by contrast. The sharpest reduction was of 41.0 % in the flats in dormitories category, which also includes refugee accommodation. Leaving aside approvals of flats in dormitories, building approvals for new build residential buildings in 2017 were down by a total of 1.9 % year-on-year.

This trend partly reflected an acceleration effect deriving from a tightening of the German Energy Saving Ordinance (EnEV). In order to still benefit from the EnEV 2014 regulations, many building applications were submitted at the end of 2015, thereby circumventing the more rigorous EnEV 2016 that became effective on January 1, 2016. Due to this acceleration effect, building approval figures increased temporarily in the first half of 2016, although the construction start for many of such projects fail to occur until a significantly later date. A marked reduction in demand for new accommodation for asylum seekers also impacted building approval figures. Moreover, the lack of building land, administrative hurdles and cost-drivers deriving from construction legislation limit the approval of building projects.

Significant growth was registered in building completions, with 236 thousand residential building completions in 2016 compared with 177 thousand completions in 2012. For the 2017 financial year elapsed, experts anticipate a marked rise in completed residential units.

Residential construction approvals and completions (newbuild) in Germany



Source: Statistisches Bundesamt

Construction activity nevertheless fell short of demand for new build residential properties, especially in major cities and conurbation centres. According to a recent study by the Cologne Institute for Economic Research (IW Köln), a total of around 385 thousand newly built homes will be required per year up to 2020, with especially high new construction demand being forecast long-term for conurbation centres. This trend reflects high inflow rates that considerably exceed outflows. In Berlin, for example, the difference between inflows and outflows in the 2011 to 2015 years averaged around 40 thousand individuals. In Munich, the net inflow rate in the same period amounted to around 20 thousand and in Leipzig to around 12 thousand individuals per year. No calculations are available for the Hamburg and Hanover regions.

The high inflow rates are not offset by a sufficient increase in the residential accommodation base. In the core regions of HELMA Wohnungsbau GmbH – Hamburg, Berlin and Munich – the increase in the residential housing base per year in the 2011 to 2015 period corresponds to only between 24.7 % and 38.4 % of annual demand for newly built homes. This study did not cover the Hanover and Leipzig regions.

Demand for newbuild dwellings

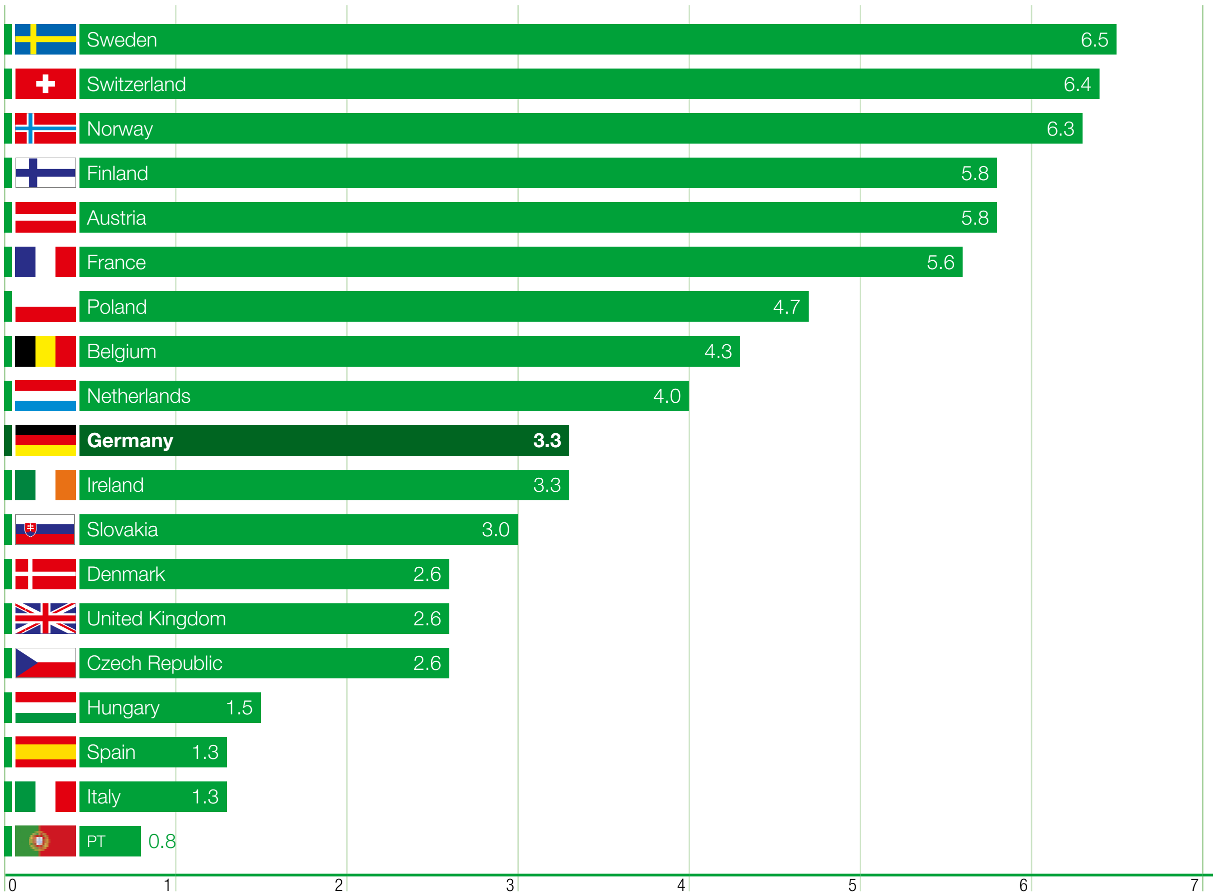
	Annual average change in residential housing base between 2011 and 2015	**Annual demand up to 2020**	**Ratio between average change in housing base and construction demand**
Hamburg	+ 5,800	+ 15,100	38.4 %
Berlin	+ 7,700	+ 31,230	24.7 %
Munich	+ 5,600	+ 17,180	32.6 %
Germany in total	+ 204,040	+ 385,150	53.0 %

Source: Cologne Institute for Economic Research (IW Köln)

New residential construction remains on uptrend

Based on high demand for new buildings, new residential construction in Germany remains on an uptrend. Construction intensity in Germany meanwhile stands at 3.3 completed new homes per 1,000 inhabitants, for example. To speak of a boom appears exaggerated, however, as construction activity remains much stronger in all directly neighbouring countries than in Germany, with the exception of Denmark and the Czech Republic. While around one quarter more is built in the Netherlands, residential construction intensity in Austria and France is approximately 75 % higher than in Germany. The fact that our neighbours have markets with comparable starting conditions to those in Germany makes it clear to LBS Research that four dwellings and above per every 1,000 inhabitants is to be regarded as entirely "normal" in the centre of Europe, and that Germany holds further growth potential as a consequence.

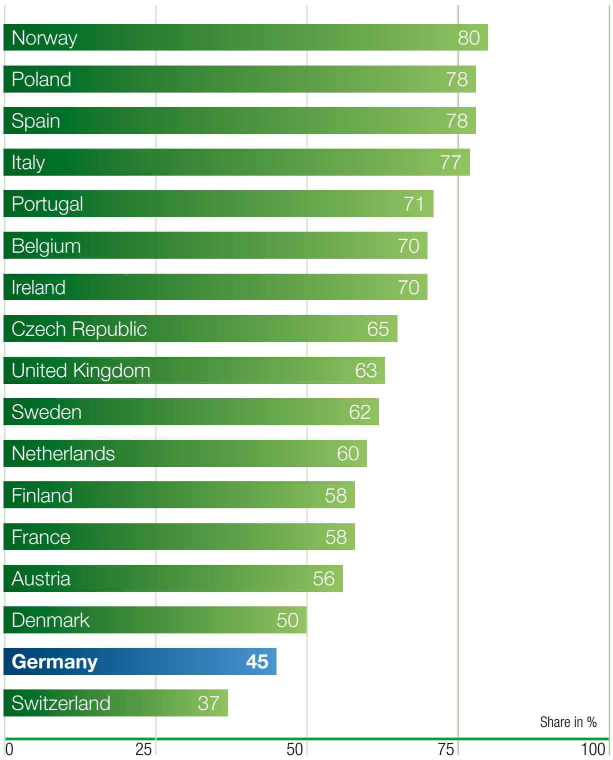
New residential construction in Europe 2017 (forecast – completion figures per 1,000 inhabitants)



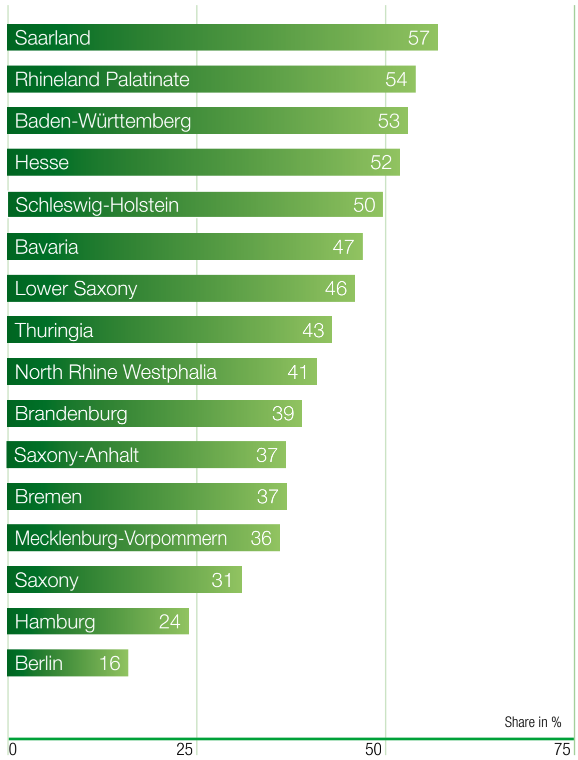
Source: Euroconstruct / ifo / LBS Research

The existing growth potential is also clear when examining homeownership ratios in Europe, where Germany remains among the lowest rankings with a 45 % rate.

Homeownership ratio in Europe



Homeownership ratio by German federal states



Source: Euroconstruct / ifo / LBS Research

The growth potential nevertheless faces various bottlenecks limiting the construction of new residential properties. Firstly, very dynamic demand for qualified general contractors and subcontractors is catering for high capacity utilisation. After an increase in new order intake figures in 2016 in the primary construction sector of 14.6 % year-on-year, the figure in the 2017 financial year registered a further rise. New order intake in the first eleven months was up by 2.0 % compared with the corresponding prior-year period. The shortage of companies carrying out building work was made more acute by a shortage of skilled workers that is very pronounced in the building sector. With vacancy periods of more than four month for employees subject to social security contributions, the shortage of skilled workers is high compared with other professional groups within the construction sector. A rising number of applications for pensions from 63 years of age and falling numbers of applicants for apprenticeships have also intensified the lack of skilled workers.

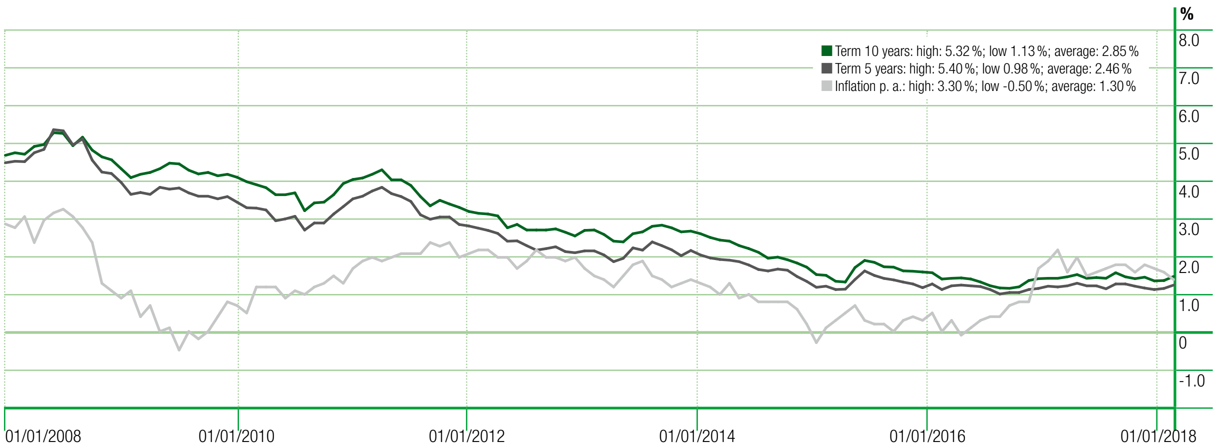
Moreover, capacity bottlenecks at regulatory authorities in the processing of building permits continued last year. A slight reduction in building approval figures failed to help reduce the length of time required for an approval, as the intensification of the EnEV further expanded the scope of assessment to issue approvals, among other factors.

The limited availability of building land is the third factor restricting the construction of new residential real estate. Supply of land plots to build on has hardly increased over the past years despite a massive rise in demand. Limited supply consequently comprises a significant bottleneck factor especially in conurbation regions surrounding major cities. Along with raising population density in existing residential regions, experts are also calling for the creation of new city districts to cover high demand for newbuild apartments. Easing restrictions and regulations, including relating to building height and parking spaces, for example, might also contribute to widening supply.

Favourable building finance conditions

The interest rates on home building finance facilities over the last year have stood at their lowest level for the last thirty years. In this context, the difference between year-high and year-low levels in both 5-year and 10-year fixed interest arrangements amounted to just 0.2 percentage points approximately. Consequently, financing terms can continue to be described as excellent in an historical comparison. Owners and buyers of properties have benefited from extremely low-interest construction and property loans as a consequence. The following graph showing the trend in house construction loan interest rates demonstrates how low the current interest rate level is in historical terms. Taking into consideration the ECB's decision on December 14, 2017 not to adjust its key interest rates for the time being and to continue its bond purchases at a reduced volume, experts assume that the current phase of low interest rates could continue for some time, and that only a slight interest-rate hike is anticipated. Experts do not currently anticipate the ECB to raise its key interest rate to a tangible extent.

Homebuilding interest rate trends* 2008-2018



* The presentation of the interest rate trend is based on interest rates included in terms offered by Interhyp AG as part of brokered lending arrangements.

Group order book position

The HELMA Group achieved new order intake of € 245.4 million in the year under review (previous year: € 286.8 million), corresponding to a year-on-year reduction of around 14 %. This amount thereby fell around 5 % short of the € 258.1 million minimum expected for the 2017 financial year.

New orders of € 93.6 million were attributable to HELMA Eigenheimbau AG in the reporting year, which, like the building approval figures for detached houses in Germany in 2017, were down by around 5 % year-on-year. The property development subsidiary HELMA Wohnungsbau GmbH did also not achieve its previous year's level. Despite continued high demand for HELMA Group products, new order intake in 2017 of € 99.9 million was consequently down by around 34 % year-on-year. A reduction of around half the actual level was certainly expected in this context, as the company intentionally refrained from selling large volume real estate projects to institutional investors in 2017, in contrast to the two previous years, in order to generate a higher margin. The sales launch of small and medium-sized projects was also delayed, however, with the related planned sales not occurring until subsequent years. By contrast, the positive trend of the past years at HELMA Ferienimmobilien GmbH continued. New order intake at this company increased from € 37.0 million to € 51.9 million in 2017. This represents a growth rate of around 40 %, especially reflecting the very good order intake figures at the OstseeResort Olpenitz project.

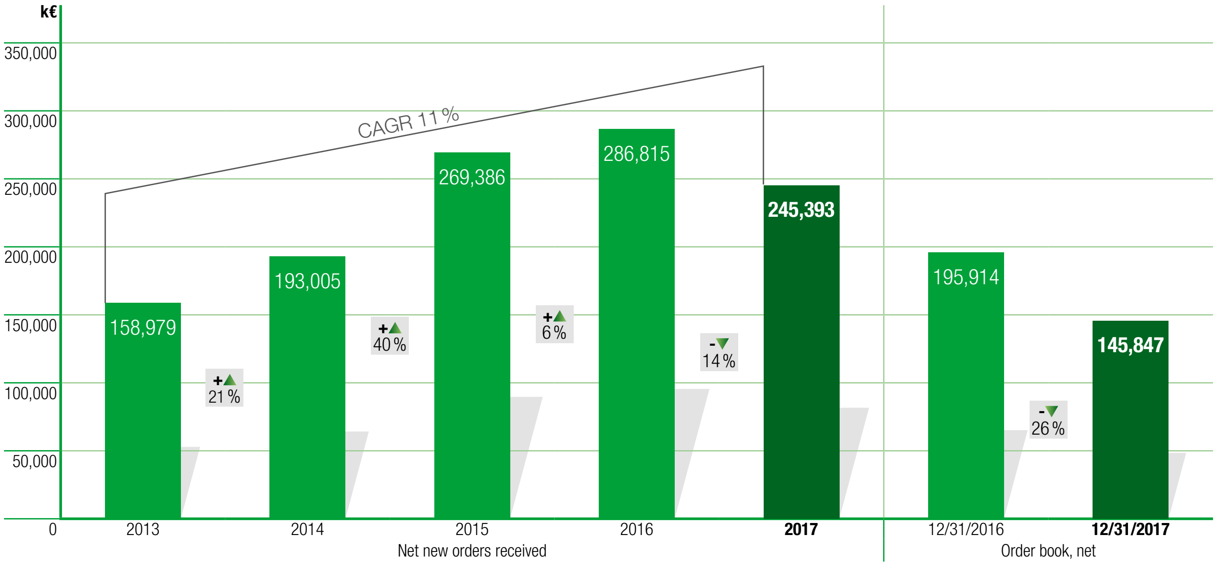
Group companies' contributions to consolidated new order intake

in k€	2017	Share in %	2016	Share in %	2015	Share in %	2014	Share in %	2013	Share in %
HELMA Eigenheimbau AG*	93,594	38.2	99,041	34.5	111,155	41.3	81,816	42.4	74,320	46.7
HELMA Wohnungsbau GmbH	99,924	40.7	150,805	52.6	138,620	51.4	88,475	45.8	75,145	47.3
HELMA Ferienimmobilien GmbH	51,874	21.1	36,969	12.9	19,611	7.3	22,714	11.8	9,514	6.0
Total	**245,393**	**100.0**	**286,815**	**100.0**	**269,386**	**100.0**	**193,005**	**100.0**	**158,979**	**100.0**

*HELMA LUX S.A. was merged with HELMA Eigenheimbau AG in 2014. The new order intake of HELMA LUX S.A. in FY 2013 is included in the figures for HELMA Eigenheimbau AG.

The HELMA Group's order book position as per IFRS amounted to € 145.8 million as of December 31, 2017, around 26 % below the previous year's level. The aforementioned figure no longer includes € 105.5 million of revenues from current building projects already recognised proportionally pursuant to IFRS (December 31, 2016: € 150.1 million).

HELMA Group new order intake and order book position



Group earnings

Revenue trends

The consolidated revenue of the HELMA Group amounted to € 267.4 million in the 2017 financial year, slightly above the previous year's level of € 263.8 million. The increase in consolidated revenue to at least € 290.0 million expected for 2017 was not reached, however. Final invoices were issued for 934 units in the year under review in this context (previous year: 695 units). Of the final invoices, 368 houses were attributable to HELMA Eigenheimbau AG, 417 units to HELMA Wohnungsbau GmbH, and 149 units to HELMA Ferienimmobilien GmbH. The two latter figures include the completion of one housing unit that was sold to a customer together with a plot of land, with each of these being included as only one unit. The same applies for the sale of developed project land plot that was not built upon.

HELMA Eigenheimbau AG contributed € 85.1 million (previous year: € 91.9 million), or 32 % (previous year: 35 %), to consolidated revenue in the 2017 financial year. Revenue of € 133.4 million was attributable to HELMA Wohnungsbau GmbH (previous year: € 139.4 million), corresponding to a 50 % share of consolidated revenue (previous year: 53 %). Both companies thereby reported slightly less revenue than in the previous year. Revenues at HELMA Ferienimmobilien GmbH were up significantly, by contrast. With a rise of around 52 % from € 31.7 million to € 48.1 million, the company achieved further marked revenue growth. Consequently, its share of consolidated revenue advanced to 18 % accordingly (previous year: 12 %). Revenue generated by Hausbau Finanz GmbH amounted to € 0.9 million in 2017 (previous year: € 0.9 million).

Contributions of Group companies to consolidated revenue (according to IFRS)

in k€	2017	Share in %	2016	Share in %	2015	Share in %	2014	Share in %	2013	Share in %
HELMA Eigenheimbau AG*	85,071	31.8	91,864	34.8	78,245	37.1	77,352	45.4	72,460	52.5
HELMA Wohnungsbau GmbH	133,352	49.9	139,428	52.9	110,916	52.7	65,717	38.5	59,533	43.1
HELMA Ferienimmobilien GmbH	48,116	18.0	31,657	12.0	20,679	9.8	26,695	15.7	5,494	4.0
Hausbau Finanz GmbH	879	0.3	893	0.3	778	0.4	734	0.4	531	0.4
Total	**267,418**	**100.0**	**263,842**	**100.0**	**210,618**	**100.0**	**170,497**	**100.0**	**138,018**	**100.0**

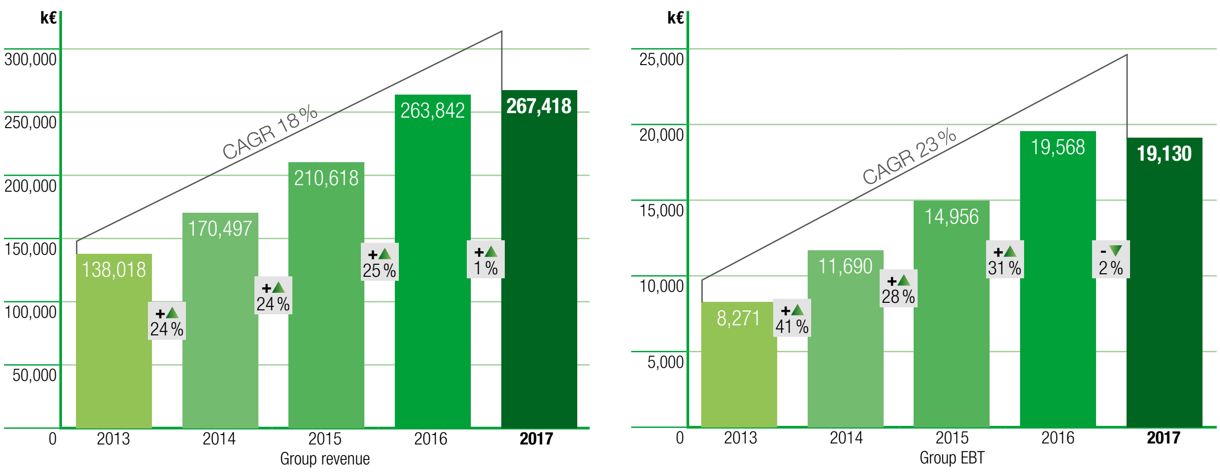
*HELMA LUX S.A. was merged with HELMA Eigenheimbau AG in 2014. The revenue of HELMA LUX S.A. in FY 2013 is included in the figures for HELMA Eigenheimbau AG.

Earnings trends

Hereinafter and departing from the consolidated statement of total comprehensive income, consolidated EBIT is adjusted for the disposal of capitalised interest to facilitate an optimal comparison of the earnings trends of the HELMA Group, independent of potential influences from changes in the general interest-rate level. Interest costs that can be directly attributed to a project are to be capitalised. Once the respective projects are realised, the capitalised interest are deducted from inventories and recognised through consolidated statement of total comprehensive income as inventory-reducing transactions.

Starting from the consolidated revenue of € 267.4 million generated in the year under review, (unadjusted) consolidated EBIT amounted to € 20.2 million (previous year: € 21.7 million). This includes the disposal of capitalised interest payments in a volume of € 1.9 million (previous year: € 0.5 million). Consolidated EBIT adjusted for the disposal of capitalised interest consequently amounted to € 22.1 million in the reporting year (previous year: € 22.2 million).

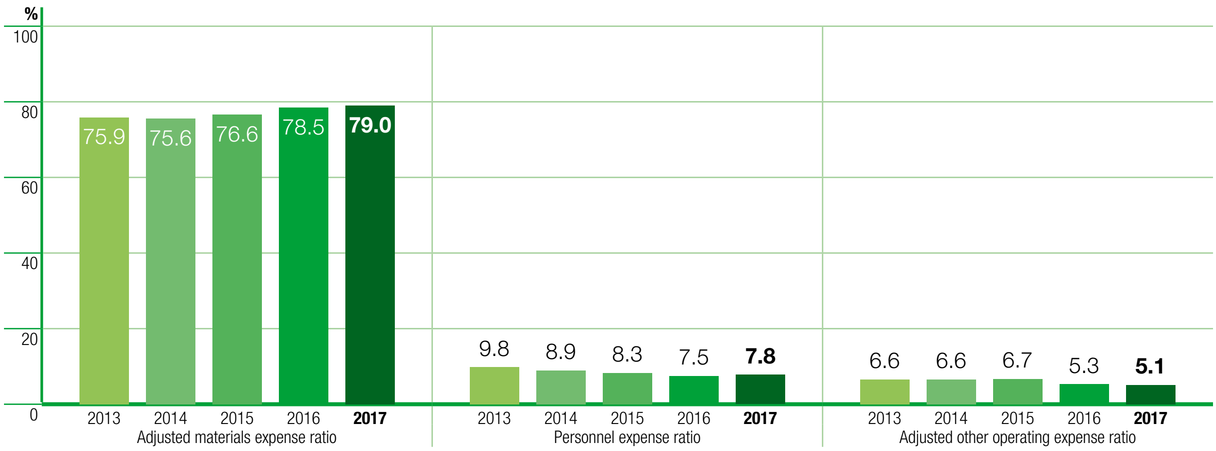
Group revenue and adjusted Group EBT (according to IFRS)



The personal expense ratio in relation to revenue amounted to 7.8 % in the reporting year. The 0.3 % year-on-year increase is attributable to numerous new hires to ensure our products continue to be constructed to high quality levels.

The adjusted other operating expense ratio, which is derived by dividing the net balance of other operating income and expenses by revenue, was reduced from 5.3 % to 5.1 % in the year under review.

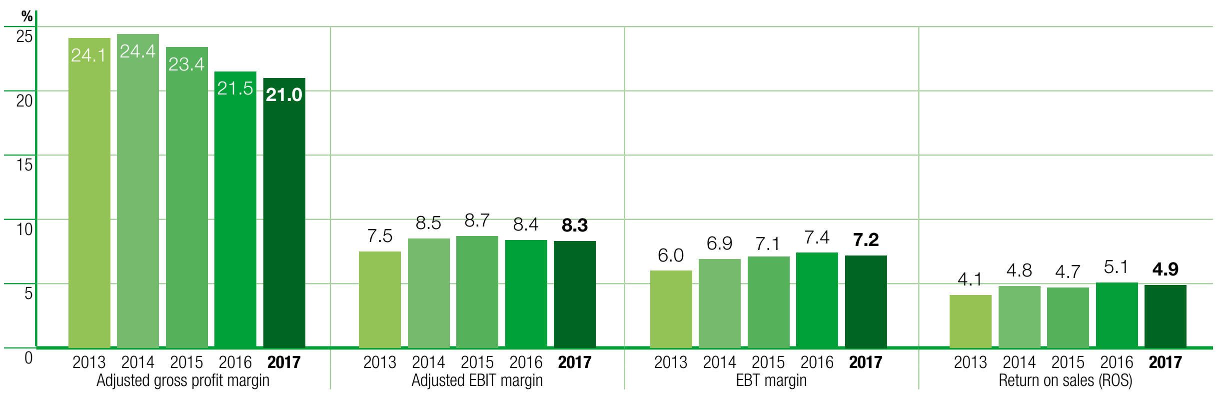
Trends in cost ratios to revenue (according to IFRS)



The gross profit margin amounted to 21.0 % in the reporting year (previous year: 21.5 %). In order to assure optimal comparability, the underlying materials expense ratio was adjusted for the materials expenses that are not offset by revenue.

The EBIT margin adjusted for the disposal of capitalised interest amounted to 8.3 % in the reporting year, slightly below the previous year's level, although within the expected target range.

Trends in profit margins (according to IFRS)



After a net financial result of € -1.1 million (previous year: € -2.1 million), earnings before tax (EBT) stood at € 19.1 million (previous year: € 19.6 million), thereby lying within the expected target range. After deducting income tax and the minority interests' share of earnings, the consolidated net income after deducting minority interests amounted to € 13.0 million (previous year: € 13.5 million). The return on sales was established at a high level of 4.9 % in the 2017 financial year. Overall, earnings per share of € 3.25 were generated (previous year: € 3.37).

Business progress at the HELMA Group (according to IFRS)

in k€	2017	2016
Sales revenue	**267,418**	**263,842**
- of which revenue from long-term construction orders (PoC-method)*	-44,629	62,494
Adjusted changes in stocks of finished goods and work in progress**	17,805	10,565
Total output	**285,223**	**274,407**
Other own work capitalised	0	123
Other operating income	1,664	1,666
Expense for materials and third-party services	-226,365	-216,785
Personnel expense	-20,911	-19,762
Other operating expenses	-15,178	-15,700
Adjusted EBITDA**	**24,433**	**23,949**
Depreciation/amortisation	-2,297	-1,793
Adjusted EBIT**	**22,136**	**22,156**
Disposal of capitalised interest	-1,904	-494
Net financial result	-1,102	-2,094
Earnings before taxes (EBT)	**19,130**	**19,568**
Income tax	-6,106	-6,039
Net income before minority interests	**13,024**	**13,529**
Minority interests' share of earnings	-31	-31
Net income after minority interests	**12,993**	**13,498**
Earnings per share	**3.25**	**3.37**

* Revenues from long-term construction orders (PoC method) derive from the different methods of revenue recognition according to the German Commercial Code (HGB) and IFRS, which led to a minus sign for the 2017 financial year (see Note (6) Receivables arising from construction orders).
** adjusted for the disposal of capitalised interest, respectively

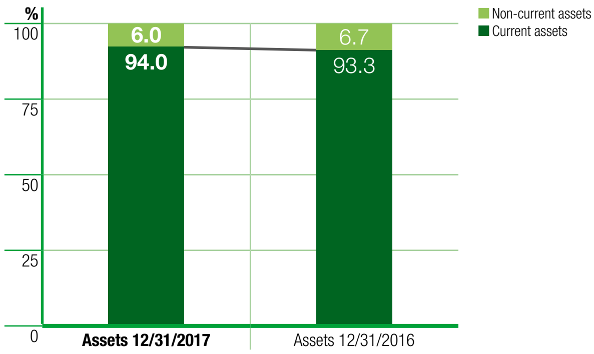
Group net assets and financial position

Assets

The total assets of the HELMA Group grew by 14.2 %, from € 278.2 million to € 317.7, million in the period under review. Non-current assets of € 19.2 million as of the balance sheet date were slightly above the previous year's level (December 31, 2016: € 18.6 million). Current assets registered a marked rise of € 38.8 million to € 298.5 million, deriving mainly from the € 26.1 million increase in inventories to € 199.9 million. As the largest items that also represent the basis for further growth in the project business, inventories include project-related land valued according to the lower of cost or market in an amount of € 172.4 million (December 31, 2016: € 124.3 million), and unfinished buildings in a volume of € 21.7 million (December 31, 2016: € 44.7 million). Cash and cash equivalents stood at € 16.7 million as of the balance sheet date, also above the previous year's level of € 11.3 million.

Group balance sheet structure: assets (according to IFRS)

in k€	12/31/2017	Share	12/31/2016	Share
Non-current assets	19,197	6.0 %	18,575	6.7 %
- of which property, plant and equipment	16,621	5.2 %	16,398	5.9 %
Current assets	298,456	94.0 %	259,667	93.3 %
- of which inventories including land	199,891	62.9 %	173,816	62.5 %
- of which cash and cash equivalents	16,656	5.2 %	11,331	4.1 %
Total Assets	**317,653**	**100.0 %**	**278,242**	**100.0 %**



Equity and liabilities

On the equity and liabilities side, equity was up from € 80.2 million to € 88.8 million as of the balance sheet date. This strengthening of equity results chiefly from the consolidated net profit of € 13.0 million that was generated in the 2017 financial year, less the € 4.4 million dividend for the 2016 financial year that was paid out in July 2017. This is reflected in the equity ratio of 28.0 % as of the balance sheet date (December 31, 2016: 28.8 %), well above the average sector level.

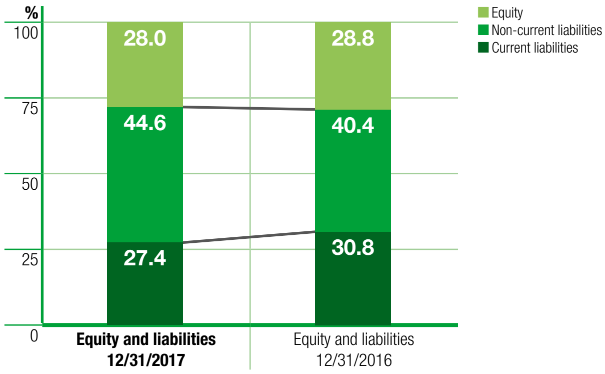
Non-current liabilities increased from € 112.3 million to € 141.6 million in the reporting period to reach 44.6 % share of total assets (December 31, 2016: 40.4 %), which is particularly attributable to the rise in non-current financial liabilities from € 103.2 million to € 133.7 million. This includes a promissory note with a long-term maturity placed in the year under review. The promissory note is divided into a 5-year tranche of € 20.0 million at an interest rate of 2.536 % p. a., and a 7-year tranche of € 7.0 million at an interest rate of 3.142 % p. a.. Furthermore a KfW loan of € 7.5 million at an interest rate of 2.3 % p. a. and a 5-year maturity was also agreed. This financing volume carries an average term of around three years as a result of ongoing repayment while taking a repayment-free year into account.

Compliance with covenants was contractually agreed when the promissory notes and the KfW loan were placed, as was the case with the promissory notes issued in the 2015 and 2016 financial years, as well as the KfW loan that was raised in the 2016 financial year. As of December 31, 2017, the HELMA Group complies with all covenants (equity of at least € 21 million and an equity ratio of at least 15.0 %). The HELMA Group has also agreed to a restriction on its dividends whereby dividends can be paid to its shareholders only up to a maximum of 50 % of the net profit for the year as derived from the separate financial statements of HELMA Eigenheimbau AG prepared according to the accounting standards of the German Commercial Code (HGB).

The remaining 27.4 % share of total equity and liabilities was attributable to current liabilities (December 31, 2016: 30.8 %), which increased slightly by € 1.5 million to € 87.2 million as of the balance sheet date (December 31, 2016: € 85.7 million). Current financial liabilities were almost unchanged at € 32.2 million as of the balance sheet date. The largest items in this context are land and project financing facilities that are repaid through the acquirers' purchase price payments. As it is to be assumed that these liabilities will be repaid within the next twelve months, they are to be presented as current financial liabilities irrespective of the actual financing term.

Group balance sheet structure: equity and liabilities (according to IFRS)

in k€	12/31/2017	Share	12/31/2016	Share
Equity	88,829	28.0 %	80,236	28.8 %
Non-current liabilities	141,642	44.6 %	112,309	40.4 %
- of which non-current financial liabilities	133,738	42.1 %	103,216	37.1 %
Current liabilities	87,182	27.4 %	85,697	30.8 %
- of which current financial liabilities	32,154	10.1 %	32,435	11.7 %
Total equity and liabilities	**317,653**	**100.0 %**	**278,242**	**100.0 %**



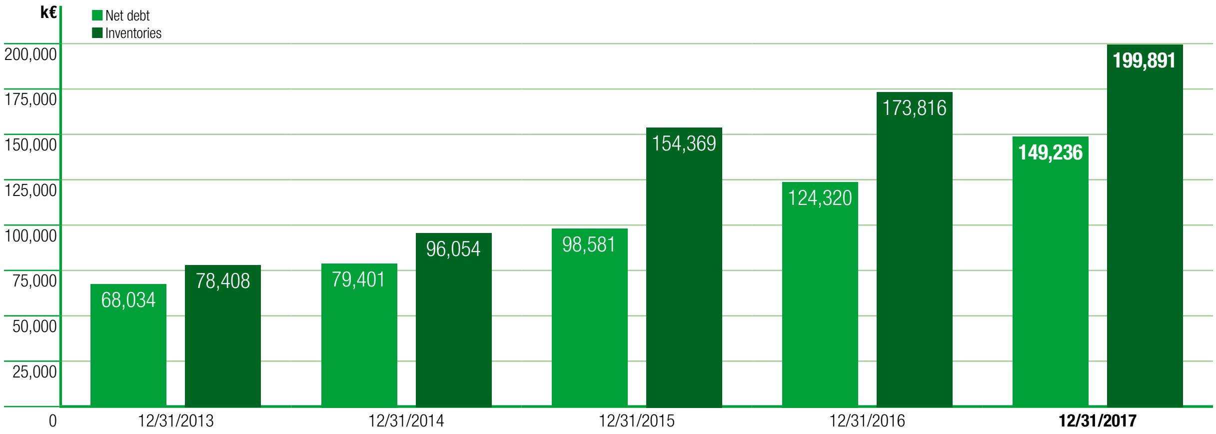
The net finance debt of the HELMA Group increased from € 124.3 million to € 149.2 million as of December 31, 2017, particularly as a consequence of the placing of the promissory note. Equity also advanced from € 80.2 million to € 88.8 million over the same period. The HELMA Group continues to command a very healthy capital structure with net finance debt comprising 47.0 % of total assets (December 31, 2016: 44.7 %), and a 28.0 % equity ratio (December 31, 2016: 28.8 %).

Changes in net debt and equity

in k€	12/31/2017	in %	12/31/2016	in %	12/31/2015	in %	12/31/2014	in %	12/31/2013	in %
Finance debt	165,892		135,651		111,074		86,317		74,855	
Cash and cash equivalents	-16,656		-11,331		-12,493		-6,916		-6,821	
Net debt	149,236	47.0	124,320	44.7	98,581	40.2	79,401	49.6	68,034	49.8
Equity	88,829	28.0	80,236	28.8	69,898	28.5	40,952	25.6	28,033	20.5
Total assets	**317,653**	**100.0**	**278,242**	**100.0**	**244,994**	**100.0**	**159,947**	**100.0**	**136,600**	**100.0**

Along with the rise in net financial liabilities from € 124.3 million to € 149.2 million, the inventory position, which includes project land measured at the lower of cost or market, rose from € 173.8 million to € 199.9 million. Inventories thereby exceeded net financial liabilities by € 50.7 million as of the balance sheet date (December 31, 2016: € 49.5 million).

Changes in net debt and inventories



Cash flow statement

The HELMA Group's positive operating profit generated in the period under review is clearly evident when observing the cash earnings item in cash flows from operating activities, which amounted to € 18.0 million. In addition, the working capital required for the expansion of the property development business increased by € 31.3 million compared with the previous year due to additional land plot purchases, among others. Cash flow from operating activities thereby amounted to € -13.3 million in the year under review (previous year: € -16.1 million).

Due to year-on-year higher investments in land and buildings (see the Group investments section), cash flow from investing activities stood at € -3.3 million in the reporting year (previous year: € -1.8 million).

Cash flow from financing activities amounted to € 22.0 million in the 2017 financial year (previous year: € 16.8 million) and derives from various land purchase financing facilities as well as the aforementioned promissory note loan transaction and the KfW loan raised in the year under review.

The HELMA Group had € 16.7 million of financing funds as of the balance sheet date. In addition, free unutilised credit lines in a low double-digit amount in millions of euros are available. The financial position of the HELMA Group continues to be very solid as a consequence.

Group cash flow statement (according to IFRS)

in k€	2017	2016	2015	2014	2013
Cash flow from operating activities	-13,344	-16,088	-31,872	-10,454	-28,817
- of which cash earnings	17,965	20,953	15,325	16,302	11,752
- of which change in working capital	-31,278	-37,039	-47,207	-26,802	-40,435
- of which gain/loss on disposal of fixed assets	-31	-2	10	46	-134
Cash flow from investing activities	-3,298	-1,839	-1,916	-2,039	-1,923
Cash flow from financing activities	21,967	16,765	39,365	12,588	36,022
Cash and cash equivalents at the end of the period	**16,656**	**11,331**	**12,493**	**6,916**	**6,821**

The previous year's figures were restated due to the modified presentation of the cash flow statement based on DRS 21.

Group investments

We invested a total of € 3.9 million in property, plant and equipment, and in intangible assets in 2017 (previous year: € 2.4 million). Of this amount, an investment portion of € 2.2 million (previous year: € 0.5 million) was attributable to the land and buildings area, which was utilised mainly for newbuild office premises in Berlin-Karlshorst. These commercial spaces form part of the "Wohnen im Park" project and were transferred after completion to the company's non-current assets for the company's long-term utilisation. Moreover, investments were made in a plot of land for a showhouse as well as in expanding the administrative building and in adding to parking place spaces in Lehrte.

Investments in intangible assets amounted to € 0.6 million in the year under review (previous year: € 0.5 million), which were predominantly attributable to software programming and licenses.

Investments in operating and office equipment totalled € 1.0 million in 2017 (previous year: € 1.4 million), and were focused primarily on the replacement of vehicles, and the purchase of IT equipment and furniture.

Investments in property, plant and equipment, and intangible assets

in k€	2017	2016
Land and buildings	2,208	529
Intangible assets	642	531
Office and operating equipment	1,027	1,379
Total	**3,877**	**2,439**

In the 2018 financial year, we plan to realise investments in property, plant and equipment, and in intangible assets slightly below the previous year's level. These include investments in expanding our administrative building, redesign existing showhouses, purchasing IT equipment, (third-party) software programming and the replacement of vehicles.

Corporate responsibility - Non-financial performance indicators

Innovation and sustainability characterise the HELMA Group strategy. As a growth-oriented company, we bear our share of responsibility for society and the environment. At the same time, we are aware that we can only further expand our market position and corporate success in the medium term if we work continuously on our products and services, and further develop them through innovations.

Attractive working environment

We greatly depend on our employees' commitment and inspiration to achieve the aforementioned objectives. As a consequence, our goal is to present ourselves sustainably as an attractive and responsible employer, to create the best possible working conditions for our staff and to consequently maintain our staff turnover rate at a low, single-digit percentage level, as in previous years.

Professional further training / teambuilding

We offer our staff a highly varied range of training options. To this end, at annual meetings held between staff members and managers in the first quarter of each year, we gauge each individual's requirement for technical and specialist further training, collect these requests and requirements, and use these as the basis to prepare an extensive range of further training measures for the coming twelve months. These range from in-house group refresher seminars for computer programs in daily use through to specific further training and the expansion of individual staff members' expertise at multi-day external training sessions. Teambuilding activities are also held at regular intervals in order to strengthen interaction within departmental teams, and to promote interdivisional understanding and communication.

Social expertise

The ability to work as part of a team, as well as verbal and non-verbal communication are some of the requirements that confront us daily. Handling conflicts – whether in a professional or personal context – constantly presents many of us with major challenges. Should we supress our feelings, or manage them, or express them in an unfiltered manner? How does successful interaction occur within groups, and in society at large? Together with external trainers, our staff can work on answers to these questions, and develop fresh ways of thinking. To this end, we offer regular social skills seminars that are held in small groups outside the working environment. In this way, each participant can discover new approaches and personal development paths.

Health management / corporate sports

Healthy, motivated and fit employees form the basis of our daily work. For this reason, in addition to the working environment and further training options, we support our staff with healthcare opportunities. We promote preventative healthcare both in-house and externally through measures ranging from nutrition advice and seminars on progressive muscular relaxation that are specially tailored to the requirements and challenges of everyday working life, through to supporting regular sporting activities for employees, such as our running, yoga, beach-volleyball, badminton and dragon boat teams.

Social commitment

As a service provider in the private housing sector, it is an essential part of our daily work to create a common space for people who love each other, a new home for children and their parents. With our social commitment and involvement, however, we are active quite intentionally around life's centrepoint – the home. Our special concern in this context is to support, with appropriate measures, the development of children in different life stages and situations.

For instance, we regard some of our corporate events, such as the opening of new showhouses, project-related events or important company anniversaries not only as happy business events, but also as an opportunity to pass on and share such joys. The latter can occur through both financial and non-financial activities at regional level for specially selected projects such as integrative kindergartens, facilities that enable parents of severely ill children to live together with them during their treatment, or the creation of playrooms in hospitals.

Supporting children's and youth projects at the Group headquarters in Lehrte forms a constant focus of our social commitment. Here, HELMA participates in the refurbishment and renovation of school playgrounds with its construction activities, or in the creation of joint-use areas for primary schools and neighbouring kindergartens. Moreover, HELMA supports programs to help children from immigrant backgrounds to improve their language skills, as well as a violence prevention project for primary schoolchildren to promote problem-solving skills.

Sustainable energy concepts

As the result of our early focus on the area of energy-efficient construction methods, we have not only created a significant competitive advantage over the past ten years, but we also have made an important contribution to cutting resource consumption and CO_2 emissions. With our solar house series, we are able to offer our customers attractive opportunities to significantly save on heating costs with the help of the sun, thereby making an active contribution to climate protection. In addition, our customers realise tangible energy savings, as all of our houses already exhibit very high energy efficiency rates as a standard.

Solar innovation

The EnergieAutarke house - (energy-independent house)


Solar energy house independent


Solar energy house


PlusEnergy house

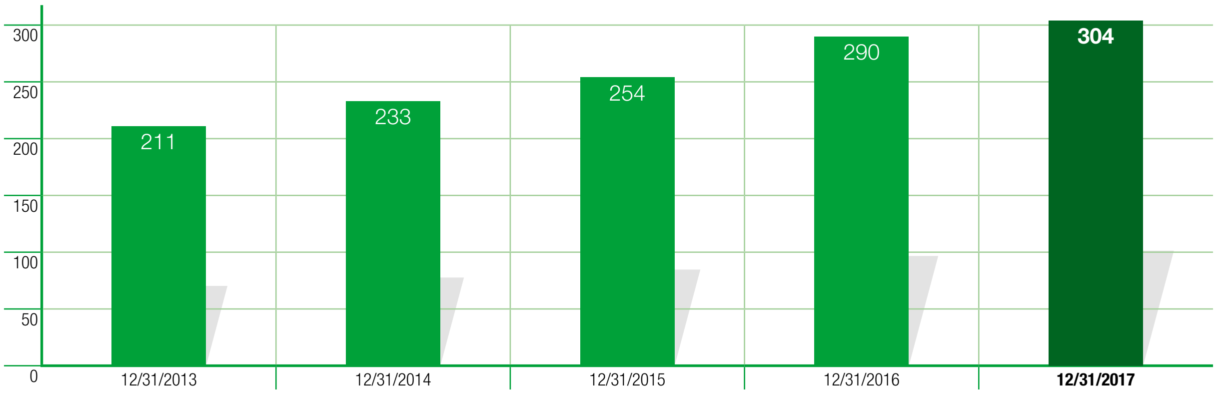
Employees, sales partners and the company's boards

Development of staff and specialist consultants in the HELMA corporation

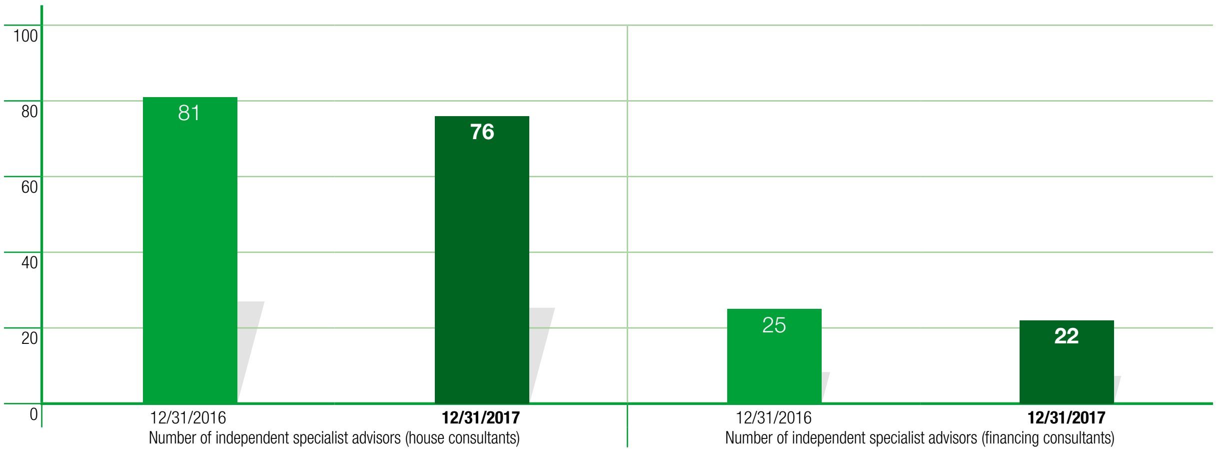
Compared with the end of the 2016 financial year, the number of staff employed by the company underwent a 5 % increase from 290 to 304 as of December 31, 2017. Besides this, the HELMA Group employed 8 individuals on a minor part-time basis as of the reporting date (previous year: 10). Hiring focused especially on the areas of project development and technology at the property development subsidiaries and reflected good future business prospects.

In the house consulting area, the number of independent specialist advisers with whom we work together in the sales area on a commission basis at various locations stood at 76 (previous year: 81), slightly below the previous year's level. The number of independent financing advisers amounted to 22 as of December 31, 2017 (previous year: 25).

Number of employees in the HELMA Group



Number of independent specialist advisors in the HELMA Group



Training

We regard the training of young and motivated people as an important component of our personnel policy. We aim to thereby meet the challenges of demographic shift, and partly cover our requirement for qualified and up-and-coming young staff ourselves. We currently have two trainees within our company.

The company's boards

In 2017, the Management Board of HELMA Eigenheimbau AG was composed of company-founder Mr. Karl-Heinz Maerzke (Chairman/CEO), Mr. Gerrit Janssen and Mr. Max Bode. Mr. Karl-Heinz Maerzke is appointed to the Management Board until March 31, 2020, Mr. Gerrit Janssen until June 30, 2019, and Mr. Max Bode until June 30, 2020.

As of December 31, 2017, the company's Supervisory Board was composed of Mr. Sven Aßmann (Chairman), Mr. Paul Heinrich Morzynski (Deputy Chairman), and Mr. Dr. Peter Plathe. The period of office of the Supervisory Board members ends with the conclusion of the Shareholders' General Meeting that passes a resolution concerning the discharge of Supervisory Board members for the 2018 financial year.

Net assets, financial position and results of operations of the parent company

The separate development of the parent company is presented below by way of supplementary information to the Group report. The separate annual financial statements of HELMA Eigenheimbau AG are prepared according to the regulations of the German Commercial Code (HGB), and the German Stock Corporation Act (AktG). Pursuant to § 315 (5) of the German Commercial Code, the management report for HELMA Eigenheimbau AG is aggregated with that of the HELMA Group.

Net assets and financial position

The total assets of HELMA Eigenheimbau AG amounted to € 124.1 million as of December 31, 2017 (December 31, 2016: € 112.3 million). On the assets side of the balance sheet, this increase arises particularly from a marked rise in current assets from € 93.0 million to € 105.8 million, which chiefly reflects a € 10.3 million increase in receivables from associated companies. Non-current assets stood at € 17.9 million as of the balance sheet date, slightly below the previous year's € 18.8 million.

Balance sheet structure of HELMA Eigenheimbau AG: assets (according to HGB)

in k€	12/31/2017	12/31/2016
Non-current assets	17,870	18,834
Current assets	105,840	93,030
- of which cash and cash equivalents	7,901	6,885
Prepayments and accrued income	350	403
Total assets	**124,060**	**112,267**

On the equity and liabilities side of the balance sheet, a year-on-year comparison as of the reporting date shows a considerable rise in equity from € 68.1 million to € 80.0 million, especially reflecting the € 16.3 million of net income that was generated. The equity ratio amounted to 64.5 % as of the balance sheet date, well above the average for the building services sector. Provisions amounted to € 12.9 million at the end of the financial year under review (December 31, 2016: € 10.2 million).

Liabilities amounted to a total of € 31.1 million as of December 31, 2017, slightly below the previous year's level of € 34.0 million.

In the 2015 financial year, compliance with covenants was agreed in the promissory note contracts. As of December 31, 2017, the HELMA Group complies with all covenants (equity of at least € 21 million and an equity ratio of at least 15.0 %). The HELMA Group has also agreed to a restriction on its dividends whereby dividends can be paid to its shareholders only up to a maximum of 50 % of the unappropriated profit for the year as derived from the separate financial statements of HELMA Eigenheimbau AG prepared according to the accounting standards of the German Commercial Code (HGB).

HELMA Eigenheimbau AG commands liquidity of € 7.9 million as of the end of 2017, as well as in a low double-digit amount in millions of euros of free credit lines. HELMA's financial position remains very solid as a consequence.

Balance sheet structure of HELMA Eigenheimbau AG: equity and liabilities (according to HGB)

in k€	12/31/2017	12/31/2016
Equity	80,010	68,072
Provisions	12,908	10,229
Liabilities	31,140	33,959
Prepayments and accrued income	2	4
Deferred tax liabilities	0	3
Total equity and liabilities	**124,060**	**112,267**

Profitability

The total output of HELMA Eigenheimbau AG increased by € 2.7 million to € 104.1 million in the year under review due to the high level of revenue, as expected (previous year: € 101.4 million).

Total output of HELMA Eigenheimbau AG (according to HGB)

in k€	2017	2016
Sales revenue	102,065	97,344
Change in stocks of finished goods and work in progress	2,022	4,043
Total output	**104,087**	**101,387**

Gross profit was raised from € 31.9 million to € 38.7 million, equivalent to an approximately 37.1 % gross profit margin in relation to total output (previous year: 31.4 %). It should be noted in this context that the revenue of HELMA Eigenheimbau AG also includes payments from the subsidiaries for business procurements, which are not offset by any notable cost of materials.

Earnings before interest and tax (EBIT) amounted to € 14.3 million in the reporting year, up € 5.5 million year-on-year, as expected. The net financial result was increased by € 4.1 million to € 9.6 million. Overall, HELMA Eigenheimbau AG achieved € 16.3 million of net income for the 2017 financial year, representing a significant increase of € 6.5 million above the previous year's level.

For 2018, in the separate financial statements for HELMA Eigenheimbau AG prepared according to German Commercial Code (HGB) accounting standards, we anticipate further high profitability with earnings in the low double-digit range in millions of euros.

HELMA Eigenheimbau AG: key income statement figures (according to HGB)

in k€	2017	Share	2016	Share
Total output	**104,087**	**100.0%**	**101,387**	**100.0%**
Materials expense	-65,429	-62.9%	-69,510	-68.6%
Gross profit	**38,658**	**37.1%**	**31,877**	**31.4%**
Other own work capitalised	0	0.0%	123	0.1%
Other operating income	947	0.9%	781	0.8%
Personnel expense	-13,541	-13.0%	-13,080	-12.9%
Depreciation/amortisation	-2,157	-2.1%	-1,685	-1.7%
Other operating expenses	-9,595	-9.2%	-9,236	-9.0%
EBIT	**14,312**	**13.7%**	**8,780**	**8.7%**
Net financial result	9,590	9.2%	5,514	5.4%
Earnings before income tax	**23,902**	**22.9%**	**14,294**	**14.1%**
Profit for the year	**16,338**	**15.7%**	**9,870**	**9.7%**

Risk report

Risk management

We are naturally exposed to various risks in the course of our corporate activity. We only enter into risks that simultaneously offer the opportunity of appropriate value-enhancement, and where we can manage such risks within our organisation using recognised methods and measures. In order to control and manage these risks, as well as to provide transparent presentation of opportunities that arise, identified risks are monitored and assessed constantly as part of our risk management system.

This entails not only the constant monitoring of risk-relevant factors from the sales, contract management, technology, finances, project development, personnel, and legal areas, but also the assessment of the event probability relating to these risks, and any resultant losses. This provides the factors required for the Management Board – particularly as part of monthly reporting – to reach decisions that allow them to introduce prompt and appropriate measures. The Management Board is informed regularly about any potential excess beyond fixed risk limits.

Relevant risk factors

Macroeconomic risk

The economic situation in Germany is gauged as positive overall, especially due to the low level of unemployment figures. The flight to physical assets, and the historically low interest rate level, are also currently fostering greater demand for home-ownership and investments in residential and holiday properties. Despite the currently good general conditions, we are aware of the potential risk of a sudden and unexpected downturn in the economy, and we are intensively monitoring and analysing current market circumstances in order to be prepared to meet future trends as best as possible, and to rapidly implement measures necessitated by the relevant situation.

Regulatory risks

Legal and tax regulations define the regulatory framework for the real estate sector, and affect the business activities of companies operating in the sector. We constantly monitor changes in regulatory conditions that affect our operating activities, such as the building law reform, which became effective as of January 1, 2018, in order to quickly launch measures where required.

As legislation is equally valid for all market participants, we did not identify any significant risks for our business deriving from the current regulatory environment.

It should nevertheless be noted that this is only valid without qualification assuming that interest rate levels continue to remain low. For instance, many new or more onerous building regulations, accompanied by an increase in land purchase tax across almost all of Germany over the past years, have made buying newbuild properties considerably more expensive. Due to the good economic situation in Germany and low interest rates, demand has nevertheless continued at a high level, despite a marked rise in construction and incidental purchase costs. For this reason, a significant increase in interest rates could result in a tangible reduction in market demand if the regulations and levies that are currently comprising strong cost-drivers are not reduced again in parallel, or mitigated by subsidies or tax incentives.

Project risks

The operating activities of HELMA Wohnungsbau GmbH and HELMA Ferienimmobilien GmbH regularly require new land plots for development and sale following project management. Here, we set great store by a sufficient diversification of our projects in terms of number, size, type of structure, and location in various German metropolitan regions, thereby achieving a reduction in the overall risks deriving from the project business.

During the acquisition phase, we conduct very thorough investigations of the development potentials offered by the land plots in which we are interested, and we perform highly prudent evaluations of the earnings prospects of the potential projects with which they are connected. For the most varied reasons, however, it cannot be excluded that in individual projects, and for a wide range of different reasons, unexpected cost increases and/or revenue reductions may occur compared with calculated values. In these cases, such a project would be concluded with lower-than-expected income, which would exert a correspondingly negative effect on the HELMA Group's results of operations. To manage this risk as best as possible, we ensure that we always have extensive expertise in the property development and land business, as well as in the marketing of the respective units, in the target regions concerned.

In addition, high demand for real estate can trigger capacity bottlenecks for the market participants and government institutions involved in projects. Depending on specific projects, this can lead to project processing delays. In particular, we have only very limited influence over processing times at building and land registry authorities. Processing times are evaluated continuously to model the risk entailed in delays to planning and are reflected in corresponding time windows when preparing project schedules. Any delays extending beyond the selected safety buffers can lead to tangible revenue and earnings shifts into following years, however.

In the case of detached houses, we only purchase the land in advance, and we do not commence with specific building projects until the customer has signed a corresponding notarised purchase agreement, and the customer's financing has been confirmed. By contrast, when building terraced and multi-family homes, construction in our project business starts already after we have received predetermined pre-sales quotas, so that such projects entail a higher level of sales risk, despite intensive analysis of market potential.

Purchasing risks

High demand for real estate can create supply bottlenecks in building services and in new land plots for the project business.

Through long-term partnership cooperation, we have established a wide network of partner firms over the past decades to which we make frequent recourse when purchasing building services. We are also constantly expanding our network to include new general contractors or subcontractors with relevant track records. In terms of the availability of qualified general contractors and subcontractors, some bottlenecks can nevertheless occur – especially during periods of high demand for real estate – accompanied by delays and unexpected increases in construction costs, which would exert a correspondingly negative impact on the HELMA Group's results of operations.

We counter the risk of shortages of land through sustained and forward-looking land acquisition, which enables us to draw up plans based on secured land purchases. Moreover, we are not focused on individual target regions, but instead distribute our projects across different German metropolitan regions. This diversification enables us to shift into other regions should available supply in specific areas temporarily fail to match our requirements.

Materials cost risk

We also calculate expected changes in materials prices, and take them into account in our calculations as part of ongoing planning. Based on forward-looking determination of the sales prices we counter the risk of rising material prices. We also mitigate the risk of rising raw materials prices in the detached house business area with corresponding price adjustment clauses. These are coupled to the construction price index trend. Unexpected jumps in costs on the supplier side precipitated by materials price rises and/or an increase in demand for subcontractor and general contractor services would nevertheless exert a negative effect on the profitability of the HELMA Group.

Investment risks

Following the conclusion of our geographic expansion, we have reduced our investments in new showhouses and locations to a moderate level over the past years. We will nevertheless continue to proceed with the greatest possible care when considering the potential creation of individual locations or replacement investments, in order to minimise the risk of a misinvestment as far as possible.

Personnel risks

We monitor personnel risks with a high degree of attention, and counter such risks using numerous personnel development measures. The focus in this context is the qualification of our employees, a low staff turnover rate, and the long-term loyalisation of managers to the company. Our employees' expertise is a decisive element in the high quality of the services we offer. We provide our employees and specialist advisers with a broad range of introductory qualification, and further training programmes in order to secure this quality. These programmes continued to attract very enthusiastic interest in 2017.

Reputation risk

Negative media reporting on our projects or business activities can negatively affect the reputation of the HELMA Group. The Internet and social media can disseminate such information and opinions quickly and far afield. Through targeted and sustained reputation management, we consequently plan, manage and control our company's reputation in relation to all relevant stakeholders.

New technologies

We constantly analyse innovations in the house construction area resulting from technological progress, which we then integrate into our product portfolio following an assessment of their suitability. Close contact and the exchange of experience with the most varied types of manufacturers, associations and business partners, as well as visits to specialist trade fairs and conferences, promotes our company's innovative spirit in this respect. We have recently expanded our product portfolio to include promising innovations, particularly in the energy-efficient construction method area. In doing so, we endeavour to ensure that the opportunities connected with innovations significantly outweigh related risks, and that start-up costs bear a reasonable relationship to sales potential.

IT risks

We regularly invest in modern hardware and software infrastructure, and perform frequent data backups, in order to prevent unauthorised access or data loss, and to ensure the constant availability of our IT systems. We employ leading manufacturers' products in this context. We constantly adjust our applicable security guidelines to the latest technical developments.

Legal risks

There are no identifiable major legal risks from today's perspective.

Financial risks

We monitor financial risks, including liquidity, interest, and default risks, using tried and tested controlling and steering tools, which facilitate prompt and transparent reporting. The Group reporting system ensures the regular recording, analysis, measurement and steering of financial risks.

Liquidity risks are monitored and managed centrally within the Group, based on rolling liquidity planning. The Group's sourcing of liquidity is ensured through sufficient cash holdings and free credit lines. This excludes the occurrence of liquidity bottlenecks as good as possible.

As the HELMA Group has committed itself to complying with covenants as part of the promissory notes, these covenants are checked regularly. A failure to comply with the covenants as of the year-end comprises a reason for extraordinary termination. The covenants are complied with as of December 31, 2017, and no reason exists to expect a breach of covenant within the planning period. This risk is gauged as low as a consequence.

Interest-rate risk within the HELMA Group results mainly from variable-rate liabilities. A rise in the interest-rate level would feed through to a worsening of the net financial result. A significant interest-rate risk that could significantly negatively affect the HELMA Group's results of operations is nevertheless not apparent given the current level of variable interest-rate liabilities. Interest rate derivatives are not deployed.

As a result of our business model, and our tried and tested form of cooperation with subcontractors and general contractors, the risk arising from receivables defaults, or non-transferable warranty claims, may continue to be regarded as relatively low compared to the level of our revenue.

No exchange rate risks exist as HELMA Group companies operate exclusively in Germany, and all annual financial statements are denominated in euros.

Overall assessment

The overall risk situation at the HELMA Group is analysed and managed as part of the risk management system presented above. In the financial year elapsed, we identified no specific risks that might jeopardise our company as a going-concern, either individually or taken together. An effect on business performance and earnings trends cannot be excluded in the event of unforeseeable and extraordinary risks. No risks are identified from today's position that might jeopardise the HELMA Group as a going-concern, either individually or in combination.

Related parties report

Pursuant to § 312 of the German Stock Corporation Act (AktG), the Management Board has prepared a related parties report, which contains the following concluding statement: "In the case of the legal transactions and measures listed in the related parties report, and according to the circumstances known to the Management Board at the time when legal transactions were performed, or measures were taken or not taken, HELMA Eigenheimbau Aktiengesellschaft received an appropriate consideration for each legal transaction, and has not been disadvantaged by the fact that measures were taken, or not taken."

Report on events subsequent to the reporting date

No events of particular significance occurred after the balance sheet date.

Dividend

In its single-entity financial statements prepared according to the accounting principles of the German Commercial Code (HGB), HELMA Eigenheimbau AG reports unappropriated retained earnings of € 16,338,210.01 for the 2017 financial year. As part of adopting the separate annual financial statements as part of the Supervisory Board meeting on March 28, 2018, the Management Board proposes to the Supervisory Board that it proposes to the Shareholders' General Meeting on July 6, 2018 that it distributes a dividend of € 1.40 per dividend-entitled ordinary share, consequently € 5,600,000.00, and to transfer the remaining amount of € 10,738,210.01 to the other revenue reserves. The total dividend amount and the amount to be transferred to the other revenue reserves in this proposed resolution relating to the application of unappropriated retained earnings is based on dividend-entitled share capital of € 4,000,000.00, which is divided into 4,000,000 ordinary shares.

The annual financial statements of HELMA Eigenheimbau AG prepared according to the regulations of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG), as well as the aggregated management report, are published in the electronic Federal Gazette (Bundesanzeiger).

Medium-term growth strategy

The aim of the HELMA Group is to expand its own market position through further organic growth, gain additional market shares and enhance its profitability.

Boosting recognition of the HELMA brand

Growth in our building services business (HELMA Eigenheimbau AG) is to be realised mainly through a constant rise in the degree of recognition of the HELMA brand. The ongoing establishment of the HELMA brand is to be achieved in this context especially through high-quality market profiling as well as the annually growing number of new building projects realised. Here, the company aims to generate an ever-greater number of customer recommendations. These have always represented one of the most important factors in acquiring new customers. While achieving solid margins, the building services business is to contribute at least € 100.0 million per year to consolidated revenue medium-term.

Secured land plots as the growth engine for the property development business

Over the past years, the HELMA Group has succeeded in purchasing many attractive land plots for its property development business (see the following overview). The resultant revenue potential at HELMA Wohnungsbau GmbH amounts to a total of € 859.0 million as of December 31, 2017, and is distributed among the four core regions of Berlin/Potsdam, Hamburg/Hanover, Leipzig and Munich, whereby the largest revenue contributions are to be expected from the first-mentioned region over the coming years, entailing a potential of € 409.0 million.

Along with diversification among different regions, the project pipeline also exhibits a very healthy allocation to the different business areas. A share of the total revenue potential of € 352.5 million is attributable to individual detached houses, each of which is sold together with a land plot to the end-purchaser. For preplanned semi-detached and terraced houses as well as owner-occupier apartments, a volume of € 430.0 million is assumed, and for project land plots, which are sold developed but not built upon, total sales proceeds of € 76.5 million are expected.

HELMA Ferienimmobilien GmbH also owns very attractive land plots, and consequently enjoys the best preconditions to sustainably continue its significant success of recent years. The revenue potential of the ensured land plots at HELMA Ferienimmobilien GmbH stands at € 320.0 million as of the balance sheet date.

Both property development subsidiaries thereby exhibit € 1,179.0 million of revenue potential. It is to be assumed that most of this can be realised within the next five years. The company also plans to acquire further land plots at both subsidiaries in the future objective of profitable business expansion.

For the property development business, continuous revenue growth is aimed for medium-term, while achieving above-average margins.

Information about many current projects at HELMA Wohnungsbau GmbH and HELMA Ferienimmobilien GmbH, which are already in the marketing stage, can be downloaded from www.HELMA-WB.de and www.HELMA-FI.de, where they are continuously updated.

Revenue potential from realised land purchases as of December 31, 2017*

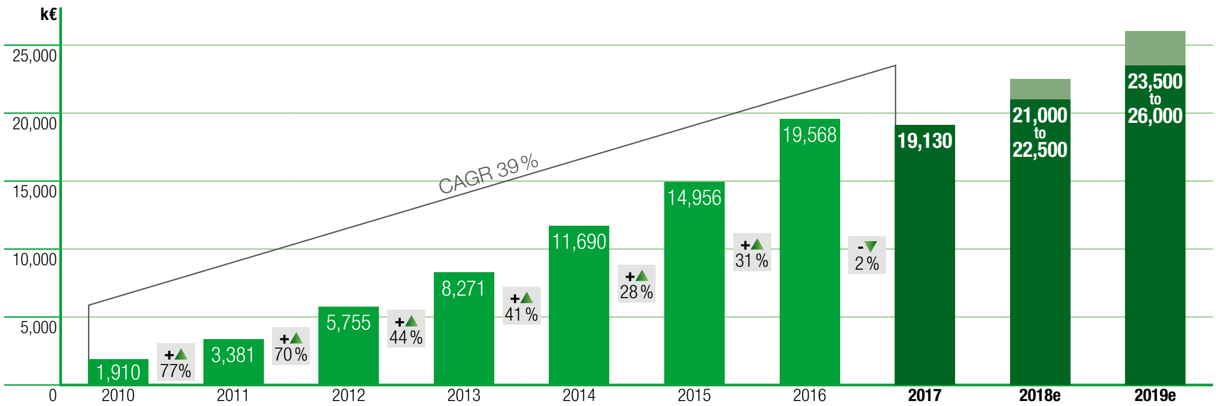
	Total		Individually plannable		Preplanned		Project land plots not built upon	
	Number of units	Revenue volume in k€	Number of units	Revenue volume in k€	Number of units	Revenue volume in k€	Number of units	Revenue volume in k€
HELMA Wohnungsbau GmbH Berlin / Potsdam region	898	409,000	515	225,000	380	145,000	3	39,000
HELMA Wohnungsbau GmbH Hamburg / Hanover region	470	182,500	150	52,500	320	130,000	0	0
HELMA Wohnungsbau GmbH Leipzig region	290	110,000	215	75,000	75	35,000	0	0
HELMA Wohnungsbau GmbH Munich region	183	157,500	0	0	180	120,000	3	37,500
Total HELMA Wohnungsbau GmbH	**1,841**	**859,000**	**880**	**352,500**	**955**	**430,000**	**6**	**76,500**
Total HELMA Ferienimmobilien GmbH	**1,151**	**320,000**	**0**	**0**	**1,150**	**319,500**	**1**	**500**
Total HELMA Wohnungsbau GmbH & HELMA Ferienimmobilien GmbH	**2,992**	**1,179,000**	**880**	**352,500**	**2,105**	**749,500**	**7**	**77,000**

* The figures presented above are based on the respective current assumptions relating to potential land utilisation and building law situation and aim to provide a rough overview of the existing revenue potential from land plot purchases the HELMA Group has realised. The actual figures as well as the grouping into the different business areas of HELMA Wohnungsbau GmbH can change during the course of subsequent realisation and differ from the figures presented above. Successful implementation of the respective products also presupposes an intact market environment as of the realisation date.

Forecast report

After the HELMA Group increased its earnings before tax (EBT) more than tenfold between 2010 and 2016 from € 1.9 million to € 19.6 million, the 2017 financial year represented the first year without year-on-year earnings growth for many years. However, preparations were made in 2017 to return in the future to the growth path of the past many years through adjustments to the structure and to business processes, which were particularly due to the marked increase in business volume as well as the change in the market environment. Based on the existing, attractive land pipeline, the company is consequently aiming for double-digit percentage growth in its EBT for the coming years, which for the 2018 financial year is expected to lie in a range between € 21.0 million and € 22.5 million and for 2019 in a range between € 23.5 million and € 26.0 million.

Group EBT 2010-2019e (according to IFRS)



Lehrte, March 20, 2018

Signed Karl-Heinz Maerzke
Management Board Chairman

Signed Gerrit Janssen
Management Board member

Signed Max Bode
Management Board member


Apartments in Munich-Trudering • Visualisation

Terraced houses in Hanover • Visualisation

Consolidated Financial Statements
for the period January 1, 2017 to December 31, 2017 according to IFRS

Consolidated balance sheet

ASSETS in k€	Note	12/31/2017	12/31/2016
Non-current assets			
Other intangible assets	(1)	1,195	796
Goodwill	(2)	1,380	1,380
Property, plant and equipment	(3)	16,621	16,398
Other non-current assets	(4)	1	1
Non-current assets, total		**19,197**	**18,575**
Current assets			
Inventories	(5)	199,891	173,816
Receivables arising from construction orders	(6)	45,144	50,557
Trade receivables	(7)	31,640	21,251
Tax receivables	(8)	0	117
Other current receivables	(9)	4,635	2,595
Cash and cash equivalents	(10)	16,656	11,331
Non-current assets available for sale	(11)	490	0
Current assets, total		**298,456**	**259,667**
Total assets		**317,653**	**278,242**

EQUITY & LIABILITIES in k€	Note	12/31/2017	12/31/2016
Equity	(12)		
Issued share capital		4,000	4,000
Capital reserves		41,533	41,533
Revenue reserves		20,152	14,682
Balance sheet profit		23,023	19,900
Equity attributable to HELMA Eigenheimbau AG owners		88,708	80,115
Minority interests		121	121
Equity, total		**88,829**	**80,236**
Non-current liabilities			
Pension provisions and similar obligations	(13)	11	11
Other non-current provisions	(14)	977	881
Non-current financial liabilities	(15)	133,738	103,216
Trade payables	(16)	3,276	3,151
Other non-current liabilities		171	102
Deferred tax	(17)	3,469	4,948
Non-current liabilities, total		**141,642**	**112,309**
Current liabilities			
Other current provisions	(18)	16,060	23,981
Tax liabilities	(19)	7,009	4,201
Current financial liabilities	(20)	32,154	32,435
Trade payables	(21)	5,270	6,550
Other current liabilities	(22)	26,689	18,530
Current liabilities, total		**87,182**	**85,697**
Total equity and liabilities		**317,653**	**278,242**

Consolidated statement of total comprehensive income

in k€	Note	2017	2016
Revenue	(23)	**267,418**	**263,842**
Change in stocks of finished goods and work in progress	(24)	15,901	10,071
Other own work capitalised	(25)	0	123
Other operating income	(26)	1,664	1,666
Expense for materials and third-party services	(27)	-226,365	-216,785
Personnel expense	(28)	-20,911	-19,762
Other operating expenses	(29)	-15,178	-15,700
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**22,529**	**23,455**
Depreciation / amortisation	(30)	-2,297	-1,793
Operating earnings (EBIT)		**20,232**	**21,662**
Finance expenses	(31)	-1,182	-2,114
Other financial income	(32)	80	20
Earnings before taxes (EBT)		**19,130**	**19,568**
Income tax	(33)	-6,106	-6,039
Net income before minority interests		**13,024**	**13,529**
Minority interests' share of earnings		-31	-31
Net income after minority interests		**12,993**	**13,498**

The company has refrained from presenting a reconciliation between net income for the year and total comprehensive income pursuant to IAS 1.81 ff. since the net income for the year corresponds to the total comprehensive income.

Earnings per share in €	2017	2016
undiluted	3.25	3.37
diluted	3.25	3.37

Consolidated cash flow statement

in k€			2017	2016
1.		Earnings after tax	13,024	13,529
2.	+/-	Depreciation/amortisation	2,297	1,793
3.	+/-	Change in non-current provisions	96	132
4.	+/-	Other non-cash-effective transactions	0	41
5.	+/-	Interest expenses / interest income	1,102	2,094
6.	+/-	Income tax expense / income tax income	6,106	6,039
7.	+/-	Income tax payments	-4,660	-2,675
8.	**=**	**Cash earnings (sum of 1 to 7)**	**17,965**	**20,953**
9.	-/+	Change in inventories	-23,345	-16,847
10.	-/+	Change in receivables and other assets	-7,016	-14,870
11.	+/-	Change in current provisions	-7,921	-7,554
12.	+/-	Change in liabilities (excluding financial liabilities)	7,004	2,232
13.	**+/-**	**Change in working capital (sum of 9 to 12)**	**-31,278**	**-37,039**
14.	-/+	Gain/loss on disposal of assets	-31	-2
15.	**=**	**Cash flow from operating activities (sum of 8, 13 and 14)**	**-13,344**	**-16,088**
16.	+	Payments received from disposal of property, plant and equipment	499	300
17.	+	Payments received from disposal of investment property	0	280
18.	-	Cash outflow for investments in property, plant and equipment	-3,235	-1,908
19.	-	Outgoing payments for investments in intangible assets	-642	-531
20.	+	Interest received	80	20
21.	**=**	**Cash flow from investing activities (sum of 16 to 20)**	**-3,298**	**-1,839**
22.	-	Cash outflows to other shareholders	-31	-31
23.	-	Dividend	-4,400	-3,160
24.	+/-	Cash inflows from issuance/redemption of bonds	-1,000	-35,000
25.	+/-	Issuing/repayment of promissory notes	27,000	25,500
26.	+/-	Drawing down/redemption of other financial liabilities	4,310	34,170
27.	-	Interest paid	-3,912	-4,714
28	**=**	**Cash flow from financing activities (sum of 22 to 27)**	**21,967**	**16,765**
29.		**Net change in cash and cash equivalents (sum of 15, 21 and 28)**	**5,325**	**-1,162**
30.		**Cash and cash equivalents at the start of the period**	**11,331**	**12,493**
31.		**Cash and cash equivalents at the end of the period**	**16,656**	**11,331**

Consolidated statement of changes in equity

in k€	Issued share capital	Capital reserves	Revenue reserves	Balance sheet profit	Shares of owners of HELMA Eigenheim-bau AG	Shares of minority interests	Equity Total
Status January 1, 2016	**4,000**	**41,533**	**11,468**	**12,776**	**69,777**	**121**	**69,898**
Dividend	0	0	0	-3,160	-3,160	0	-3,160
Withdrawals/deposits	0	0	3,214	-3,214	0	-31	-31
Net income for the year	0	0	0	13,498	13,498	31	13,529
Status December 31, 2016	**4,000**	**41,533**	**14,682**	**19,900**	**80,115**	**121**	**80,236**
Dividend	0	0	0	-4,400	-4,400	0	-4,400
Withdrawals/deposits	0	0	5,470	-5,470	0	-31	-31
Net income for the year	0	0	0	12,993	12,993	31	13,024
Status December 31, 2017	**4,000**	**41,533**	**20,152**	**23,023**	**88,708**	**121**	**88,829**

Notes to the Consolidated Financial Statements

1. General information

1.1. General notes concerning the company, basic information

The Group parent company is HELMA Eigenheimbau Aktiengesellschaft (referred to below as HELMA AG), Lehrte, Germany. The company is entered in the commercial register of the local court of Hildesheim under number HRB 201182 with the address "Zum Meersefeld 4, 31275 Lehrte".

HELMA AG's main area activity is the planning and construction management of turnkey and partly turnkey detached (focus) and semi-detached houses on the basis of customer orders.

HELMA Wohnungsbau GmbH, Lehrte, a subsidiary of HELMA AG, operates in the classic property development business. Besides building detached, semi-detached and terraced houses, the area of activity also includes the construction of multi-floor residential buildings. Each individual unit is sold including its related land plot to the respective purchaser.

HELMA Ferienimmobilien GmbH, Lehrte, a subsidiary of HELMA AG, operates in the classic property development business for holiday homes. The product portfolio comprises both freestanding holiday homes as well as holiday apartments. Each individual unit is sold including its related land plot to the respective purchaser.

Hausbau Finanz GmbH, Lehrte, a subsidiary of HELMA AG, operates in the area of building-related financing and insurances.

On January 17, 2013, a control and profit and loss transfer agreement was concluded between HELMA AG and Hausbau Finanz GmbH, and a profit and loss transfer agreement between HELMA AG and HELMA Wohnungsbau GmbH, which were expanded on December 11, 2013 to include a dynamic reference to Section 302 of the German Stock Corporation Act (AktG). The ordinary Shareholders' General Meeting approved both of these agreements on July 5, 2013, and the supplements on July 4, 2014. They were entered in the commercial register, consequently becoming effective the first time for the 2013 financial year.

With a notary agreement dated November 11, 2013, a control and profit and loss transfer agreement was concluded between HELMA Ferienimmobilien GmbH and HELMA AG. The shareholder meeting of HELMA Ferienimmobilien GmbH unanimously approved this agreement on November 11, 2013. This agreement became effective for the 2014 financial year after it had been approved by the ordinary Shareholders' General Meeting of HELMA Eigenheimbau AG on July 4, 2014, and after it was entered in the commercial register on July 22, 2014.

As the parent company of the HELMA Group, HELMA AG has been listed in the open market of the Frankfurt Securities Exchange (Entry Standard; as from March 2017: Scale) since September 2006 (ISIN DE000A0EQ578).

The 2017 consolidated financial statements were prepared in euros (€). Unless stated otherwise, all amounts are presented in thousands of euros (k€). Please note that minor differences can occur in the formation of totals due to the commercial rounding of amounts and percentages.

The December 31, 2017 consolidated financial statements of HELMA AG were prepared according to the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, valid as of the financial reporting date, and taking into account the interpretations of the Standing Interpretations Committee (SIC) and of the International Financial Reporting Interpretations Committee (IFRIC), and as applicable in the EU.

All companies included in the consolidated financial statements use the calendar year as their financial year.

The consolidated financial statements include the consolidated balance sheet, consolidated statement of total comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement, and notes to the consolidated financial statements including a consolidated statement of changes in fixed assets and segment reporting.

1.2. Standards and interpretations requiring application in the current financial year

New standards, amendments to existing standards, and new interpretations were approved in 2017.

These include:

a) Published standards and interpretations that require mandatory first-time application for the IFRS financial statements as of December 31, 2017:

- **Amendments to standards:**
  - Amendments to IAS 12 "Income Taxes": Recognition of deferred tax assets for unrealised losses (comes into force on January 1, 2017)
  - Amendments to IAS 7 "Statements of Cash Flows": Disclosures of changes to certain financial liabilities (comes into force on January 1, 2017)
- **New standards:**
  - None
- **New interpretations:**
  - None

b) Published standards and interpretations that do not yet require mandatory first-time application for the IFRS financial statements as of December 31, 2017:

- **Amendments to standards:**
  - Amendments to IFRS 4 "Insurance Contracts": consequences of the first-time application dates of IFRS 9 and IFRS 17 (comes into force January 1, 2018)
  - Amendments to IFRS 2 "Share-based Payment": various clarifications (comes into force January 1, 2018) *
  - Amendments to IAS 40 "Investment Property": changes of use (comes into force January 1, 2018) *
  - Various amendments: IASB's 2014-2016 Annual Improvements Project (comes into force on January 1, 2018) *
  - Amendments to IAS 28 "Investments in Associates and Joint Ventures": Long-term Interests (comes into force January 1, 2019) *
  - Amendments to IFRS 9 "Financial Instruments": Prepayment Features with Negative Compensation (comes into force January 1, 2019) *
  - Various amendments: IASB's 2015-2017 Annual Improvements Project (comes into force on January 1, 2019) *
- **New standards:**
  - IFRS 9 "Financial Instruments" (comes into force on January 1, 2018)
  - IFRS 15 "Revenue from Contracts with Customers" (comes into force on January 1, 2018)
  - IFRS 16 “Leases” (comes into force on January 1, 2019)
  - IFRS 17 "Insurance Contracts" (comes into force on January 1, 2021) *
- **New interpretations:**
  - IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (comes into force January 1, 2018) *
  - IFRIC 23 "Uncertainty over Income Tax Treatments" (comes into force January 1, 2019) *

* Not yet endorsed by EU.

The company has, and will, apply the new standards and interpretations once their application is mandatory within the EU. The new regulations for IFRS 9 and IFRS 15 have not generated any significant effects for the balance sheet and income statement, and none are expected. The new regulations IFRS 16 will increase assets and liabilities, and reduce the equity ratio. The introduction of IFRS 16 will increase EBITDA and EBIT in the statement of total comprehensive income, as the previous lease expenses will be distributed among depreciation and interest expenses in the future. These effects have not yet been quantified in detail; this will not affect lending covenants based on the minimum equity ratio, as such loan covenants take as their reference the equity ratio based on the IFRS accounting regulations applicable on the loan disbursement date. Amendments and extended disclosures arise for mandatory disclosures in the notes.

2. Key accounting methods

These consolidated financial statements have been prepared in compliance with IFRS, as applicable in the EU.

The preparation of consolidated financial statements according to IFRS requires the Management Board to make estimates and assumptions that have effects on the amounts reported in the consolidated balance sheet, as well as on the disclosure of contingent claims and liabilities as of the reporting date, and on the reported income and expenses during the reporting period. The assumptions and estimates reflect assumptions based on the relevant current status of knowledge. Actual outcomes may differ from these estimates and assumptions.

2.1. Assets

Intangible assets
Intangible assets (licenses, IT software, customer relationships) are recognised at cost less amortisation. Amortisation is performed on a straight-line basis over the economic useful life, which amounts to up to five years.

Expected useful lives and amortisation methods are reviewed at the end of the financial year.

The carrying amounts of intangible assets are reviewed at each reporting date in order to determine whether indications exist that impairment has occurred.

Development costs for newly developed building types for which technical and marketing feasibility studies are available are capitalised using their directly and indirectly attributable production costs to the extent that expenses can be clearly allocated, and the newly developed products are viable from both a technical and marketing perspective (IAS 38). It must also be sufficiently likely that such development activities will result in future cash inflows. Borrowing costs that are attributable to the production process are capitalised if they are significant. Amortisation is applied on the basis of the products' planned technical useful life. The useful life amounts to five years. Pursuant to IAS 38, research costs cannot be capitalised, and are consequently expensed directly in the consolidated statement of total comprehensive income.

Goodwill
Goodwill arising on a business combination is recognised at the time when control is transferred (acquisition date). It corresponds to the amount by which the purchase costs exceed the Group share in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company at the acquisition date.

For the impairment test, goodwill is distributed among all the Group's cash generating units where it is expected that they can generate benefits from the synergies resulting from the merger. Cash generating units to which a portion of goodwill is allocated are tested at least once annually for impairment. These tests are performed more regularly if indications exist that the value of a unit is impaired.

The impairment test is based on a calculation of the recoverable amount. This is derived from the higher of either fair value less costs to sell or value in use. If a cash generating unit's carrying amount exceeds its recoverable amount, IAS 36.104 f. requires the recognition of an impairment loss.

The carrying amount of the cash generating unit comprises its so-called net assets, which are composed of its operating assets, in other words, the assets required for operating activities, less disclosed hidden reserves (especially goodwill), and less liabilities arising from operating activities.

Whereas the calculation of fair value less costs to sell is based on procedures primarily referring to market prices, the calculation of value in use makes recourse to procedures based on capital values.

The concept of the weighted average cost of capital (post-tax WACC approach) is used for procedures based on capital values.

The following assumptions were made in this context:

- Equity costs are calculated on the basis of the capital asset pricing model, and amount to 7.85 % (previous year: 7.6 %). This interest rate was calculated on the basis of a risk-free rate of 1.25 % (previous year: 1.0 %), a risk premium of 6.0 % (previous year: 6.0 %) and a beta factor of 1.1 (previous year: 1.1).

- The value in use was calculated using the present value of cash flow during two growth phases. Detailed planning that has been approved by the Management Board was used as the basis for the financial years comprising Phase 1 (two years). A perpetual return is used as the basis for Phase 2. The growth assumed in this instance amounts to 1.0 %.

Property, plant and equipment

Property, plant and equipment (with the exception of land) is reported at cost less cumulative depreciation and impairment losses. Besides directly attributable unit costs, cost in this respect also reflects appropriate portions of production-related overhead costs.

Depreciation is performed in such a way that the assets' costs less their residual values are depreciated on a scheduled basis over their useful lives. The expected useful lives, residual values and depreciation methods are reviewed annually, and all necessary modifications to estimates are taken into account prospectively.

Property, plant and equipment is depreciated on a straight-line basis over the following useful lives:

Prospective useful lives	Years
Showhouses	up to 33
Office buildings	up to 33
Outdoor plant	10 to 35
Other plant, operating and office equipment	1 to 15

Economic useful lives are determined taking into account prospective physical wear and tear, technical obsolescence, and legal and contractual restrictions.

A useful life of up to 33 years is assumed for showhouses situated on the company's own land. Where shorter, rental duration is used as the useful life for showhouses situated on third-party land.

Assets under construction are recognised at cost. Borrowing costs are capitalised if they are significant. Depreciation of these assets commences when they are completed, or when they reach an operationally ready condition.

Depreciation is not applied to land.

Leasing

Leases are classified as finance leases if all essential opportunities and risks connected with ownership are transferred to the lessee as a result of the lease agreement. All other leases are classified as operating leases.

Assets held as part of a finance lease are reported as Group assets at fair value at the start of the lease, or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is shown in the consolidated balance sheet as an obligation arising from a finance lease.

Assets held under finance leases are depreciated over their expected useful life in the same way as assets held as Group property or, if shorter, the duration of the underlying lease.

Lease payments are split into interest expenses and capital repayments of the lease obligation in such a way that the remaining liability is subject to a constant rate of interest. Interest expenses are reported directly in the consolidated statement of total comprehensive income.

Rental payments arising from operating leases are reported as expenditure on a straight-line basis over the duration of the lease unless another systematic basis better corresponds to the periodic progression of usage for the lessee. Conditional rental payments made as part of an operating lease are expensed in the period in which they arise.

Inventories

Inventories are recognised at the lower of individual cost as per IAS 2.23, and net realisable value.

Cost essentially represents services invoiced by subcontractors as well as the costs for land purchases. A premium is allocated to this cost to reflect overhead costs, which are composed of administration costs. Overhead cost premiums are based on actual overhead costs for the period.

Borrowing costs are capitalised if they are significant.

Impairment losses are recognised if the net realisable value of individual assets falls below their carrying amount.

Receivables arising from construction orders

If the result of a construction order can be gauged reliably, the order income and order costs connected with this construction order are reported according to the degree of completion of output as of the reporting date compared to the total order output. Expected losses arising from construction contracts are expensed immediately in their entirety.

Financial assets and liabilities

Financial assets are composed primarily of receivables, and of cash and cash equivalents. The recognition and measurement of financial assets is performed according to IAS 39. According to this, financial assets are recognized in the consolidated balance sheet if the company enjoys a contractual right to receive cash or other financial assets from another party. Normal market purchases and sales of financial assets are generally entered in the balance sheet as of the settlement date. A financial asset is generally initially recognised at fair value plus transaction costs.

Subsequent measurement is performed according to the allocation of financial assets to the following categories:

- Financial assets measured at fair value through profit or loss: financial assets are measured at fair value through profit or loss if the financial asset is designated either as held for trading or as measured at fair value through profit or loss. Derivative financial instruments are also included in this category.

- Trade receivables, loans and receivables: measurement is generally at nominal amount less valuation adjustments for receivables default. Non-interest-bearing non-current receivables are discounted.

- Financial investments held to maturity: these comprise financial assets with fixed or determinable payments, and a fixed duration over which they are held. These are measured at amortised cost.

- Available-for-sale financial assets: These comprise financial assets not allocated to one of the abovementioned categories. These are measured at fair value. Changes to fair value are recognised as deferrals and accruals within equity, with no impact on income, and are not booked through the statement of total comprehensive income until they are sold or become impaired.

The company currently holds exclusively trade receivables, loans and receivables.

Financial assets are derecognised if the contractual rights to payments arising from financial assets expire, or the financial assets are transferred along with all key risks and opportunities.

Impairment of financial assets

Financial assets, with the exception of financial assets measured at fair value through profit or loss, are tested for indications of impairment on each reporting date. Financial assets are deemed to be impaired if, as a consequence of one or several events occurring following first-time recognition of the asset, there is an objective indication that the expected future cash flows from the financial asset have undergone a negative change.

For some categories of financial assets, for example, trade receivables, impairment tests are conducted on a portfolio basis for assets where no impairment is established on an individual basis.

Assets available for sale

Assets and groups of assets for sale are classified as available for sale if it is intended that their carrying amount will be realised predominantly by disposal rather than by further use. This precondition is not regarded as satisfied until the sale is highly likely, and the asset is available for immediate disposal. The relevant responsible governing bodies of the company must also have approved the disposal, and the intention must be that the sale will be performed within one year of its qualification as available for sale. Furthermore, an active search to find a purchaser must have already started.

Non-current assets available for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Cash and cash equivalents

Cash and cash equivalents are recognised at nominal value.

Cash and cash equivalents used to collateralise bank borrowings, and which are not at the company's disposal, are not included in cash and cash equivalents, but are instead reported among other current or non-current assets.

2.2. Equity and liabilities

Equity capital procurement costs

Equity capital procurement costs are deducted from the capital reserves after taking into account any tax that they incur.

Financial liabilities

Financial liabilities are recognised in the consolidated balance sheet if the company is contractually obligated to transfer cash or other financial assets to another party. A primary liability is initially recognised at cost. Financial liabilities are measured at amortised cost in subsequent years.

Pension provisions

Pension provisions and similar obligations are measured applying the projected unit cost method for pension benefit commitments in line with IAS 19.

Other provisions

Other provisions are formed to an appropriate extent for all identifiable risks and uncertain obligations. The precondition for recognition is that utilisation is likely, and the extent of the obligation can be calculated reliably.

Provisions for warranty expenses are recognised at the time of completion of production or the time of sale according to the management's best estimation relating to the Group's satisfaction of the obligation.

Non-current provisions are mainly recognised at their discounted fulfilment amount as of the balance sheet date.

2.3. Consolidated statement of comprehensive income

The consolidated statement of comprehensive income is structured according to the nature of expense method.

Sales revenues and other operating income are realised when services are rendered or when claims arise. Interest income and expenses are reported in the periods to which they relate.

If the corresponding preconditions of IAS 11 have been satisfied, construction orders are reported using the percentage of completion method (PoC). This entails reporting costs incurred during the financial year, and revenue attributable to the financial year, through profit or loss according to the degree of completion of construction. The degree of completion of construction is calculated using the ratio of output achieved relative to total output.

2.4. Currency translation

Foreign-currency receivables, cash, and liabilities are measured according to the exchange rate prevailing on the reporting date.

2.5. Income tax

Taxes on income are reported and measured according to IAS 12. Apart from a few exceptions determined in the standard, deferred tax is formed for all temporary differences between IFRS and fiscal valuations (balance-sheetoriented approach). Deferred tax assets based on unutilised tax loss carryforwards are recognised to the extent permitted by IAS 12. The measurement of deferred tax is based on tax rates as currently applicable. Impairment losses are applied to deferred tax assets depending on the extent to which they can be realised in the future. Deferred tax assets and deferred tax liabilities are reported on a net basis.

3. Consolidation

3.1. Principles of consolidation

The financial statements of the individual companies were prepared according to uniform accounting principles for the purposes of inclusion in the consolidated financial statements. All companies included in the consolidated financial statements use the same reporting date.

Shares in equity attributable to third parties not forming part of the Group are reported as "minority interests" within equity in the consolidated balance sheet. The carrying amount of minority interests is adjusted to reflect equity changes (distributions/capital contributions, and share of earnings) that are attributable to them. The shares of minority interests are attributable to non-controlling interests (non-controlling shareholders).

All Group-internal business transactions, balances and results of intra-group transactions are fully eliminated as part of consolidation.

3.2. Scope of consolidation

Besides the HELMA AG parent company, the scope of consolidation includes three fully consolidated associated companies in which the company holds majority interests. During the year under review, no changes occurred to the interests held in the companies.

The following list of shareholdings shows the scope of consolidation:

Name and head office of the company	Share of capital (indirectly and directly)
Subsidiaries of HELMA AG, Lehrte	
HELMA Wohnungsbau GmbH, Lehrte	93.94%
HELMA Ferienimmobilien GmbH, Lehrte	95.10%
Hausbau Finanz GmbH, Lehrte	100.00%

4. Notes to the consolidated balance sheet

Non-current assets

The consolidated statement of changes in fixed assets shows the changes in intangible assets, property, plant and equipment, and investment property.

Intangible assets

(1) Other intangible assets		k€ 1,195
	12/31/2016	k€ 796

This balance sheet item changed as follows:

Recognised amount in k€	Additions in k€	Disposals in k€	Reclassifications in k€	Amortisation / write-downs in k€	Recognised amount in k€
01/01/2017	2017	2017	2017	2017	12/31/2017
796	642	4	0	239	1,195

Other intangible assets essentially comprise licenses and IT software.

Costs connected with the development of the energy-independent house, costs for the development of a new sampling concept, costs for the development of operating process-related software, and costs for the company's website were also capitalised. They no longer report any residual carrying amount as of December 31, 2017 (previous year: k€ 9).

No indications existed of any impairment.

(2) Goodwill		k€ 1,380
	12/31/2016	k€ 1,380

The reported goodwill results from the acquisition of the interest in HELMA Wohnungsbau GmbH, and is consequently allocated to the "Property development business" segment. The IAS 36 impairment test performed as of the reporting date took into account IDW RS HFA 16, and resulted in a reconfirmation of the previous year's valuation.

(3) Property, plant and equipment		k€ 16,621
	12/31/2016	k€ 16,398

This balance sheet item changed as follows:

Recognised amount in k€	Additions in k€	Disposals in k€	Reclassifications in k€	Depreciation / write-downs in k€	Recognised amount in k€
01/01/2017	2017	2017	2017	2017	12/31/2017
16,398	3,235	464	490	2,058	16,621

Property, plant and equipment is composed as follows:

in k€	12/31/2017	12/31/2016
Land rights and equivalent rights, and constructions including constructions on third-party land	12,457	13,820
Prepayments rendered and plant under construction	1,545	0
Other plant, operating and office equipment	2,619	2,578
Total	**16,621**	**16,398**

The reclassifications relate to three showhouses which were reclassified to non-current assets held for sale as of the reporting date.

No indications existed of any impairment.

Land is generally encumbered using mortgages. With the exception of certain debt-financed vehicles, the item "other plant, operating and office equipment" is essentially subject to no access restrictions due to assignment as security or pledging.

(4) Other non-current assets		**k€ 1**
	12/31/2016	k€ 1

Exclusively long-term deposits were reported among other non-current assets.

Non-current assets, total		**k€ 19,197**
	12/31/2016	k€ 18,575

Current assets

(5) Inventories		**k€ 199,891**
	12/31/2016	k€ 173,816

This balance sheet item is composed as follows:

in k€	12/31/2017	12/31/2016
Raw materials and supplies (advertising materials)	225	106
Semifinished services	181,498	162,867
Prepayments rendered for inventories	18,168	10,843
Total	**199,891**	**173,816**

Obligations typical for the sector exist with respect to reported inventories.

The reported inventories include land with a value of k€ 172,429 (previous year: k€ 124,272), building and ancillary building costs with a value of k€ 21,738 (previous year: k€ 44,709) and capitalised interest expenses with a value of k€ 5,455 (previous year: k€ 4,629).

Interest expenses of k€ 2,730 were capitalised in the year under review and reported under semifinished services (previous year: k€ 2,600). Reported semifinished services were also reduced by k€ 1,904 (previous year: k€ 494) due to the disposal of capitalised interest expenses.

(6) Receivables arising from construction orders		**k€ 45,144**
	12/31/2016	k€ 50,557

This balance sheet item is composed as follows:

in k€	12/31/2017	12/31/2016
Revenue realised on a proportional basis	105,518	150,147
Prepayments received relating to long-term construction order receivables	-60,374	-99,590
Total	**45,144**	**50,557**

Receivables arising from construction orders contain receivables arising from the application of the percentage of completion method to long-term construction orders. They are calculated based on output achieved relative to total output.

The following earnings effects arise from the application of the PoC method:

in k€	12/31/2017	12/31/2016
Revenue realised on a proportional basis	105,518	150,147
Acquisition and production costs realised on a proportional basis	-93,927	-133,562
Result from application of the PoC method	11,591	16,585

In the case of the tables above, the cumulative value of long-term construction orders existing as of the balance sheet date were reported under the current financial year. The change compared with the previous year's cumulative value is reflected in the current consolidated statement of total comprehensive income.

(7) Trade receivables		**k€ 31,640**
	12/31/2016	k€ 21,251

The reported trade receivables are allocated to the loans and receivables category, and are correspondingly measured at amortised cost.

No impairment losses existed as of the balance sheet date (previous year: k€ 0). No further significant credit risks exist.

Existing trade receivables should be regarded as retaining their full value due to house agreements for which there are financing confirmations provided by financing partners selected by customers. Some of the remaining open amounts are also covered by deposits on notary trust accounts. In both the year under review and in prior years, there were no notable receivables defaults that would have required valuation adjustments to trade receivables extending beyond those already applied.

(8) Tax receivables		**k€ 0**
	12/31/2016	k€ 117

The tax receivables as of the previous year's balance sheet date included payment claims of HELMA AG arising from corporation tax plus the Solidarity Surcharge, and trade tax.

(9) Other current receivables		**k€ 4,635**
	12/31/2016	k€ 2,595

This balance sheet item is composed as follows:

in k€	**12/31/2017**	**12/31/2016**
Creditor accounts in debit	740	520
Commissions for commercial representatives	2,144	1,034
Prepayments and accrued income	784	652
Miscellaneous current receivables	967	389
Total	**4,635**	**2,595**

(10) Cash and cash equivalents		k€ 16,656
	12/31/2016	k€ 11,331

This balance sheet item contains cash holdings and bank accounts in credit.

(11) Non-current assets held for sale		k€ 490
	12/31/2016	k€ 0

Non-current assets held for sale relate to three showhouses held for sale, which are allocable to the "Building Services Business" segment.

Current assets, total		k€ 298,456
	12/31/2016	k€ 259,667

Total assets		k€ 317,653
	12/31/2016	k€ 278,242

(12) Equity

The change in consolidated equity is presented in detail in the consolidated statement of changes in equity.

Issued share capital		k€ 4,000
	12/31/2016	k€ 4,000

The subscribed capital of HELMA AG amounts to k€ 4,000, and is divided among 4,000,000 no par value ordinary shares. The shares are bearer shares. One share grants the right to one vote.

As a result of a resolution of the Shareholders' General Meeting of July 3, 2015, the Management Board is authorised, with Supervisory Board assent, to increase the share capital until July 2, 2020, once or on several occasions, by a total of up to k€ 1,850 (Approved Capital 2015). The approved capital authorisation that existed until that date was cancelled. Following partial utilisation of k€ 300 due to the capital increase implemented in October 2015, the approved capital of July 3, 2015 (Approved Capital 2015) still amounted to k€ 1,550.

The Shareholders' General Meeting of July 3, 2015, passed a resolution for a conditional increase of issued capital up to an amount of k€ 1,850 (Conditional Capital 2015). The conditional capital serves to grant ordinary bearer shares to bearers or creditors of convertible and/or warrant debentures, profit participation rights and/or profitsharing bonds, which can be issued on the basis of the authorisation approved by the Shareholders' General Meeting of July 3, 2015. The conditional capital authorisation that existed until that date was cancelled.

Capital reserves		k€ 41,533
	12/31/2016	k€ 41,533

Revenue reserves		k€ 20,152
	12/31/2016	k€ 14,682

Balance sheet profit		k€ 23,023
	12/31/2016	k€ 19,900

Minority interests		k€ 121
	12/31/2016	k€ 121

This balance sheet item changed as follows:

in k€	12/31/2017	12/31/2016
Status as of January 1	121	121
Sum of distributions/capital contributions	-31	-31
Minority interests' share of earnings	31	31
Status as of December 31	121	121

Equity, total		k€ 88,829
	12/31/2016	k€ 80,236

Economic capital

The targets of the company's capital management lie

- in securing the company's continued existence,
- in ensuring an adequate return on equity, and
- in maintaining an optimal capital structure that keeps capital costs as low as possible.

The capital structure is monitored on the basis of gearing and the equity ratio. The company's strategy consists of entering into a level of gearing that is expedient from the perspective of the company's valuation, and which ensures continued access to debt financing at reasonable costs while retaining a good credit rating. In addition, minimum equity ratios are agreed in part as covenants in the lending agreements that the company has entered into.

in k€	12/31/2017		12/31/2016	
		in relation to total assets		in relation to total assets
Finance debt	165,892		135,651	
Cash and cash equivalents	-16,656		-11,331	
Net debt	**149,236**	**47.0 %**	**124,320**	**44.7 %**
Equity	**88,829**	**28.0 %**	**80,236**	**28.8 %**
Total assets	**317,653**	**100.0 %**	**278,242**	**100.0 %**

During the course of the year under review, the company complied with the financial covenants required in the context of its lending agreements.

Non-current liabilities

(13) Pension provisions and similar obligations		**k€ 11**
	12/31/2016	k€ 11

HELMA AG has issued pension commitments to a minor extent. These relate to pension commitments granting fixed benefit entitlements, and which require recognition as defined benefit plans pursuant to IAS 19. The pension provisions are measured as of the reporting date on an actuarial basis using the projected unit credit method and taking into account future changes. The calculations are essentially based on the following assumptions:

in %	12/31/2017	12/31/2016
Interest rate	1.7	1.7
Salary trend	0.0	0.0
Pension trend	2.0	2.0
Staff turnover rate	0.0	0.0

These calculations do not reflect cost trends in the medical care area. No plan assets pursuant to IAS 19 exist.

Payments of k€ 2 were made from pension provisions in the year under review (previous year: k€ 2).

(14) Other non-current provisions		**k€ 977**
	12/31/2016	k€ 881

This balance sheet item changed as follows:

in k€	Status as of 01/01/2017	Utilisation 2017	Release 2017	Addition 2017	Status as of 12/31/2017
Type of provision					
Storage costs for business documents	23	0	0	0	23
Guarantees	858	858	0	954	954
Total	**881**	**858**	**0**	**954**	**977**

(15) Non-current financial liabilities		**k€ 133,738**
	12/31/2016	k€ 103,216

This balance sheet item changed as follows:

in k€	12/31/2017	12/31/2016
Liabilities to finance partners		
Residual term between 1 and 5 years	64,050	60,863
Residual term > 5 years	2,188	1,853
Promissory note		
Residual term between 1 and 5 years	52,500	30,500
Residual term > 5 years	15,000	10,000
Total	**133,738**	**103,216**

Non-current liabilities to finance partners relate particularly to the financing of land, showhouses, the administration building in Lehrte, and the vehicle park. Of the non-current and current liabilities to finance partners, an amount of k€ 81,551 (previous year: k€ 84,203) was secured by mortgages and carried interest rates of between 0.0 % and 4.8 % p. a. as of the reporting date.

In 2015, two promissory notes in amounts of k€ 5,000 and k€ 10,000 were placed. The first promissory note is divided into a 5-year tranche of k€ 3,000 at an interest rate of 2.914 % p. a., and a 7-year tranche for k€ 2,000 at an interest rate of 3.587 % p. a., and a term that begins for both tranches on April 30, 2015. The second promissory note for k€ 10,000 has a term that starts on December 15, 2015, a 5-year maturity and an annual coupon of 3.075 %.

In July 2016, a promissory note with a volume of k€ 25,500 was issued for HELMA Wohnungsbau GmbH guaranteed by HELMA AG. This promissory note is divided into two fixed interest tranches with a 5-year maturity for k€ 17,500 and a 2.5 % p. a. coupon as well as a 7-year tranche for k€ 8,000 and a 2.915 % p. a. coupon, both of which start on August 1, 2016. In addition, HELMA Wohnungsbau GmbH already concluded a k€ 10,000 fixed interest KfW financing facility in the second quarter of 2016, with a 5-year maturity up until June 30, 2021 and an interest rate of 2.3 % p. a. This financing volume carries an average term of around three years as a result of ongoing repayment while taking a repayment-free year into account.

In May 2017, a further promissory note with a volume of k€ 27,000 was issued for HELMA Wohnungsbau GmbH guaranteed by HELMA AG. This promissory note is divided into two fixed interest tranches with a 5-year maturity for k€ 20,000 and a 2.5 % p. a. coupon as well as a 7-year tranche for k€ 7,000 and a 3.1 % p. a. coupon.

(16) Trade payables		**k€ 3,276**
	12/31/2016	k€ 3,151

Non-current trade payables represent collateral retentions.

(17) Deferred tax		**k€ 3,469**
	12/31/2016	k€ 4,948

Deferred tax liabilities are composed as follows:

in k€	**12/31/2017**	**12/31/2016**
HELMA AG		
- relating to semifinished services	-6,523	-5,761
- relating to receivables arising from construction orders	9,153	8,648
- relating to costs for long-term orders	-1,990	-2,016
- relating to other assets	-321	-309
- relating to internally generated intangible assets	0	3
HELMA Wohnungsbau GmbH		
- relating to semifinished services	-14,698	-26,343
- relating to receivables arising from construction orders	19,833	35,831
- relating to costs for long-term orders	-2,526	-4,745
- relating to other assets	-205	-555
- relating to capitalised interest	-41	-84
HELMA Ferienimmobilien GmbH		
- relating to semifinished services	-2,145	-728
- relating to receivables arising from construction orders	3,297	1,459
- relating to costs for long-term orders	-281	-389
- relating to other assets	-49	-18
- relating to capitalised interest	-35	-45
Total	**3,469**	**4,948**

Deferred tax assets and liabilities are offset against each other if the preconditions of IAS 12.74 have been satisfied.

Non-current liabilities, total		**k€ 141,642**
	12/31/2016	k€ 112,309

Current liabilities

(18) Other current provisions		**k€ 16,060**
	12/31/2016	k€ 23,981

This balance sheet item changed as follows:

in k€	Status as of 01/01/2017	Utilisation 2017	Release 2017	Addition 2017	Status as of 12/31/2017
Type of provision					
Costs for long-term orders / PoC	23,368	23,368	0	15,679	15,679
Miscellaneous other provisions	613	613	0	381	381
Total	**23,981**	**23,981**	**0**	**16,060**	**16,060**

The provisions for long-term construction order costs/PoC contain costs for subcontractors for which the company has not yet been fully invoiced according to the degree of completion.

Share-based compensation

In the 2013 financial year, 50,000 Stock Appreciation Rights (SARs) were granted to one Management Board member. These SARs were valued at k€ 320 on the vesting date. One SAR granted the right within a predetermined period to receive a cash payment equivalent to the difference between the average price of one share of HELMA Eigenheimbau AG during the last twenty days before the exercise of the SAR and a predetermined exercise price of € 10.25, less the cumulative dividend per share between July 1, 2014 and the respective exercise date of the SAR, as long as for the first time in two consecutive financial years a cumulative EBIT of at least € 15.0 million, or for the first time in three consecutive financial years a cumulative EBIT of at least € 20.0 million, is achieved (performance targets). The vested SARs could be exercised at the earliest from July 1, 2015 over a four-year period. On December 11, 2015, a total of 10,000 SARs were exercised. During the last twenty days before the exercise of the SARs, the average price of the share of HELMA Eigenheimbau AG amounted to € 41.88. On the exercise date, the fixed exercise price amounted to € 10.25 and the accumulated dividend amounted to € 1.16. On May 04, 2016, a total of 40,000 SARs were exercised. During the last twenty days before the exercise of the SARs, the average price of the share of HELMA Eigenheimbau AG amounted to € 57.45. On the exercise date, the fixed exercise price amounted to € 10.25 and the accumulated dividend amounted to € 1.16.

(19) Tax liabilities		**k€ 7,009**
	12/31/2016	k€ 4,201

This item includes liabilities relating to trade tax, corporation tax and the Solidarity Surcharge.

(20) Current financial liabilities		**k€ 32,154**
	12/31/2016	k€ 32,435

This balance sheet item is composed as follows:

in k€	12/31/2017	12/31/2016
Liabilities to finance partners	32,154	31,421
2013-2017 mini-bond	0	1,000
Bond interest payments	0	14
Total	**32,154**	**32,435**

A bond with a nominal volume of k€ 1,000 was fully subscribed for as part of a private placing in the first half of 2013. The bond carried a term from April 1, 2013 until September 30, 2017. The nominal interest rate amounted to 5.4 % with coupon payments occurring quarterly. The 2013-2017 mini-bond reported in the previous year under current financial liabilities was repaid by the due date.

(21) Trade payables		**k€ 5,270**
	12/31/2016	k€ 6,550

(22) Other current liabilities		**k€ 26,689**
	12/31/2016	k€ 18,530

This balance sheet item is composed as follows:

in k€	12/31/2017	12/31/2016
Subcontractor invoices outstanding	23,640	15,445
Personnel	1,211	1,159
VAT	0	727
Wage and church taxes	299	331
Miscellaneous other liabilities	1,539	868
Total	**26,689**	**18,530**

The liabilities to personnel result primarily from employee vacation and bonus claims that are still outstanding.

Current liabilities, total		**k€ 87,182**
	12/31/2016	k€ 85,697

Total equity and liabilities		**k€ 317,653**
	12/31/2016	k€ 278,242

5. Notes to the consolidated statement of total comprehensive income

(23) Revenue		k€ 267,418
	2016	k€ 263,842

Apart from a volume of k€ 555 (previous year: k€ 0), the revenue was generated in Germany.

(24) Change in stocks of finished goods and work in progress		k€ 15,901
	2016	k€ 10,071

The change in stocks of finished goods and work in progress includes the disposal of capitalised interest expenses with a value of k€ -1,904 (previous year: k€ -494).

(25) Other own work capitalised		k€ 0
	2016	k€ 123

(26) Other operating income		k€ 1,664
	2016	k€ 1,666

This item is composed as follows:

in k€	2017	2016
Income relating to the monetary benefit from the use of cars	542	566
Income from the disposal of fixed assets	282	72
Insurance compensation payments	222	425
Miscellaneous	618	603
Total	**1,664**	**1,666**

(27) Expense for materials and third-party services		k€ -226,365
	2016	k€ -216,785

Third-party services represent services procured from subcontractors.

(28) Personnel expense		k€ -20,911
	2016	k€ -19,762

This item is composed as follows:

in k€	2017	2016
Wages and salaries	17,755	17,009
Social contributions (of which expenses for pensions and benefit k€-141, previous year: k€-122)	3,156	2,753
Total	**20,911**	**19,762**

(29) Other operating expenses		k€ -15,178
	2016	k€ -15,700

This item is composed as follows:

in k€	2017	2016
Sales commissions	-6,283	-7,257
Marketing costs, trade fairs and exhibitions	-2,143	-2,057
Expense for guarantees	-315	-486
Legal and consultancy expenses	-790	-735
Administration costs (telephone, post, office requirements)	-574	-433
Third-party services	-446	-628
Premises costs	-1,069	-987
Vehicle costs	-656	-632
Operating and repair expenses	-502	-259
Entertainment and travel costs	-331	-346
Office equipment rental costs	-189	-168
Insurance, fees, contributions	-168	-135
Losses on fixed asset disposals	-251	-71
Miscellaneous expenses	-1,461	-1,506
Total	**-15,178**	**-15,700**

Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**k€ 22,529**
	2016	k€ 23,455

(30) Depreciation / amortisation		**k€ -2,297**
	2016	k€ -1,793

This item is composed as follows:

in k€	**2017**	**2016**
Intangible assets	-239	-256
Buildings, rental plant and outdoor plant	-1,110	-709
Other plant, operating and office equipment	-948	-824
Investment property	0	-4
Total	**-2,297**	**-1,793**

Buildings, rental plant and outdoor plant include k€ -391 of impairment losses (previous year: k€ 0).

Operating earnings (EBIT)		**k€ 20,232**
	2016	k€ 21,662

(31) Financing expenses		**k€ -1,182**
	2016	k€ -2,114

Financing expenses in connection with the bond amounted to k€ -48 (previous year: k€ -1,926). Financing expenses in connection with the promissory note amounted to k€ -1,674 (previous year: k€ -782).

Financing expenses were offset with the sum of capitalised interest expenses of k€ 2,730 (previous year: k€ 2,600).

(32) Other financial income		**k€ 80**
	2016	k€ 20

This item exclusively reflects interest income.

Earnings before tax (EBT)		k€ 19,130
	2016	k€ 19,568

(33) Income tax		k€ -6,106
	2016	k€ -6,039

This item is composed as follows:

in k€	2017	2016
Current income tax	-7,584	-4,458
Deferred tax	1,478	-1,581
of which due to the origination and reversal of temporary differences	1,478	-1,581
Total	**-6,106**	**-6,039**

The following presentation explains the key differences between the arithmetic tax expense arising from corporation tax plus the Solidarity Surcharge, and trade tax, for the years 2017 and 2016, and actual tax expenditure:

in k€	2017	2016
Earnings before tax (EBT)	19,130	19,568
Group tax rate	30.60 %	30.60 %
Arithmetic income tax expense	5,854	5,988
Increase (decrease) in tax expenditure due to:		
Non-deductible operating expenses	31	21
Trade tax additions	78	116
Previous years' tax expense	102	-49
Miscellaneous	41	-37
Income tax	**6,106**	**6,039**
Effective tax rate	31.91 %	30.86 %

Earnings after tax		k€ 13,024
	2016	k€ 13,529

6. Notes to the consolidated statement of changes in equity

The consolidated statement of changes in equity is presented on page 84.

7. Notes to the cash flow statement

The consolidated cash flow statement (page 83) is presented using the indirect method. By way of divergence from the previous year, income tax payments as well as interest payments received and paid are reported separately directly in the cash flow statement. While all of these were allocated to cash flow from operating activities in the previous year, interest received is reported under cash flow from investing activities and interest paid is reported under cash flow from financing activities. The previous year's figures were restated accordingly.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash holdings and bank accounts in credit.

The following table shows the changes in liabilities from financing activities.

in k€	Status as of 01/01/2017	Cash outflows	Payment received	Reclassifications	Status as of 12/31/2017
Current financial liabilities	103,216	-16,162	64,563	-17,879	133,738
Non-current financial liabilities	32,435	-29,246	11,086	17,879	32,154
Other non-current liabilities	102	0	69	0	171
Total	**135,753**	**-45,408**	**75,718**	**0**	**166,063**

8. Other notes to the financial statements

8.1. Financial risks

The HELMA Group has established a centrally oriented risk management system to systematically report and measure risks arising from financial instruments (market risks (currency, interest-rate and other price risks), liquidity risks, and default risks). This is structured so that risks can be identified at an early stage, and countermeasures be launched. Reporting is conducted on a continuous basis.

Currency risks:
No currency risks exist because the HELMA Group operates only within the Eurozone. No currency risks arise since HELMA AG has no subsidiaries whose annual financial statements are denominated in foreign currencies.

Interest-rate risks:
Interest-rate risk within the HELMA Group results from variable-rate liabilities. Interest rate derivatives are not deployed.

Pursuant to IFRS 7, interest-rate risks are presented using sensitivity analyses. These present the effects of changes in market interest rates on interest payments, interest income and expenses, other portions of earnings and, if applicable, equity. The sensitivity analyses are based on the following assumptions:

- Changes in market interest rates for primary financial instruments with fixed rates of interest only affect earnings if they are measured at fair value. Consequently, all financial instruments with fixed interest rates that are measured at amortised cost are subject to no interest-rate risks in the meaning of IFRS 7.

- Changes in market interest rates only have an impact on the interest result from primary financial instruments with variable rates of interest whose interest payments are not designated as hedged items as part of cash flow hedges against interest-rate changes, and are consequently taken into account in the earnings-related sensitivity calculations.

- Changes in the market interest rates of interest-rate derivatives that are not integrated into a hedging relationship have effects on the interest result, and are consequently reflected in the earnings-related sensitivity calculations.

An increase or decrease in the market interest rate level of 100 basis points in the year under review would have resulted in an approximately k€ 653 higher, respectively lower, interest expenses (previous year: approximately k€ 527 higher or lower respectively).

Other price risks:
HELMA AG is not exposed to other price risks such as stock market prices or indices.

Liquidity risk:
Liquidity planning is based on a rolling preview of all important monthly planning and earnings quantities. This liquidity planning is discussed in regular conversations with the finance partners that provide funding for the HELMA Group, and serves to secure financing requirements and credit commitments.

Information about capital management within the HELMA Group is presented in the remarks relating to the "Equity" balance sheet item.

The notes concerning the "non-current financial liabilities" balance sheet item contain a term analysis of the financial liabilities with contractually agreed residual maturities.

Default risks:
The company's default risks are limited to normal business risk, which is reflected by the formation of valuation adjustments.

The carrying amounts of the financial assets recognised in the consolidated balance sheet essentially reflect maximum default risk. As of the reporting date, there were no key agreements mitigating maximum default risk (such as offset agreements).

None of the receivables in the receivables portfolio exhibit significant payment problems. No valuation adjustments were required as a consequence.

Concentration of business risks:
No concentration of business risks exists. The company has suffered only minor defaults on the part of its individual customers in the past. All Group companies operate active receivables management. Risk management includes the review and monitoring of risks on the basis of liquidity defaults, and the concentration of business risks on both the customer and supplier sides.

8.2. Notes relating to earnings per share

Undiluted (basic) earnings per share is calculated by dividing consolidated annual net income by the average number of shares in circulation during the financial year, totalling 4,000,000 shares (previous year: 4,000,000 shares), and consequently amounts to € 3.25 per share (previous year: € 3.37).

in k€	2017	2016
Earnings after tax	13,024	13,529
Minority interests' share of earnings	31	31
Earnings attributable to HELMA Eigenheimbau AG shareholders	12,993	13,498

Diluted earnings per share correspond to undiluted (basic) earnings per share since the company has issued no options or equity-equivalent rights.

8.3. Segment reporting

The Group has established its operating segment on the basis of the internal management of Group areas where the company's main decision-makers regularly review these business segments' operating results when making decisions concerning the allocation of resources to the segments, and when evaluating their profitability.

The information reported to the Management Board of the HELMA Group for decision-making concerning the distribution of resources to the segments, and the assessment of their profitability, relate to the following main products and services:

- Building services business
- Property development business
- Other

The main area of operations of the building services business lies in the planning and construction management of turnkey detached and semi-detached houses on the basis of customer orders. In the property development business, constructions are realised and marketed on the company's own land. The Other segment comprises the broking business for building-related financing and insurance.

Information relevant for decision-making purposes is reported to the Management Board on IFRS basis.

No instances exist of revenue generated with an individual customer exceeding 10 % of total revenue.

Revenue generated between segments exists exclusively in the building services business segment (k€ 18,510; previous year: k€ 11,307).

Please refer to the notes to the consolidated statement of comprehensive income, section (23) Revenue, for information relating to the regional distribution of revenue. The company does not hold assets outside Germany.

Segment report

	Building services business		Property development business		Other		Total	
in k€	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Segment revenue (with external customers)	84,516	91,864	182,023	171,085	879	893	267,418	263,842
Depreciation and amortisation	2,157	1,685	132	98	8	10	2,297	1,793
Segment operating earnings (EBIT) including earnings-dependent portion of business procurement **	13,518	9,749	6,429	11,652	285	261	20,232	21,662
Segment operating earnings (EBIT) including earnings-dependent portion of business procurement adjusted for the disposal of capitalised interest *	13,518	9,749	8,333	12,146	285	261	22,136	22,156
Segment assets * **	**15,369**	**16,823**	**2,423**	**340**	**24**	**32**	**17,816**	**17,195**
Additions to segment assets	**1,662**	**2,216**	**2,215**	**223**	**0**	**1**	**3,877**	**2,440**

* Please refer to the marks in the section (6) Inventories for more information about figures adjusted for the disposal of capitalised interest.

** The earnings-dependent business procurement compensation is measured based on the annual financial statements for the company prepared according to German Commercial Code (HGB) accounting standards, which can make it less easy to analyse the operating segments' results, especially in the year-on-year comparison. The earnings-dependent business procurement compensation for the Property Development segment increased by k€ 7,171 compared with to previous year, whereas the earnings-based business procurement compensation in the Other segment remained unchanged.

*** Intangible assets (excluding goodwill), property, plant and equipment, investment property

8.4. Particular events following the reporting date

No transactions of particular significance occurred after the balance sheet date.

8.5. Approval of the financial statements

The Supervisory Board approved the audited consolidated financial statements as of December 31, 2016, on March 23, 2017. The Supervisory Board will approve the audited consolidated financial statements as of December 31, 2017 prospectively on March 28, 2018.

8.6. Other financial liabilities

Other financial obligations are composed as follows:

Rental and lease agreements

Rental agreements exist for developed and undeveloped land with a duration of up to 10 years.

Leases

Operating lease objects essentially relate to plant and office equipment.

The financial obligations arising from these agreements amount to the following in total:

in k€	Up to 1 year	1 to 5 years	More than 5 years	Total (previous year)
Obligations from rental and leasing agreements	448	1,106	443	1,997 (1,191)
Obligations arising from operating leases for plant and office equipment	87	20	0	107 (92)
Total	**535**	**1,126**	**443**	**2,104 (1,283)**

Lease expenses of k€ 197 connected with operating leasing were expensed in 2017 (previous year: k€ 192).

Contingencies

No liability obligations exist to the benefit of third parties.

Commercial representatives

The company employs various commercial representatives. After their contracts expire, the company could be required to make compensation payments pursuant to Section 89b of the German Commercial Code (HGB).

8.7. Key business transactions with related parties

Mr. Karl-Heinz Maerzke received compensation for his Management Board activities in 2017. HELMA AG incurred rent expenses of k€ 63 in 2017 to rent land subplots for showhouses in Lehrte from HINDENBURG Immobilien GmbH & Co. KG, Lehrte, which is attributable to Mr. Karl-Heinz Maerzke.

Mrs. Regina Maerzke is a salaried employee of HELMA AG, and received compensation for this activity in 2017.

Besides compensation for his work as Supervisory Board Chairman, Mr. Otto W. Holzkamp also received a payment of k€ 52 for agency services he had provided.

Besides his compensation for his work as a Supervisory Board member, Mr. Sven Aßmann also received k€ 36 of payments for legal and consultancy services that he had rendered.

The audit, tax advisory, legal and notary practice Morzynski, Löbke, Koenemann, Bauer, Braun GbR, Wirtschaftsprüfer, Steuerberater, Rechtsanwalt, Notar, Hanover, in which Mr. Paul Heinrich Morzynski holds an interest, received payments of k€ 65 in 2017 mainly for holding customer payments on notary escrow accounts as well as for services rendered in connection with authentications and powers of attorney.

All business transactions with related companies and individuals were performed on standard market terms.

8.8. Management and Supervisory boards

Management Board
In the 2017 financial year, the management of the company was performed by the Management Board which is composed of the following members:

- Mr. Karl-Heinz Maerzke, Hanover, Management Board Chairman
- Mr. Gerrit Janssen, Hanover
- Mr. Max Bode, Hanover

Mr. Karl-Heinz Maerzke is appointed to the Management Board until March 31, 2020, Mr. Gerrit Janssen until June 30, 2019, and Mr. Max Bode until June 30, 2020.

If only one Management Board member is appointed, this member represents the company on a sole basis. Where several Management Board members are appointed, the company is represented either by two Management Board members or by one Management Board member together with a company officer.

Mr. Karl-Heinz Maerzke and Mr. Gerrit Janssen are authorised on a sole representation basis to conclude legal transactions on the company's behalf as a third-party representative.

Mr. Karl-Heinz Maerzke holds 25.0 % of the issued share capital of HELMA Eigenheimbau AG; HINDENBURG Immobilien GmbH & Co. KG, Lehrte, holds a further 14.5 %, which is attributable to Mr. Karl-Heinz Maerzke.

Total remuneration for the Management Board

The total compensation for Management Board amounted to k€ 1,075 in the 2017 financial year (previous year: k€ 1,016).

Besides this, one Management Board member was granted 50,000 Stock Appreciation Rights (SARs) in the 2013 financial year, which were fully exercised in 2015 and 2016 (please see the notes contained in the section Other current provisions).

No receivables were due from the Management Board as of December 31, 2017.

There are no further payments that have been committed to Management Board members in the instance of the termination of their activities.

No payments were made to former Management Board members in the period under review.

Supervisory Board

On October 9, 2017, the Supervisory Board Chairman of HELMA Eigenheimbau AG of many years' standing, Mr. Otto W. Holzkamp, died. After being temporarily chaired by Mr. Sven Aßmann, on November 10, 2017, the Supervisory Board chair was assumed by Mr. Sven Aßmann and the deputy chair position was assumed by Mr. Paul Heinrich Morzynski.

This Supervisory Board is composed as follows:

- Mr. Sven Aßmann, Hoisdorf (Chairman), (profession: lawyer),
- Mr. Paul Heinrich Morzynski, Hanover, (Deputy Chairman), (profession: auditer and tax consultant)
- Dr. Peter Plathe, Hanover, (profession: presiding judge - in retirement)

The period of office of the Supervisory Board members ends with the conclusion of the Shareholders' General Meeting that passes a resolution concerning the discharge of Supervisory Board members for the 2018 financial year.

Total remuneration for the Supervisory Board

Total remuneration for the Supervisory Board was k€ 114 in the year under review (previous year: k€ 109).

No payments were made to former Supervisory Board members in the period under review.

8.9. Number of employees

The HELMA Group employed an average workforce of 301 staff (previous year: 276) of whom 296 were salaried employees, 5 were wage earners. In addition an average of 10 individuals were employed to a minor extent (previous year: 12).

8.10. List of shareholdings

Name	Head-quarters	Shareholding level	Equity as of December 31, 2017	Share capital as of December 31, 2017	Net income for the year 2017	Net profit for 2017 before appropriation of profits
HELMA Wohnungsbau GmbH	Lehrte	93.94* %	€ 1,275,400.00	€ 1,275,400.00	€ 0.00	€ 5,034,807.46
HELMA Ferienimmobilien GmbH	Lehrte	95.10 %	€ 250,000.00	€ 250,000.00	€ 0.00	€ 2,555,666.36
Hausbau Finanz GmbH	Lehrte	100.00 %	€ 26,000.00	€ 26,000.00	€ 0.00	€ 293,704.82

* Of which 4.01% held indirectly through Hausbau Finanz GmbH

8.11. Exemption pursuant to Section 264 (3) of the German Commercial Code (HGB)

The subsidiaries HELMA Wohnungsbau GmbH, HELMA Ferienimmobilien GmbH and Hausbau Finanz GmbH utilise the exemptions contained in Section 264 (3) of the German Commercial Code (HGB) for the 2017 fiscal year.

8.12. Auditor's fee

The auditor's total fee for the reporting year, including the companies included in the consolidated financial statements, amounted to k€ 132. Of this amount, k€ 69 is attributable to services for the auditing of financial statements, k€ 8 is attributable to certification services and k€ 55 is attributable to tax advisory services.

Lehrte, March 20, 2018

Signed Karl-Heinz Maerzke
Management Board Chairman

Signed Gerrit Janssen
Management Board member

Signed Max Bode
Management Board member


OstseeResort Olpenitz • Visualisation


Holiday apartments in OstseeResort Olpenitz • Visualisation

Consolidated statement of changes in fixed assets 2017 (component of notes to the financial statements)

	Cost			
in k€	01/01/2017	Additions	Transfers	Disposals
I. Intangible assets				
1. Concessions, industrial trade rights, customer relationships, and similar rights and assets, and licences to such rights and assets	2,100	132	102	64
2. Internally generated intangible assets	391	0	0	0
3. Goodwill	4,038	0	0	0
4. Prepayments rendered	155	510	-102	0
Total intangible assets	**6,684**	**642**	**0**	**64**
II. Property, plant, and equipment				
1. Land rights and equivalent rights and buildings including buildings on third-party land	19,307	632	-1,149	454
2. Other plant, operating and office equipment	6,900	1,027	31	1,015
3. Prepayments rendered and plant under construction	0	1,576	-31	0
Total property, plant, and equipment	**26,207**	**3,235**	**-1,149**	**1,469**
Total fixed assets	**32,891**	**3,877**	**-1,149**	**1,533**

	Cumulative depreciation/ amortisation					Carrying amount	
12/31/2017	01/01/2017	Depreciation/ amortisation financial year + other additions	Transfers	Disposals	12/31/2017	12/31/2017	12/31/2016
2,270	1,468	230	0	60	1,638	632	632
391	382	9	0	0	391	0	9
4,038	2,658	0	0	0	2,658	1,380	1,380
563	0	0	0	0	0	563	155
7,262	**4,508**	**239**	**0**	**60**	**4,687**	**2,575**	**2,176**
18,336	5,487	1,110	-659	59	5,879	12,457	13,820
6,943	4,322	948	0	946	4,324	2,619	2,578
1,545	0	0	0	0	0	1,545	0
26,824	**9,809**	**2,058**	**-659**	**1,005**	**10,203**	**16,621**	**16,398**
34,086	**14,317**	**2,297**	**-659**	**1,065**	**14,890**	**19,196**	**18,574**

Consolidated statement of changes in fixed assets 2016 (component of notes to the financial statements)

	Cost			
in k€	**01/01/2016**	**Additions**	**Transfers**	**Disposals**
I. Intangible assets				
1. Concessions, industrial trade rights, customer relationships, and similar rights and assets, and licences to such rights and assets	1,724	291	85	0
2. Internally generated intangible assets	391	0	0	0
3. Goodwill	4,038	0	0	0
4. Prepayments rendered	0	240	-85	0
Total intangible assets	**6,153**	**531**	**0**	**0**
II. Property, plant, and equipment				
1. Land rights and equivalent rights and buildings including buildings on third-party land	19,039	459	249	440
2. Other plant, operating and office equipment	5,837	1,379	0	316
3. Prepayments rendered and plant under construction	179	70	-249	0
Total property, plant, and equipment	**25,055**	**1,908**	**0**	**756**
III. Investment property				
1. Land	73	0	0	73
2. Buildings	281	0	0	281
Total investment property	**354**	**0**	**0**	**354**
Total fixed assets	**31,562**	**2,439**	**0**	**1,110**

	Cumulative depreciation/ amortisation					Carrying amount	
12/31/2016	01/01/2016	Depreciation/ amortisation financial year + other additions	Transfers	Disposals	12/31/2016	12/31/2016	12/31/2015
2,100	1,275	193	0	0	1,468	632	449
391	319	63	0	0	382	9	72
4,038	2,658	0	0	0	2,658	1,380	1,380
155	0	0	0	0	0	155	0
6,684	**4,252**	**256**	**0**	**0**	**4,508**	**2,176**	**1,901**
19,307	4,936	709	0	158	5,487	13,820	14,103
6,900	3,777	824	0	279	4,322	2,578	2,060
0	0	0	0	0	0	0	179
26,207	**8,713**	**1,533**	**0**	**437**	**9,809**	**16,398**	**16,342**
0	0	0	0	0	0	0	73
0	73	4	0	77	0	0	208
0	**73**	**4**	**0**	**77**	**0**	**0**	**281**
32,891	**13,038**	**1,793**	**0**	**514**	**14,317**	**18,574**	**18,524**

Audit opinion

“We have audited the consolidated financial statements prepared by **HELMA Eigenheimbau Aktiengesellschaft, Lehrte**, – consisting of the balance sheet, statement of total comprehensive income, statement of changes in equity, cash flow statement, and notes to the financial statements – and the Group management report, which was combined with the company’s management report, for the financial year from January 1 to December 31, 2017. The company’s legal representatives are responsible for the preparation of the consolidated financial statements and Group management report pursuant to IFRS, as applied in the EU, and the supplementary commercial law regulations pursuant to § 315 e Paragraph 1 of the German Commercial Code (HGB). Our responsibility is to express an opinion on the consolidated financial statements and Group management report on the basis of the audit that we have performed.

We conducted our audit of the consolidated financial statements in accordance with § 317 of the German Commercial Code (HGB) and German generally excepted standards for the audit of financial statements as promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer [IDW]). These standards require that we plan and perform the audit in such a way that misstatements and infringements materially affecting the presentation according to the applicable accounting principles of the net assets, financing position and results of operations in the consolidated financial statements, and in the Group management report, are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company, and expectations as to possible misstatements, are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal controlling system, and the evidence supporting the disclosures in the consolidated financial statements and Group management report, are examined primarily on a test basis within the framework of the audit. The audit includes assessing the separate annual financial statements of the companies included in the consolidated financial statements, the demarcation of the scope of consolidation, the accounting and consolidation principles applied, key estimates made by the legal representatives, as well as an assessment of the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has led to no reservations.

In our opinion, and on the basis of findings generated from the audit, the consolidated financial statements correspond to IFRS, as applied in the EU, and the supplementary commercial law regulations pursuant to § 315 e Paragraph 1 of the German Commercial Code (HGB), and they convey a true and fair view of the Group's net assets, financing position and results of operations in line with these regulations. The Group management report is consistent with the consolidated financial statements, complies with the legal requirements, as a whole provides an appropriate view of the Group's position, and suitably presents the opportunities and risks relating to future development."

Hanover, March 21, 2018

Ebner Stolz GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft - Steuerberatungsgesellschaft

Hans-Peter Möller	**Steffen Südmersen**
Auditor	Auditor

Single Entity Financial Statements of HELMA Eigenheimbau AG
according to HGB (Condensed)*

Income Statement

in k€	2017	2016
Sales revenue	**102,065**	**97,344**
Change in stocks of finished goods and work in progress	2,022	4,043
Other own work capitalised	0	123
Other operating income	947	781
Cost of materials	-65,429	-69,510
Personnel expense	-13,541	-13,080
Depreciation and amortisation of property, plant, and equipment, and intangible assets	-2,157	-1,685
Other operating expenses	-9,595	-9,236
Operating result (EBIT)	**14,312**	**8,780**
Financial result	9,590	5,514
Earnings before income tax	**23,902**	**14,294**
Profit for the year	16,338	9,870
Balance sheet profit	**16,338**	**9,870**

In its single-entity financial statements prepared according to the accounting principles of the German Commercial Code (HGB), HELMA Eigenheimbau AG reports unappropriated retained earnings of € 16,338,210.01 for the 2017 financial year on net income of € 16,338,210.01.

The Management and Supervisory boards will propose to the Shareholders' General Meeting to be held on July 6, 2018, that it approves the distribution of a dividend of € 1.40 per dividend-entitled ordinary share, consequently € 5,600,000.00, and that the remaining amount of € 10,738,210.01 be carried forward to the other revenue reserves.

The total amount of dividends and the amount to be transferred to the other revenue reserves in the preceding resolution proposal for the application of unappropriated retained earnings is based on dividend-entitled share capital of € 4,000,000.00, split into 4,000,000 ordinary shares.

* The complete annual financial statements of HELMA Eigenheimbau AG, Lehrte prepared according to the German Commercial Code (HGB), including the unqualified audit opinion, is available in German on the Internet at www.ir.HELMA.de, as well as being published in the electronic Federal Gazette, and filed in the companies register.

Balance Sheet - Assets

in k€	12/31/2017	12/31/2016
Non-current assets	**17,870**	**18,834**
of which: Intangible assets	1,105	704
of which: Property, plant, and equipment	14,754	16,119
of which: Financial investments	2,011	2,011
Current assets	**105,840**	**93,030**
of which: Inventories	239	193
of which: Receivables and other assets	97,700	85,952
of which: Cash and cash equivalents	7,901	6,885
Prepayments and accrued income	**350**	**403**
Total Assets	**124,060**	**112,267**

Balance Sheet - Equity and Liabilities

in k€	12/31/2017	12/31/2016
Equity	80,010	68,072
Provisions	12,908	10,229
Liabilities	31,140	33,959
Prepayments and accrued income	2	4
Deferred tax liabilities	0	3
Total equity and liabilities	**124,060**	**112,267**

Editorial

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Comment on forward-looking statements

The information published in this report relating to the future development of HELMA Eigenheimbau AG refers only to forecasts and estimates and thus not to given historic facts. This merely serves for information purposes and may contain words such as “intend”, “aim”, “expect”, “plan”, “forecast”, “assume” or “appraise”. These forward-looking statements rely on the information, facts and expectations available to us at present, and therefore only apply at the point in time of their publishing.

Forward-looking statements are generally prone to uncertainties and risk factors difficult to estimate in their impact. The actual results and development of the company could therefore materially deviate from the forecasts. HELMA Eigenheimbau AG intends to monitor and update the published data at all times. Nevertheless, the company is not responsible for adapting the forward-looking statements to later events and developments. As a result, it is neither expressly nor actually liable for and does not assume any guarantee for the timeliness, accuracy and completeness of this data and information.

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Elaine Hirsch, MBA
Executive Assistant

Financial Calendar 2018

March 15, 2018	Preliminary figures for the 2017 financial year
March 21, 2018	Metzler German Microcap Day, Frankfurt / Main
April 12, 2018	2017 Annual Report
July 6, 2018	Annual General Meeting, Lehrte
August 23, 2018	2018 Half-year Report
November 2018	German Equity Forum, Frankfurt / Main

HELMA code of v

In our code of values – which guides us in our daily ideas and activities – we summarise the values that are particularly important to us in how we interact with each other, and with our customers and partners.

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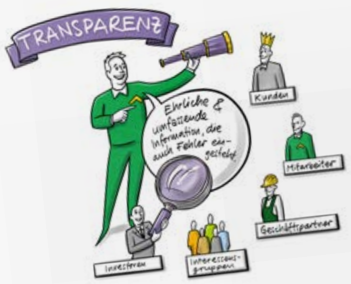

Transparency

Honesty and forward-looking communication are important to us. We ensure that our customers, employees, business partners, investors and other stakeholder groups are informed comprehensively. This also includes stating openly where we have made errors..

Sustainability

We take responsibility:
A balanced approach to economic, ecological, social, cultural and social resources forms the basis of our business activity.

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Quality

We offer high-quality services to our customers. Our projects are generated together with our customers and business partners within a positive working environment. This, too, comprises quality for us.

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coord
exter

values

Customer

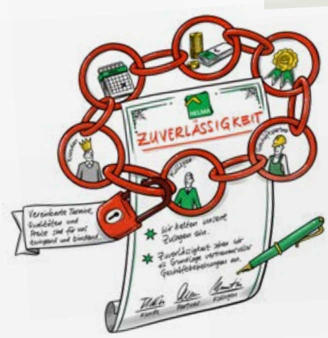
he customer stands at the centre of
ur activity. Our customers' satisfaction
s what matters to us, and it informs our
ision: „We love to build for your life!"

Team

We are HELMA: our expert teams make recourse to a well-founded base of knowledge, and work together constructively – because we aim always to achieve the best results for our customers.

Safety

afety comes first.
or this reason, we offer our customers
n extensive range of additional safety
neasures. We also invest in occupational
afety: with us, our employees enjoy a
vorking environment that offers above-
average safety.



Reliability

We keep our promises. Our customers, business partners and colleagues can rely on the fact that the deadlines, qualities and prices to which we agree are mandatory and binding for us. We regard reliability as the basis of our trusting business relationships.

rformance

nake (dream) homes become
. We give our best for this – with
learly defined working structures,
ent working practices, and in close
dination with our customers and
nal partners.

Expertise

Our staff comprise our capital. Their knowledge and ability to engage with our customers and business partners on a personal basis is what drives our business forward. We ensure they always have sufficient opportunities to develop themselves further professionally.

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