

We love to build for your life.



Annual Report 2016



# HELMA code of values

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.



## 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.

## 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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# values

## Customer

The customer stands at the centre of our activity. Our customers' satisfaction is what matters to us, and it informs our vision: „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

Safety comes first.

For this reason, we offer our customers an extensive range of additional safety measures. We also invest in occupational safety: with us, our employees enjoy a working 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.

## Performance

We make (dream) homes become reality. We give our best for this – with our clearly defined working structures, efficient working practices, and in close coordination with our customers and external 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.

## The HELMA Group at a glance

<b>Earnings and dividend</b>		<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Revenue	in k€	263,842	210,618	170,497	138,018	113,988	103,588	74,535
EBITDA	in k€	23,455	19,494	15,971	11,793	8,774	6,132	3,851
Adjusted EBITDA*	in k€	23,949	20,076	16,301	11,843	8,774	6,132	3,851
Operating earnings (EBIT)	in k€	21,662	17,774	14,167	10,286	7,335	4,786	2,724
Adjusted operating earnings (EBIT)*	in k€	22,156	18,356	14,497	10,336	7,335	4,786	2,724
Earnings before taxes (EBT)	in k€	19,568	14,956	11,690	8,271	5,755	3,381	1,910
Net income after minority interests	in k€	13,498	9,952	8,132	5,606	3,799	2,310	1,302
Cash earnings	in k€	17,077	13,681	11,210	9,145	6,448	4,396	2,923
Earnings per share**	in €	3.37	2.69	2.43	1.85	1.33	0.83	0.50
Dividend per share	in €	1.10 ***	0.79	0.63	0.53	0.35	0.20	0.00
Adjusted gross profit margin	in %	21.5	23.4	24.4	24.1	23.7	21.4	21.6
EBIT margin	in %	8.2	8.4	8.3	7.5	6.4	4.6	3.7
Adjusted EBIT margin*	in %	8.4	8.7	8.5	7.5	6.4	4.6	3.7
Return on sales (ROS)	in %	5.1	4.7	4.8	4.1	3.4	2.3	1.8
<b>Sales performance</b>		<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net new orders received	in k€	286,815	269,386	193,005	158,979	131,398	106,828	97,629
<b>Selected balance sheet items and key figures</b>		<b>12/31/2016</b>	<b>12/31/2015</b>	<b>12/31/2014</b>	<b>12/31/2013</b>	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>12/31/2010</b>
Property, plant and equipment	in k€	16,398	16,342	16,139	15,760	15,022	16,311	14,568
Inventories including land	in k€	173,816	154,369	96,054	78,408	35,816	19,830	8,628
Cash and cash equivalents	in k€	11,331	12,493	6,916	6,821	1,540	3,793	3,074
Equity	in k€	80,236	69,898	40,952	28,033	20,365	17,067	12,199
Net debt	in k€	124,320	98,581	79,401	68,034	36,347	16,552	10,261
Total assets	in k€	278,242	244,994	159,947	136,600	84,645	63,868	42,965
Equity ratio	in %	28.8	28.5	25.6	20.5	24.1	26.7	28.4
<b>Other data</b>		<b>12/31/2016</b>	<b>12/31/2015</b>	<b>12/31/2014</b>	<b>12/31/2013</b>	<b>12/31/2012</b>	<b>12/31/2011</b>	<b>12/31/2010</b>
Number of employees		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

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**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 28/16**

DtGV | Deutsche Gesellschaft  
für Verbraucherstudien mbH



QUALITÄTSTEST SERVICE & ERSTBERATUNG

**TESTSIEGER**

Massivhausanbieter

Test 01/2017  
10 Anbieter im Vergleich

**N24**



## **FAMILY – VALUES – COMPANY**

Founded in 1980 by Karl-Heinz Maerzke and Brigitte Hellwich, the company today is proud of its 37 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 and his wife Regina – 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.



## 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.





**WE COMBINE QUALITY OF LIFE AND RETURN ON INVESTMENT**

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



**WE LOOK FOR THE IDEAL FINANCING ARRANGEMENT**

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



## 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!











## **OBSERVING AND GOING FURTHER**

HELMA Eigenheimbau AG – Over the course of our 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!





Detached houses in Berlin-Rudow



## IDENTIFYING AND UTILISING OPPORTUNITIES

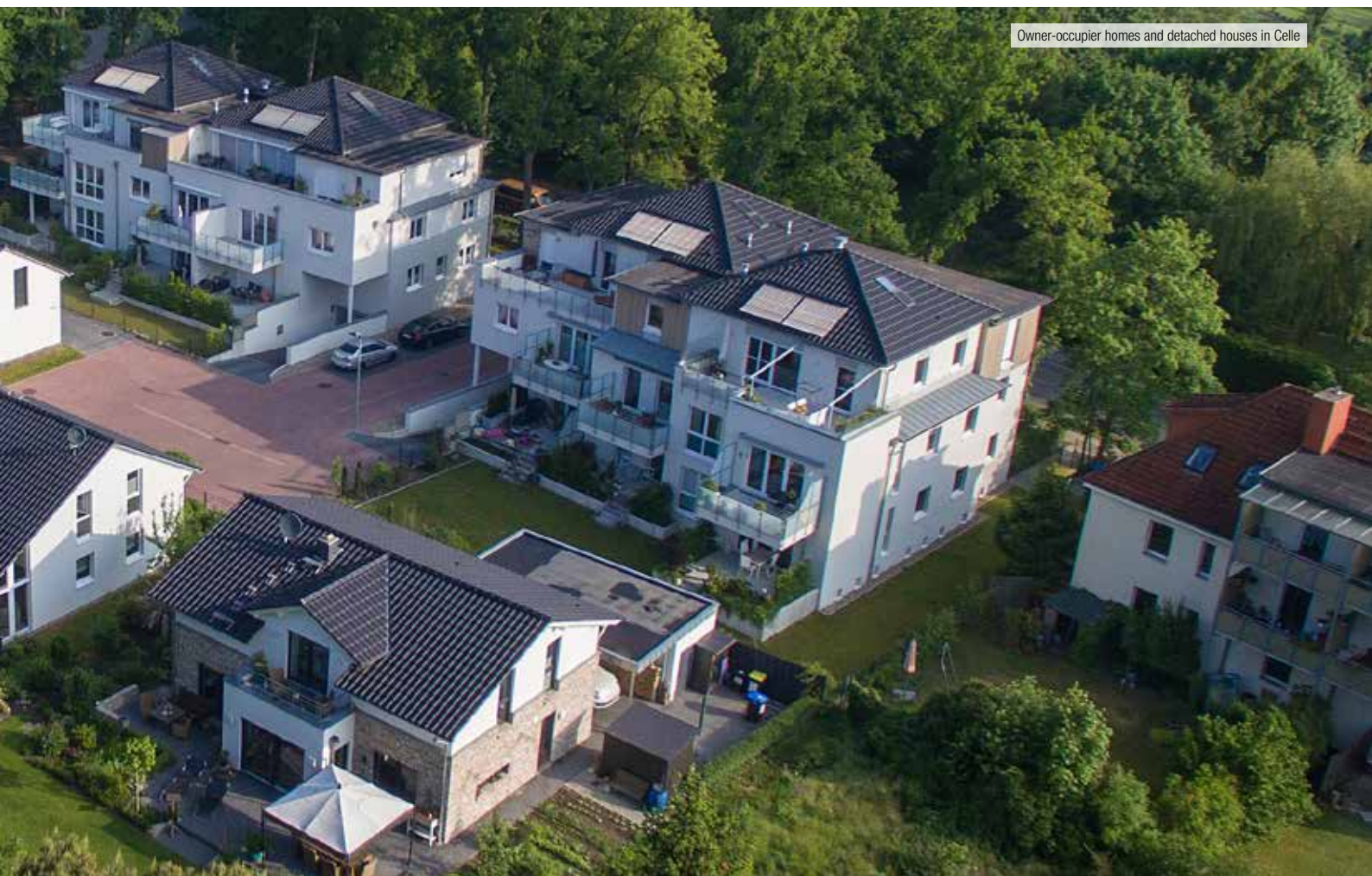
HELMA Wohnungsbau GmbH – Where individuals have no possibilities open to them, we make the most of possibilities to make a lot of people happy. We buy and develop spaces in sought-after conurbation areas and densely populated inner city locations. We build suitable residential properties on them, or 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!





Owner-occupier homes in Leipzig



Owner-occupier homes and detached houses in Celle



Owner-occupier homes in Pfaffenhofen



Owner-occupier homes in Hanover-List



## 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!



## ROOM FOR LONGING

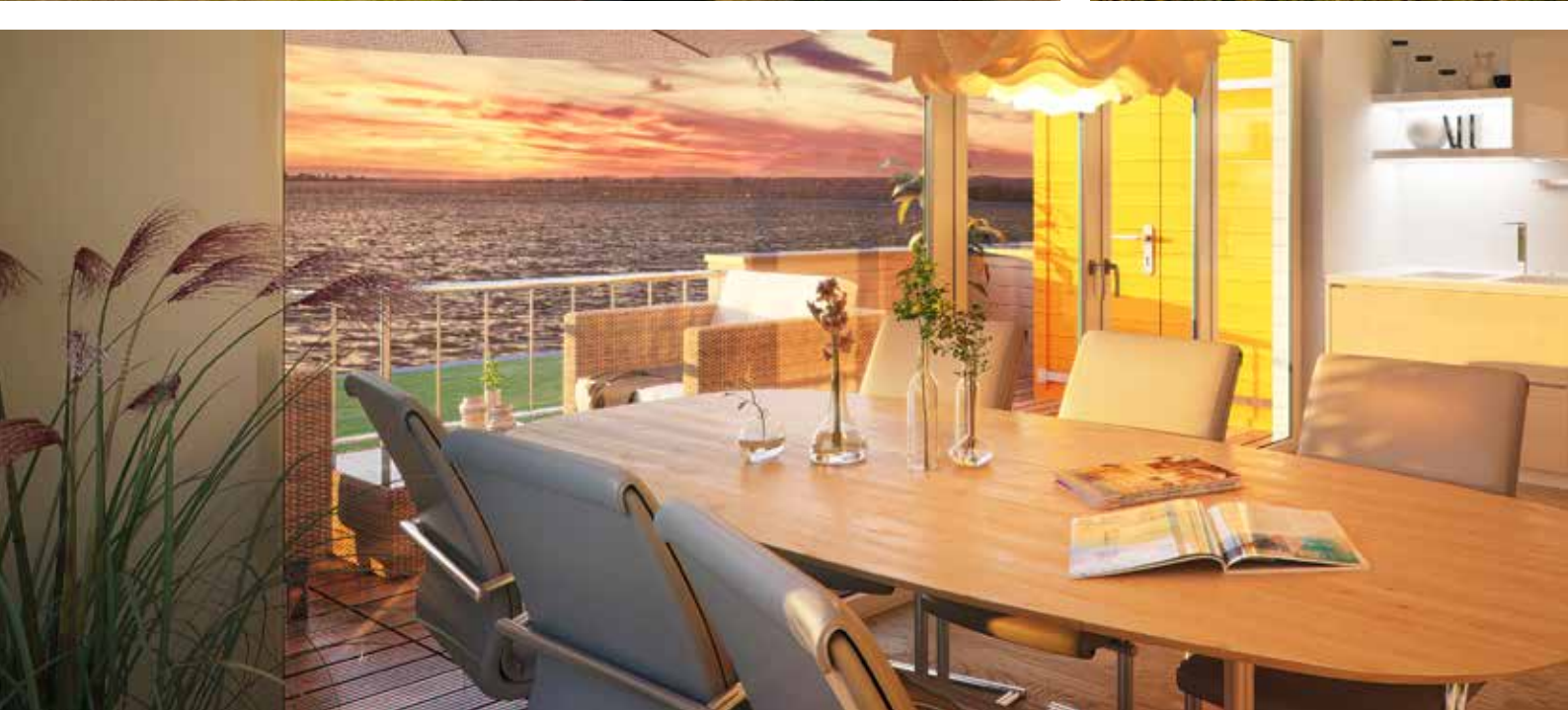
HELMA Ferienimmobilien GmbH – Behind the wish for the annual vacation, long dreamt-of holidays, and well-earned time out, there is always the great longing for freedom, an unfettered life-style, and a breakout from monotonous daily routine.

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!











## 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!







## **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!



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 2016



# Letter to the shareholders

Dear shareholders, ladies and gentlemen,

We are pleased to present to you our 2016 Annual Report. It was an exciting and also challenging year.

Our special thanks are due to all HELMA Group staff and specialist advisers. Only your great commitment and personal input have made it possible for HELMA to achieve new records. 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.

We reported a further significant growth in revenue and earnings in 2016. Consolidated revenue was up 25 %, from € 210.6 million to € 263.8 million, and adjusted EBIT increased from € 18.4 million to € 22.2 million. All HELMA Group companies made valuable contributions to this result.

In an ad hoc statement on February 23, 2017, we informed you that for the coming years, too, we continue to expect double-digit percentage growth rates for revenue and an adjusted EBIT margin between 7.0 % and 10.0 %. The planned consolidated revenue amounts to € 290-300 million in 2017, € 325-340 million in 2018 and € 370-400 million in 2019. The growth rate for 2017 and 2018 is thereby nevertheless lower than we originally expected.

We adjusted the forecast mainly because processing periods in the property development business have become considerably longer in the construction planning and contracting phases due to high demand, and because the market participants involved in these phases, including government bodies, are operating at their capacity limits and have restricted availability. As we continue to assume high demand for residential real estate over the coming years, we have taken this current situation into particular account when preparing our updated planning. We have thereby partly also intentionally imputed revenue shifts to subsequent years, as ensuring consistently high execution quality and a considerable degree of cost certainty has top priority for us in all business areas.

The customer stands at the centre of our activity. **"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 relying for approaching four decades. Along with reaching our growth targets, we will consequently continue to invest all our energy in justifying this confidence and trust.

We would like to thank you – esteemed shareholders, customers and business partners of the HELMA Group – for such 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



**HELMA Wohnungsbau GmbH:**  
Owner-occupier homes in Großhadern



## The Management Board

### Karl-Heinz Maerzke

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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 Management Board, and is currently responsible especially for the areas of project development and technology.

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

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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.

### Dipl.-Kfm. Max Bode

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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 currently responsible especially for the areas of marketing, sales, service and the administrative office, as well as the customer & contract management.

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

Mr. Bode also holds company officer powers for the subsidiaries HELMA Wohnungsbau GmbH, HELMA Ferienimmobilien GmbH, and Hausbau Finanz GmbH.

# Supervisory Board Report

Otto W. Holzkamp  
Chairman of the Supervisory Board



## DEAR SHAREHOLDERS,

In the 2016 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 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 seven meetings in the 2016 reporting year, which were attended by the Supervisory Board members as follows:

	02/29/2016	03/24/2016	04/11/2016	06/27/2016	07/01/2016	10/11/2016	12/13/2016
Mr. Holzkamp	x	x	x	x	x	x	x
Mr. Aßmann	x	x	x	x	x	x	x
Dr. Plathe	x	x	x	x	x	x	x
Mr. Morzynski*	-	-	-	-	-	x	x

\* After being elected to be a member of the Supervisory Board by the Ordinary AGM on July 1, 2016, Mr. Morzynski's period of office did not commence until the amendment to the articles of incorporation was entered in the commercial register on July 18, 2016.

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 fact that the Supervisory Board consisted of four members or three members before its expansion in the 2016 financial year, the Board refrained from forming any committees.

## DETAILS OF INDIVIDUAL SUPERVISORY BOARD MEETINGS:

**At the Supervisory Board meeting on February 29, 2016,** the topics of IT security as well as control systems in relation to operating cash flows were discussed together with the Management Board. To this the Management Board provided information about applicable security guidelines and presented corresponding measures to constantly adapt currently valid provisions to the latest organisational and technical developments.

**At the Supervisory Board meeting on March 24, 2016,** the separate annual financial statements of HELMA Eigenheimbau AG and the consolidated financial statements for 2015, 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 2015 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. During the further course of the meeting, the Management Board explained the current financial and order book positions, as well as expected revenue and new order intake figures for the first quarter of 2016, and reported on the realignment of sales regions for HELMA Eigenheimbau AG. Moreover, the possibility of expanding the Supervisory Board to include four members through a corresponding amendment to the articles of incorporation was discussed.

**At the Supervisory Board meeting on April 11, 2016,** the Management and Supervisory Boards jointly discussed and approved the AGM agenda. This meeting was preceded by an information event at which the EU Market Abuse Regulation that came into force on the July 3, 2016, as well as its effect on the stock market listing, were explained to the Supervisory and Management Boards.

**At the Supervisory Board meeting on June 27, 2016,** the forthcoming Ordinary Shareholders' General Meeting was discussed in depth. The Management Board also reported in detail on the financial, liquidity and order book positions, and provided the Supervisory Board with information about the holiday property project in Olpenitz as well as a planned land purchase by HELMA Wohnungsbau GmbH in Berlin-Pankow. Moreover, the Management Board explained a planned further promissory note issue. Following in-depth discussion and consideration of the financing measure, the Supervisory Board granted its approval. Above and beyond this, the amendment to the rules of business procedure for the Management Board in relation to the EU Market Abuse Regulation was also approved at this meeting.

**At the Supervisory Board meeting on July 1, 2016,** which was held before the Ordinary AGM, the amendment to the rules of business procedure for the Supervisory Board was approved. The amendments include the obligations for the Supervisory Board arising from the EU Market Abuse Regulation as well as the amended version of the resolution due to the expansion of the Supervisory Board.

**At the Supervisory Board meeting on October 11, 2016,** the Management Board reported extensively on the HELMA Group's financial, liquidity and order book positions, and provided the Supervisory Board with detailed information about planned financing measures. The Management Board also reported on successful order intake figures at the large-scale Baltic Sea resort project in Olpenitz of HELMA Ferienimmobilien GmbH as well as on planned land purchases by HELMA Wohnungsbau GmbH. In addition, the Management Board provided information during the further course of the meeting about the realignment – necessitated by growth – of some departments of HELMA Wohnungsbau GmbH and related personnel changes.

**At the Supervisory Board meeting on December 13, 2016**, the Management Board provided information on expected revenue and new order intake figures for the fourth quarter of 2016 as well as on the HELMA Group's financial and liquidity positions. Investment and personnel planning for the 2017 financial year formed a further focus of the meeting, which the Management Board presented to the Supervisory Board in detail. The Management Board also provided the Supervisory Board with information about the new market segment of Deutsche Börse. Following in-depth discussion, the Supervisory Board approved a switch to the new market segment on its start date.

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

At the Ordinary Shareholders' General Meeting on July 1, 2016, shareholders elected Ebner Stolz GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hanover, as the auditor of the separate and consolidated financial statements for the 2016 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 23, 2017:

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 2016 financial year, as well as the combined management report for HELMA Eigenheimbau AG and the Group, were audited in the light of the financial book-keeping 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 23, 2017. 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 € 9,869,920.64 an amount of € 4,400,000.00 as a dividend – corresponding to a dividend of € 1.10 per dividend-entitled ordinary share – and to carry forward the remaining amount of € 5,469,920.64 to the other revenue reserves.

### CHANGE WITHIN THE SUPERVISORY BOARD:

At the company's Ordinary AGM on July 1, 2016, Mr. Paul Heinrich Morzynski was appointed to the Supervisory Board. The election of Mr. Morzynski was preceded by the passing of a resolution concerning an amendment to the company's articles of incorporation to expand the Supervisory Board to four members.

Mr. Morzynski's period of office started with the entry of the amendment to the articles of incorporation in the commercial register on July 18, 2016 and ends with the conclusion of the AGM that approves the discharge of the Supervisory Board members for the 2018 financial year.

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 very successful year for the HELMA Group.

Lehrte, March 24, 2017

On behalf of the Supervisory Board

**Signed Otto W. Holzkamp**

Chairman

## The Supervisory Board

### Otto W. Holzkamp

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After completing engineering studies at Hanover University of Applied Sciences, Mr. Holzkamp (1942) was initially an engineering technician at HAKU-Werken KG, Hanover, where from 1968 he was head of the construction apparatus engineering and steel construction sales areas. In 1972, he received an engineering degree (Ing-grad.) in mechanical engineering. From 1973, Mr. Holzkamp acted as head of operations and production at Colberg KG, Peine. He switched to Bauteam KG, Hanover in 1977, where he was independent commercial representative until 1982. Between 1982 and 2002, Mr. Holzkamp was managing shareholder at HKF-planen und bauen GmbH, Hanover. Since 1999, Mr. Holzkamp has been managing shareholder of H.K. Immobilien GmbH & Co. KG and owner of the company HOLZKAMP - IMMOBILIEN und Ingenieurbüro, both based in Hanover.

Mr. Holzkamp was appointed Supervisory Board Chairman of HELMA Eigenheimbau AG in 2004. 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.

### Sven Aßmann

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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. In 1997, he became partner at Zimmermann, Scholz & Partners legal practice in Hamburg, where he worked until resigning in 2015. Since 2006, Sven Aßmann has also been managing shareholder at Avatar Merchandising GmbH, as well as, since 2014, managing shareholder at Platon Solutions GmbH, two Hamburg-based companies.

Mr. Aßmann was appointed Deputy Supervisory Board Chairman of HELMA Eigenheimbau AG in 2014. 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

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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.

## Paul Heinrich Morzynski

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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. Mr. Morzynski is also major shareholder in Halloren Schokoladenfabrik AG in Halle, and has been its Supervisory Board Chairman since 2006. 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 has been a member of the Supervisory Board of HELMA Eigenheimbau AG since 2016. 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 2016

The start to the 2016 stock market year was characterised initially by marked share price setbacks on the German equity market. The DAX index fell below 8,700 points during the low point in February, before rallying to above the 10,000 point level by mid-March. Renewed monetary policy easing by the ECB led German equity markets to recover in subsequent weeks, with the DAX trading around 10,000 points, before the unanticipated referendum decision by the United Kingdom to exit the EU resulted in a marked drop in prices on the German equity market at the end of June. After share price losses were made good again, sideways movements characterised the stock market, with uncertainty about the outcome of the US presidential elections then bringing renewed share price losses. An upturn succeeded at the year-end, as the German equity market registered considerable gains. At a closing level of 11,481 points, the DAX successfully closed the stock market year with an approximately 7 % appreciation.

Within this volatile market environment, the HELMA share performed well in 2016. Starting the 2016 stock market year at a price of € 45.50, our share achieved continuous price increases over the following months. Accompanied by positive order intake figures and the announcement of record results for the 2015 financial year, the HELMA share gathered further momentum, breaking through the € 59.00 level for the first time in April. Especially the Brexit decision affected the equity market in the subsequent weeks, although the HELMA share performed well within this uncertain market environment, reaching a new all-time high at a price of € 62.00 on July 13, 2016. After a low-volatility third quarter characterised by sideways movements, the HELMA share was unable to withstand general market fluctuations at the start of the fourth quarter, and reported some significant drops in its price. The HELMA share traded above the € 50.00 level again at the end of the year. The closing price of the HELMA share in XETRA trading on December 30, 2016 amounted to € 51.97. After having already achieved an approximately 75 % share price appreciation in 2015, a 14 % rise in the HELMA share price was posted in the year under review. The market capitalisation rose from € 182.0 million to € 207.9 million over the course of 2016.

### Performance of the HELMA share in 2016





## Performance of the HELMA share after 12/31/2016

On February 23, 2017, we informed the capital market in an ad hoc statement about the record results we achieved in 2016 and at the same time announced the reduction of our growth forecast for the 2017 and 2018 financial years. The HELMA share recorded price reductions of up to 25 % in large trading volumes in the subsequent days, falling to a share price level below € 40.00 for the first time since February 2016. The HELMA share recovered a little up to mid-March 2017, trading at € 41.00 on March 15, 2017.

## Analyst coverage

The HELMA Group and the share of HELMA Eigenheimbau AG were covered in 2016 by the analysts Cosmin Filker (GBC Research), Ralf Marinoni (quirin bank Research), and Andreas Pläsier (Warburg Research).

Research Company	Date	Stock price target	Recommendation
 <b>GBC AG</b> <small>Partner für den Mittelstand</small>	03/14/2017	€ 58.00	Buy
 <b>WARBURG RESEARCH</b>	03/14/2017	€ 50.80	Buy
 <b>quirin bank</b>	02/24/2017	€ 45.00	Hold

GBC and Warburg recommend the HELMA share as a Buy with share price targets of € 58.00 and € 50.80 respectively. With a share price target of € 45.00, quirin bank has issued a Hold recommendation. Analysts' recommendations can always be viewed on the investor relations website, within the Share area.

## 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 € 9,869,920.64 for the 2016 financial year on net income of € 9,869,920.64. The Management and Supervisory boards will propose to the Shareholders' General Meeting to be held on July 7, 2017, that it approves the distribution of a dividend of € 1.10 (previous year: € 0.79) per dividend-entitled ordinary share, consequently € 4,400,000.00, and that the remaining amount of € 5,469,920.64 be transferred 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 Dusseldorf, Frankfurt and Munich, and we also conducted four (partly international) roadshows. In this context, we presented our company and growth strategy to a large number of analysts and investors. Financial media also continued to report extensively on our company's development in 2016. Selected headlines from the articles that have appeared are presented on the following pages.

We will continue with our intensive investor relations work in 2017. The company plans to participate at investor conferences in June in Frankfurt and Venice, as well as in November in Frankfurt. In addition, we will also hold various roadshows in 2017, with a focus not only on the German-speaking countries, but also especially on the United Kingdom and Scandinavia.

## Switch to Deutsche Börse's new SME listing segment in March 2017

HELMA Eigenheimbau AG has been listed in the Entry Standard of the Frankfurt Stock Exchange since its initial listing on September 19, 2006. Deutsche Börse launched the new market listing segment Scale on March 1, 2017, with the aim of making it easier for small and medium-sized enterprises (SMEs) to access investors and growth capital. As a segment on the Regulated Unofficial Market, Scale replaces the Entry Standard for equities and corporate bonds. HELMA Eigenheimbau AG completed the switch to the new market segment as of March 1, 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

The NISAX20 Lower Saxony equity index was set up by NORD/LB in 2002. This regional index reflects the share price performance of the 20 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.

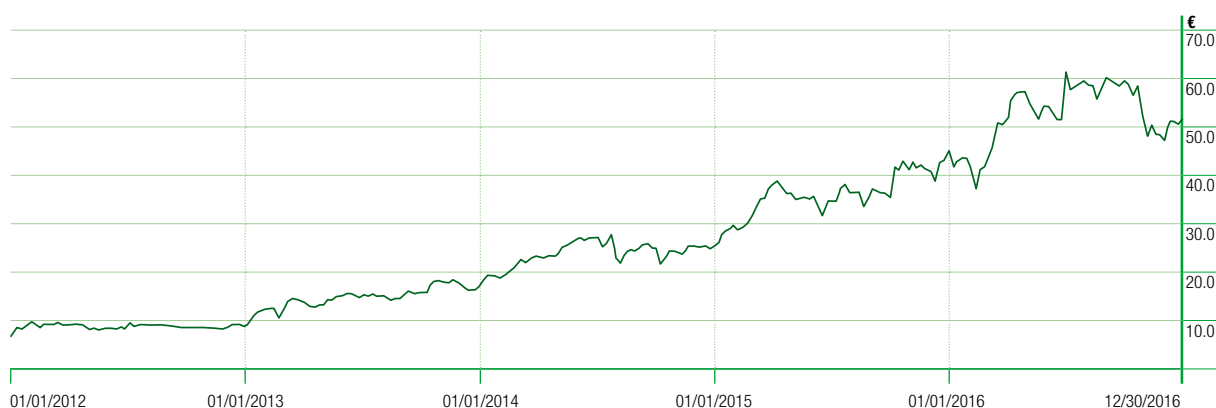
## Key data

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

	2016	2015	2014	2013	2012	2011	2010
Number of shares at year-end	4,000,000 Shares	4,000,000 Shares	3,410,000 Shares	3,100,000 Shares	2,860,000 Shares	2,860,000 Shares	2,600,000 Shares
Market capitalisation at year-end	€ 207.9 million	€ 183.0 million	€ 90.0 million	€ 54.2 million	€ 28.9 million	€ 23.4 million	€ 20.9 million
Year-end share price	€ 51.97	€ 45.76	€ 26.39	€ 17.49	€ 10.11	€ 8.19	€ 8.05
Earnings per share	€ 3.37	€ 2.69	€ 2.43	€ 1.85	€ 1.33	€ 0.83	€ 0.50
Dividend per share	€ 1.10 *	€ 0.79	€ 0.63	€ 0.53	€ 0.35	€ 0.20	€ 0.00

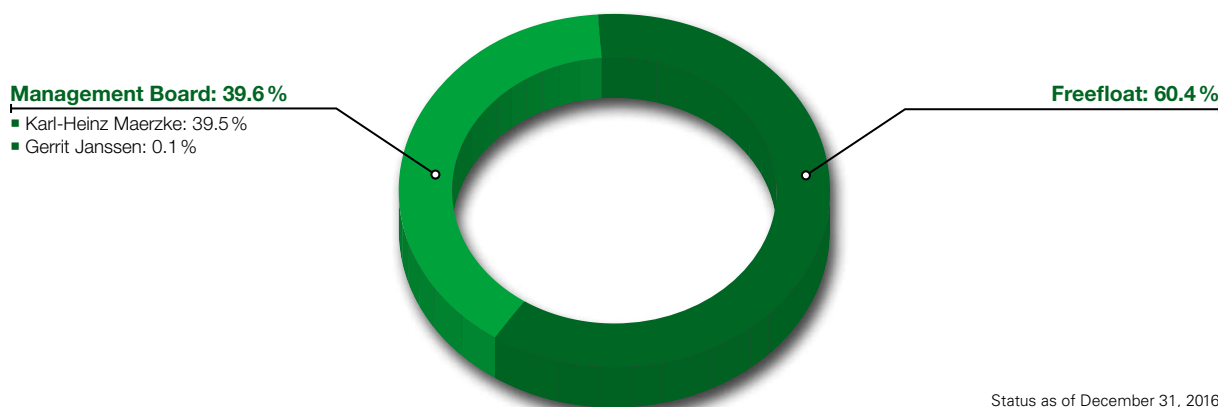
\* Proposal

### Five-year overview of the share price performance



### 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, 2016, thereby the largest shareholder in HELMA. The free float stands at around 60.4 %.



Status as of December 31, 2016



HELMA share in the financial press in 2016 (extracts)

Capital Depesche, December 09, 2016

**HELMA remains relaxed**

Der Aktionär, September 02, 2016

**HELMA stays on record track**

PLATOW Börse, September 19, 2016

**HELMA underpins revenue targets**

Effecten-Spiegel, September 08, 2016

**HELMA builds further storm proofed results**

Der Aktionär, July 13, 2016

**HELMA – the master builder**

Hildesheimer Allgemeine Zeitung, September 06, 2016

**Ever fatter cushion of orders at HELMA**

Focus Money, May 25, 2016

**The profit machine**

Focus Money, August 03, 2016

**HELMA Eigenheimbau – building boom**

Hannoversche Allgemeine Zeitung, January 15, 2016

**HELMA best in business**



Der Aktionär, August 26, 2016

**Benefiting from low  
interest rate environment -  
foundations laid for future**

PLATOW Börse, July 08, 2016

**HELMA - all-time high  
rather than Brexit low**

Smart Investor, September 01, 2016

**Developing rather than owning -  
HELMA Eigenheimbau AG one  
of the best real estate stocks**

Börse Online, February 04, 2016

**High achiever HELMA**

Der Aktionär, April 20, 2016

**Excellent starting position,  
demand remains high**

Börse Online, June 30, 2016

**HELMA: high revenue growth in the offing**

Börse Online, March 10, 2016

**Revenue doubler within three years**

Investor Magazin, March 09, 2016

**New record figures  
and good prospects**

Euro am Sonntag, April 02, 2016

**HELMA convinces with strong outlook**

# Aggregated management report for HELMA Eigenheimbau AG and the Group

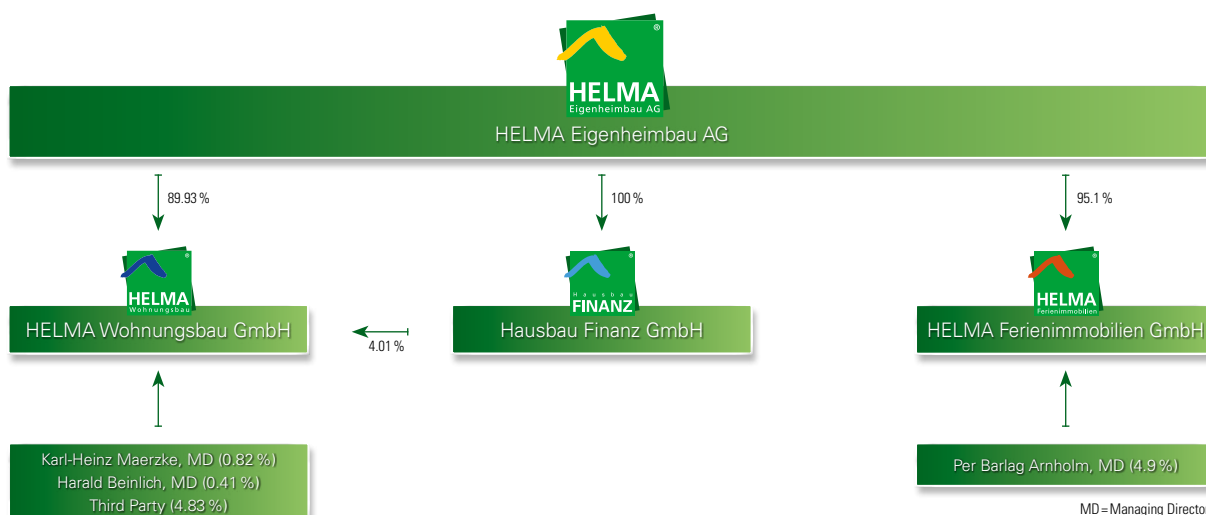
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## Organisational structure

**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 – 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 – since 1984

Through its subsidiary **HELMA Wohnungsbau GmbH**, the HELMA Group also operates as a property developer, focusing firstly on buying attractive property areas that are sold together with individually planned solid-construction HELMA homes as units to private individuals. Along with detached houses that can be structured individually, the product portfolio 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.

In the segment for individual detached houses, 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. Target construction areas for such detached houses comprise up to 250 building plots, and are located in affluent suburbs of major cities such as Berlin, Hamburg, Hanover, Leipzig and Munich, or within these cities with favourable transportation connections to city centres. We have established an extensive track record over the past decades in major metropolitan regions such as Berlin, Hamburg, Hanover and Munich, and we offer Germany's largest unofficial showhouse park with our construction area in Berlin – Karlshorst, where around 400 units have meanwhile been constructed, and a further building site in Berlin-Pankow with 110 units.

When developing preplanned apartments in semi-detached, terraced and multi-family houses, we initially select land that is appropriate in terms of the needs of the potential owner-occupiers, and capital investors and their tenants, 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 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.



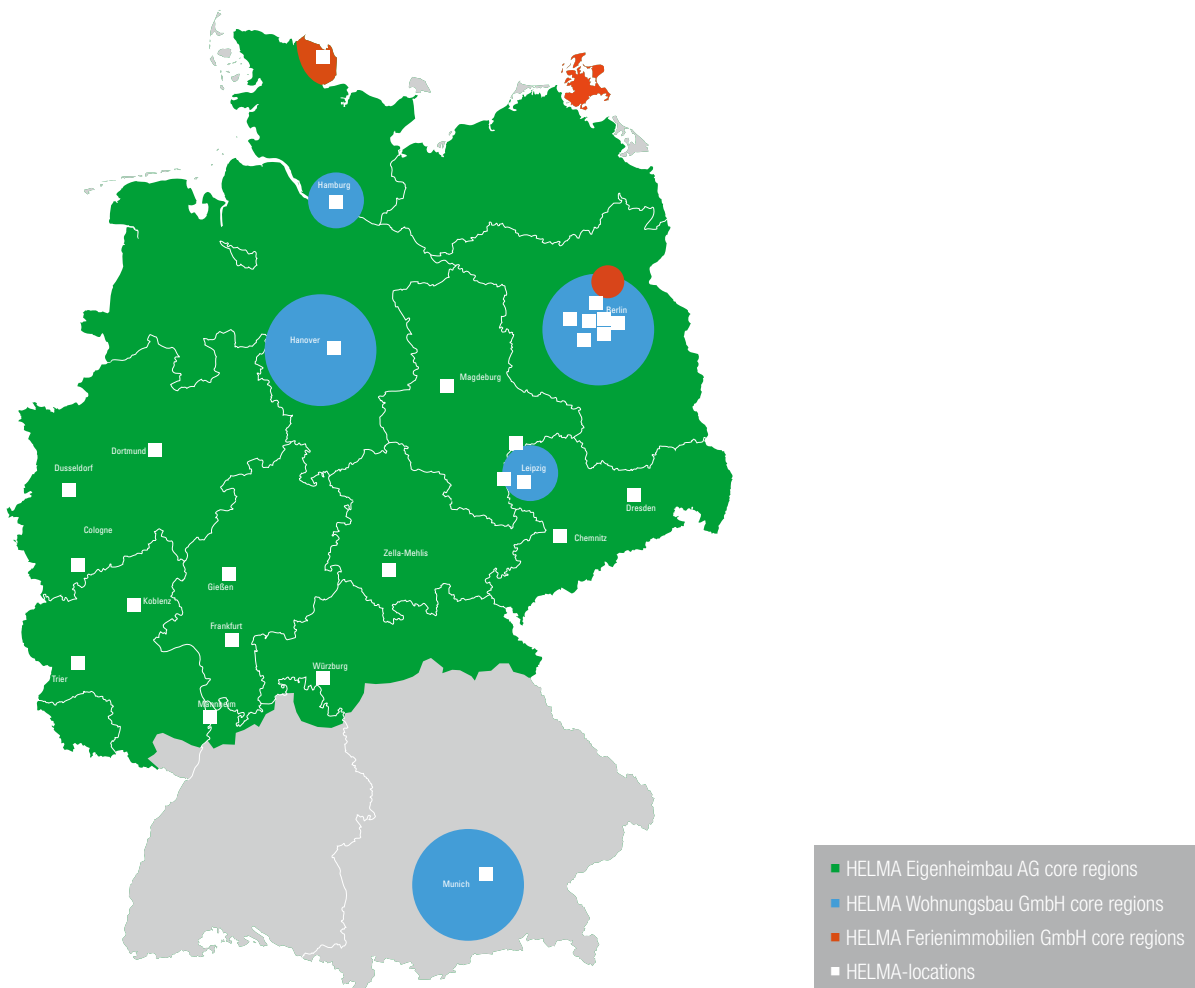
### Holiday property development business – since 2011

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 for owner-occupier homes – 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.

### HELMA Group sales regions



## Competitive strengths

### Competitive strengths in the owner-occupier housebuilding sector

**Individuality:** HELMA creates houses based on solid construction methods that offer sustained value. This includes highly traditional stonework or, on request, brickwork wall elements. Solid construction methods utilising vertical coring clay bricks cater for natural air conditioning regulation, as well as efficient heat and sound insulation. 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.

**Central sampling world:** At the HELMA Sampling Centre at the Group headquarters in Lehrte, we offer our customers an extensive selection of standard and special fittings from highly various trades over 350 m<sup>2</sup> of interior exhibition area and the 200 m<sup>2</sup>-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.

**Innovative strength:** It is our aspiration and our claim to ensure that the buildings we construct enjoy stable valuations, especially as the result of our solid construction building approach and the utilisation of high-quality construction materials. 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. 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.

**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. The HELMA®-BauSchutzBrief construction warranty and insurance product automatically forms part of our service scope, and provides extensive security for construction projects and clients. 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 and property development business are private individuals and families from middle and higher income brackets. Our customer base also includes customers in lower income brackets with access to state grants. Young families with parents in the 25 to 45 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 the whole of Germany as our sales market in the building services business, except large parts of Bavaria and Baden-Württemberg. We place a special focus on construction areas on urban peripheries, or locations in the immediate urban vicinity. We identify particularly attractive potential in the conurbations in Germany surrounding major cities such as Hamburg, Hanover, Berlin, Dresden, Leipzig, Dusseldorf, Frankfurt, and Munich. 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 addition to owner-occupiers and private investors, our target customer group in our property development business also comprises institutional investors with long-term investment horizons. Depending on investment volumes, our potential customers also include family offices, residential real estate entities such as cooperatives and privately financed residential real estate companies, as well as fund managers, insurance companies, banks and pension funds.

### 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.

## Sales strategy

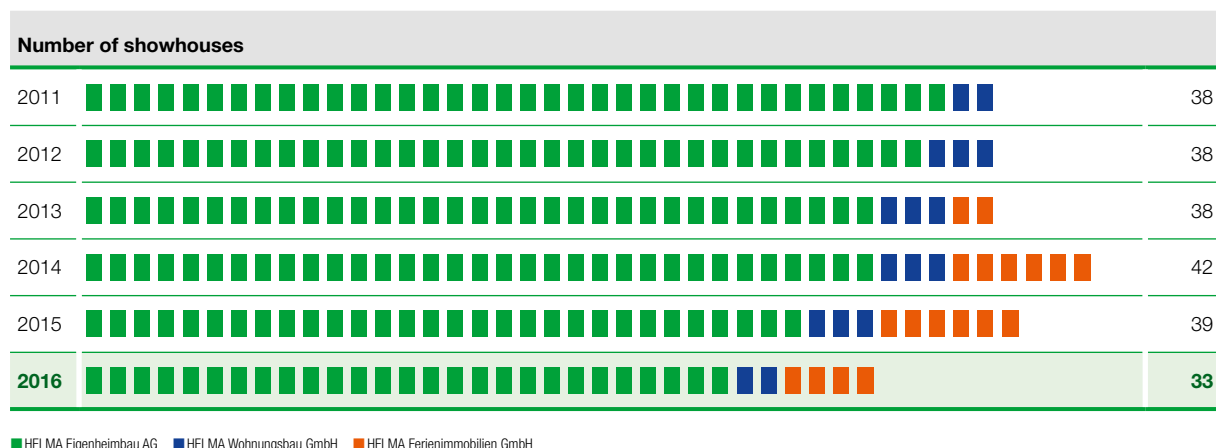
### Sales strategy in the residential area

Our showhouses are located across the whole of Germany, 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 29 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.

Along with our specialist advisers' local presence, the HELMA management utilises its extensive network of contacts to address institutional investors in a targeted approach about its residential property development business.

## HELMA Group showhouses



### 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.

## Economic environment

### Macroeconomic trends

Despite a slight headwind from the macroeconomic environment, the German economy remained on its expansion path in 2016. The economic situation in Germany in 2016 reflected robust and constant economic growth. The positive trend continued with a price-adjusted rise in gross domestic product (GDP) of 1.9 % compared with the previous year (1.7 %). Favourable labour market trends are continuing to play a central role in the country's robust domestic economy.

On the expenditure side of GDP, consumption proved to be the German economy's most important engine of growth. Private consumption spending increased by 2.0 % on a price-adjusted basis. A positive trend was also evident in state consumption spending, up 4.2 % year-on-year. This increase is attributable to a high level of refugee immigration and resultant costs. Investments also grew in 2016. Government and companies together invested 1.7 % more year-on-year in assets such as machinery, equipment and vehicles. Price-adjusted construction investments up by 3.1 % in 2016 also reflected marked growth that is particularly attributable to higher residential construction investment. Net exports (exports less imports) had no notable impact on GDP growth in 2016. Price-adjusted exports of goods and services were up 2.5 %. Imports increased by 3.4 % over the same period, with net exports down 0.1 % lying approximately at the previous year's level.

On the output side of GDP, all economic areas contributed to the economy's recovery. Price-adjusted gross value creation recorded 1.8 % year-on-year growth in 2016. The building sector outperformed, growing by 2.8 % year-on-year on a price-adjusted basis.

Germany's economic output in 2016 was achieved by almost 43.5 million employed individuals, representing its highest level since 1991. A total of around 429,000 more people were in employment in 2016, 1.0 % more than in the previous year and thereby continuing the positive labour market trend for the tenth consecutive year.

The economic research institutes are forecasting continued expansion, whereby they evaluate the various political impediments' impacts on economic growth dynamism differently. The Hamburg Institute for the World Economy (HWWI), for example, forecasts 1.1 % economic growth for 2017 due to uncertainties emanating from the change of government in the USA, the UK's expected exit from the EU, and forthcoming elections in Germany and France. The Institute for the World Economy (IfW) forecasts a more dynamic GDP growth rate of 1.7 %. The expansion of residential construction investments will deliver strong macroeconomic growth drivers, according to the IfW.

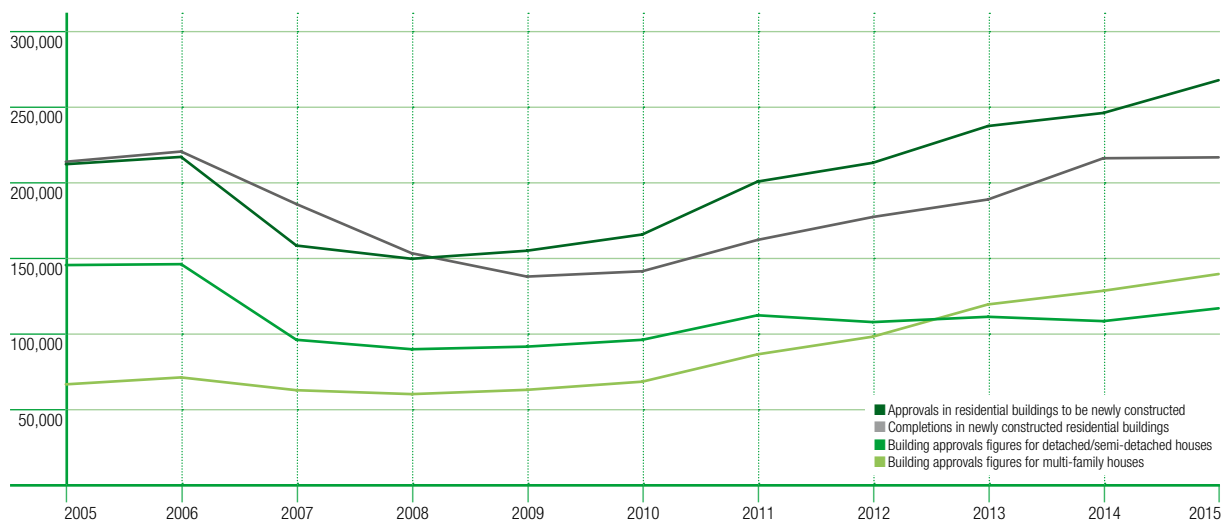
### Residential building approvals and completions in Germany

The number of building approvals and completions of newly built residential units in Germany has risen continuously over recent years. The number of building approvals for residential newbuilds advanced from 200,000 units in 2011 to 268,000 in 2015. Trends in building approvals for apartments in multi-family houses were especially important for this growth. An annual growth of around 10 % has occurred over the past five years with an increase from 85,000 to 139,000 building approvals.

The dynamic trend in building approvals is reflected in completion figures, with 161,000 dwellings completed in 2011, compared with 217,000 completions in 2015.

With regard to the 2016 year that has already elapsed, a significant increase is expected for residential building approvals. In the period from January to November, the construction of 286,000 newbuild dwellings was approved. This represents an increase of 20.8 % compared to the previous year.

## Residential construction approvals and completions (newbuild) in Germany



Source: Statistisches Bundesamt

The dynamic trend in building approvals nevertheless fails to cover forecast demand for newbuild homes over the next four-year period. According to a recent study by the Cologne Institute for Economic Research (IW Köln), a total of around 385,150 new homes will be required per year up to 2020, with particularly high new construction demand being forecast long-term for conurbation centres. 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, however. This study did not cover the Hanover and Leipzig regions in detail.

## Demand for newbuild dwellings

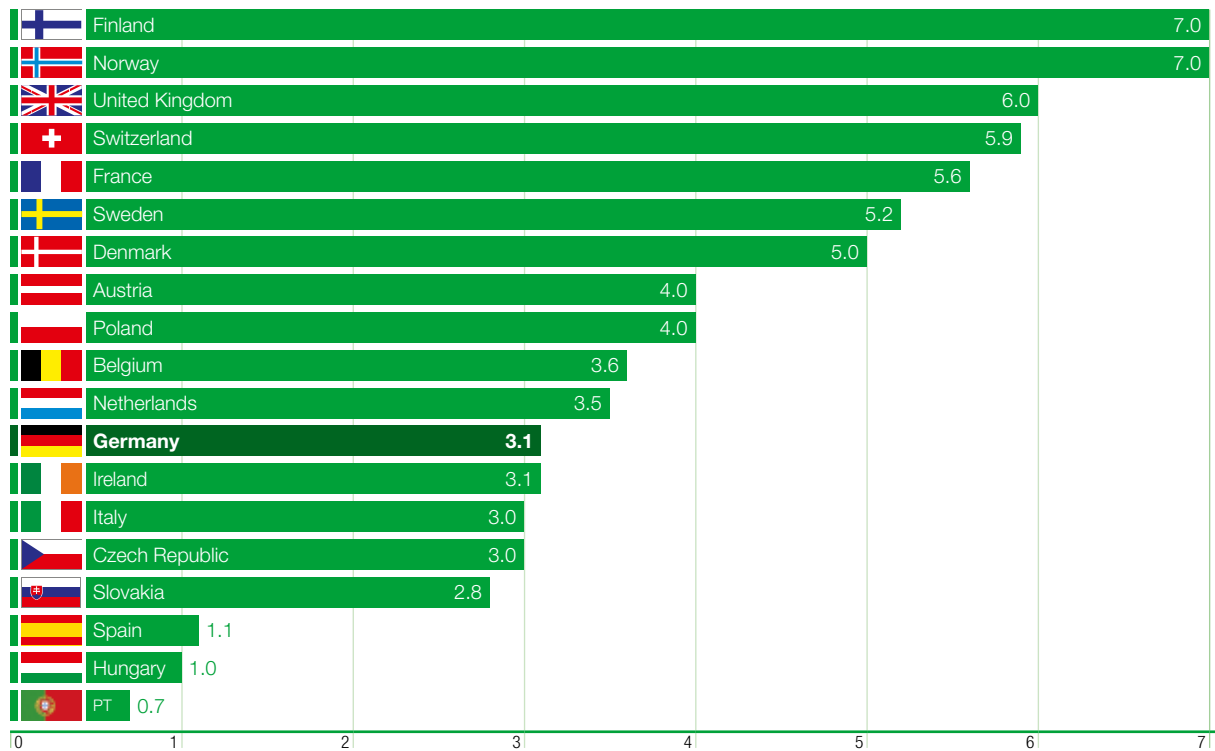
	Annual average change in residential housing base between 2011 and 2015	Annual demand up to 2020	Ratio between average change in housing base and construction demand
Hamburg	+ 5,800	+ 15,100	38.4 %
Berlin	+ 7,700	+ 31,230	24.7 %
Munich	+ 5,600	+ 17,180	32.6 %
Germany in total	+ 204,040	+ 385,150	53.0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

Source: Cologne Institute for Economic Research (IW Köln)

## New residential construction remains on uptrend

Based on high demand for new builds, new residential construction in Germany remains on an uptrend. Construction intensity in Germany meanwhile stands at 3.1 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 the Czech Republic. While around one third more is built in Austria and Poland, residential construction intensity in Denmark is approximately 60 % higher than in Germany, and in France even as much as around 80 % higher. 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.

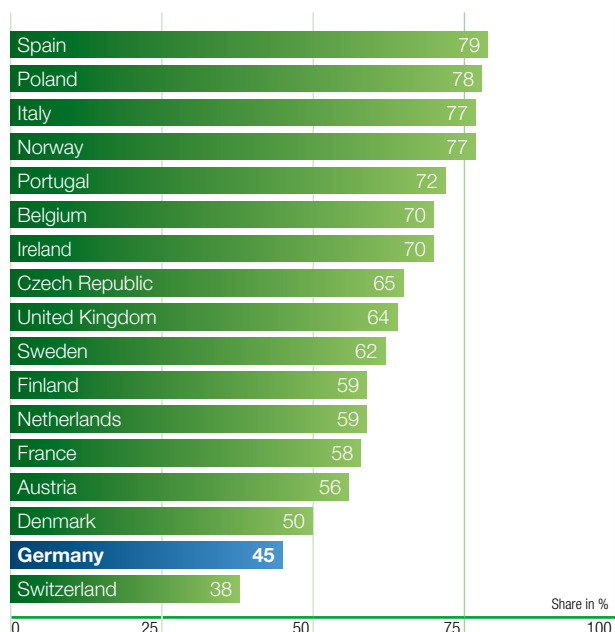
## New residential construction in Europe 2016 (forecast – completion figures per 1,000 inhabitants)



Source: Ifo/Euroconstruct/LBS Research

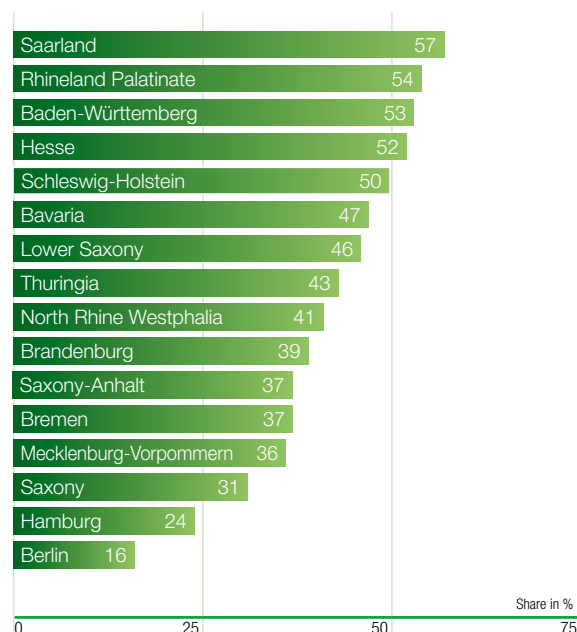
The existing growth potential is also clear when examining homeownership ratios in Europe, where Germany remains among the lowest rankings with a 45 % rate.

### Homeownership ratio in Europe



Source: Ifo/Euroconstruct/Statistisches Bundesamt

### Homeownership ratio by German federal states



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. New order intake in the primary construction sector was up by 13.8 % year-on-year during the first eleven months of 2016, for example. 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 almost three months for employees subject to social security contributions, the shortage of skilled workers is high compared with other non-academic 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 were also increasingly evident last year. The high level of capacity utilisation at building authorities is shown by the significant increase in building permit figures, as presented in the graph "Residential construction approvals and completions (newbuild) in Germany". With an increase of 125.4 %, or 12,400 apartments, the strongest percentage rise was in approvals for flats in dormitories, which also include refugee accommodation. The high level of capacity utilisation at building authorities as well as the marked increase in building applications for flats in dormitories led to prolonged approval periods across the whole of Germany in 2016.

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

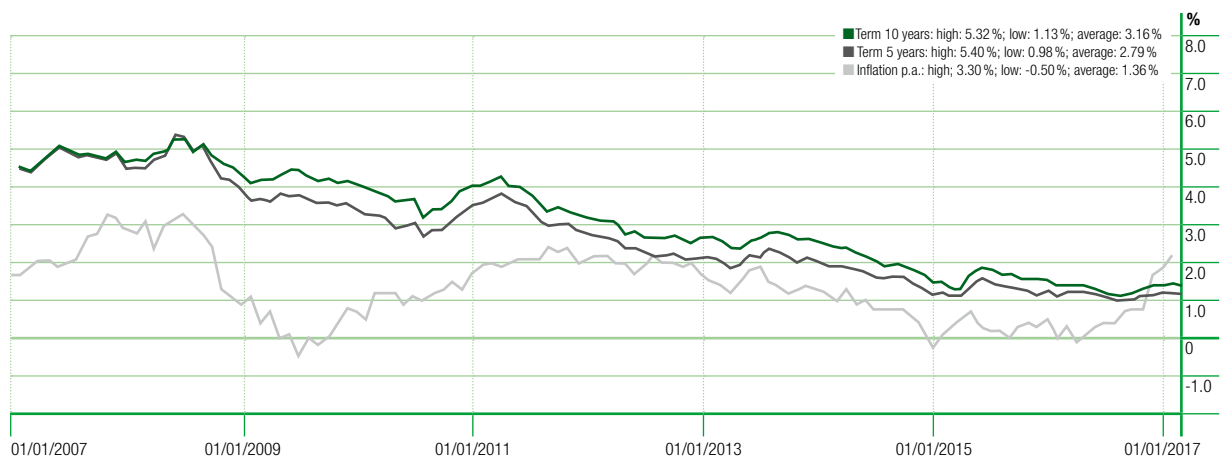


cities. Along with raising population density in existing residential regions, experts are also calling for the creation of new city districts to cover high demand for newbuild apartments. Easing restrictions and regulations, including relating to building height and parking spaces, for example, might 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 30 years. Despite the slight rise of approximately 0.2 percentage points during the second half of the year, financing conditions can continue to be described as excellent on a 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 account rising inflation rates at the year-end and the ECB's announcement it would continue its bond purchases up to the end of 2017 along with the prospect of a volume reduction from € 80 billion to € 60 billion per month, experts assume the current low interest phase could continue for some time to come, with only a slight increase in interest rates expected. Experts do not currently anticipate the ECB to raise its key interest rate to a tangible extent.

## Homebuilding interest rate trends\* 2007-2017

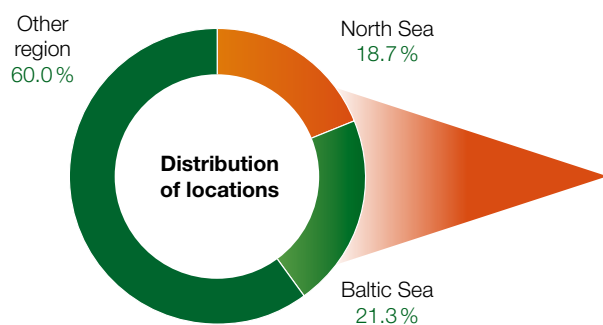


\* The presentation of the interest rate trend is based on interest rates included in terms offered by Interhyp AG as part of brokered lending arrangements.

## Holiday properties in Germany / North and Baltic Sea

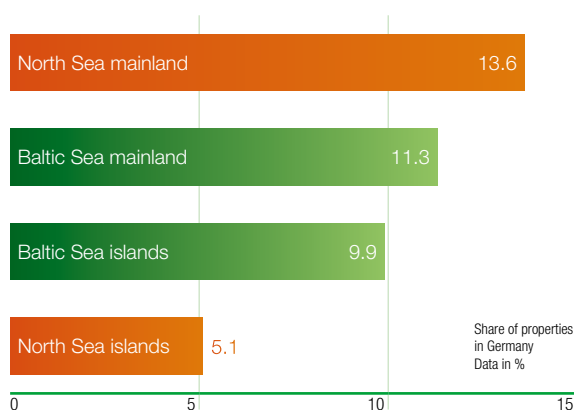
According to a study published recently by Elsner management consultants, the Baltic and North Sea regions are the most popular German travel destinations. These holiday locations also enjoy particular favour among real estate investors. Around half of buyers set store by a location by the sea, lake or riverside, in this context. As far as holiday property investors are concerned, this study confirms that we are operating in Germany's most popular regions with our current projects.

### Holiday properties in Germany

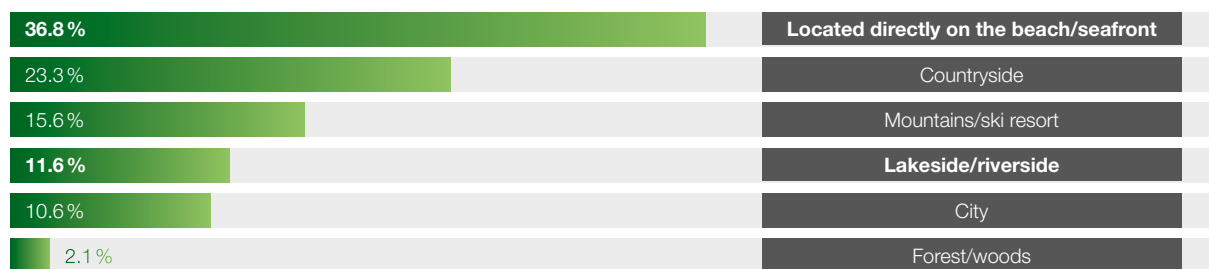


Source: Elsner Unternehmensberatung

### Holiday properties on the North and Baltic seas



### Location of the holiday properties



Source: Elsner Unternehmensberatung

## Group order book position

Net new order intake was up € 17.4 million year-on-year to € 286.8 million (previous year: € 269.4 million), as expected. This represents order intake growth of 6 %.

After around 36 % new order intake growth in the previous year, HELMA Eigenheimbau AG did not fully match the previous year's very good figures. New order intake of € 99.0 million in 2016 was down by € 12.1 million. The subsidiaries operating in the property development business continued the past years' significant growth, by contrast. The new order intake of HELMA Wohnungsbau GmbH in 2016 increased by around 9 % from € 138.6 million to € 150.8 million. The highest rate of new order intake growth on a percentage basis in 2016 was achieved by HELMA Ferienimmobilien GmbH, where new order intake was up from € 19.6 million to € 37.0 million. This represents a growth rate of around 89 %, especially reflecting very good order intake figures at the Baltic Sea resort project in Olpenitz.

We assume demand for residential real estate will remain high during the 2017-2019 planning period. Based on this, we anticipate new order intake for 2017 in a year-on-year range of +/- 10 % depending on the actual sales launch dates for our property development projects. As in the previous year, in all likelihood the second half of the year will be significantly stronger than the first half of the year due to specific projects. We anticipate growing new order intake levels in 2018 and 2019.

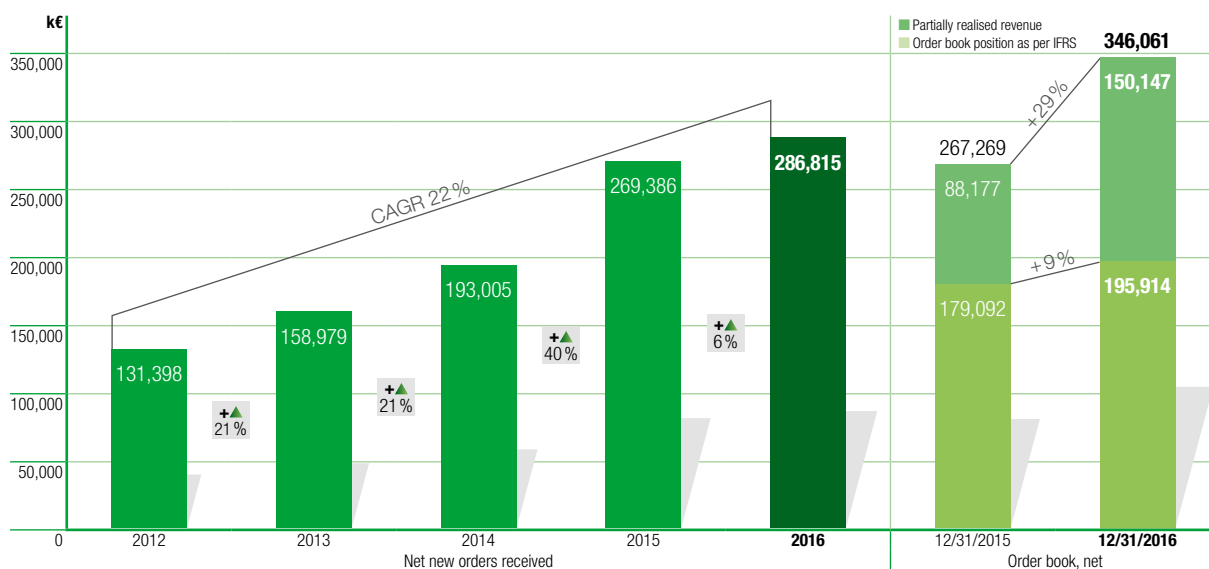
## Group companies' contributions to consolidated new order intake

in k€	2016	Share in %	2015	Share in %	2014	Share in %	2013	Share in %	2012	Share in %
HELMA Eigenheimbau AG*	99,041	34.5	111,155	41.3	81,816	42.4	74,320	46.7	82,062	62.4
HELMA Wohnungsbau GmbH	150,805	52.6	138,620	51.4	88,475	45.8	75,145	47.3	40,441	30.8
HELMA Ferienimmobilien GmbH	36,969	12.9	19,611	7.3	22,714	11.8	9,514	6.0	8,895	6.8
<b>Total</b>	<b>286,815</b>	<b>100.0</b>	<b>269,386</b>	<b>100.0</b>	<b>193,005</b>	<b>100.0</b>	<b>158,979</b>	<b>100.0</b>	<b>131,398</b>	<b>100.0</b>

\*HELMA LUX S.A. was merged with HELMA Eigenheimbau AG in 2014. The new order intake of HELMA LUX S.A. in FY 2012-2013 is included in the figures for HELMA Eigenheimbau AG.

The net order book position, which is composed of the net order book total held as of the balance sheet date, and consequently of orders that have not yet been finally settled, amounted to € 346.1 million as of December 31, 2016. This amount includes revenues of € 150.1 million partially realised according to the percentage of completion method (December 31, 2015: € 88.2 million). This generates an IFRS order book position of € 195.9 million, which is up by around 9 % on the previous year's level and provides a solid starting position to achieve the revenue growth we target for the current financial year (see forecast report).

## HELMA Group new order intake and order book position



## Group earnings

### Revenue trends

The consolidated revenue of the HELMA Group grew by 25 % in the 2016 financial year to reach € 263.8 million (previous year: € 210.6 million) and was slightly above the forecast of around € 260.0 million made last year. Final invoices were issued for 695 units in the year under review in this context (previous year: 598 units). Of the final invoices, 416 houses were attributable to HELMA Eigenheimbau AG, 159 units to HELMA Wohnungsbau GmbH, and 120 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 revenue share of HELMA Eigenheimbau AG amounted to € 91.9 million in 2016 (previous year: € 78.2 million), or 35 % of total consolidated revenue (previous year: 37 %). Revenue generated by HELMA Wohnungsbau GmbH increased from € 110.9 million to € 139.4 million in the year under review, which was realised especially in the major metropolitan areas of Berlin, Hanover and Munich. The revenue of HELMA Wohnungsbau GmbH consequently amounted to 53 % of total consolidated revenue, as in the previous year. HELMA Ferienimmobilien GmbH, which was founded in early 2011, contributed € 31.7 million (previous year: € 20.7 million), or 12 % (previous year: 10 %), to consolidated revenue in the year under review, thereby achieving the highest percentage revenue growth in the reporting year. Revenue generated by Hausbau Finanz GmbH amounted to € 0.9 million in 2016 (previous year: € 0.8 million).

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

in k€	2016	Share in %	2015	Share in %	2014	Share in %	2013	Share in %	2012	Share in %
HELMA Eigenheimbau AG*	91,864	34.8	78,245	37.1	77,352	45.4	72,460	52.5	69,398	60.9
HELMA Wohnungsbau GmbH	139,428	52.9	110,916	52.7	65,717	38.5	59,533	43.1	37,222	32.7
HELMA Ferienimmobilien GmbH	31,657	12.0	20,679	9.8	26,695	15.7	5,494	4.0	6,743	5.9
Hausbau Finanz GmbH	893	0.3	778	0.4	734	0.4	531	0.4	625	0.5
<b>Total</b>	<b>263,842</b>	<b>100.0</b>	<b>210,618</b>	<b>100.0</b>	<b>170,497</b>	<b>100.0</b>	<b>138,018</b>	<b>100.0</b>	<b>113,988</b>	<b>100.0</b>

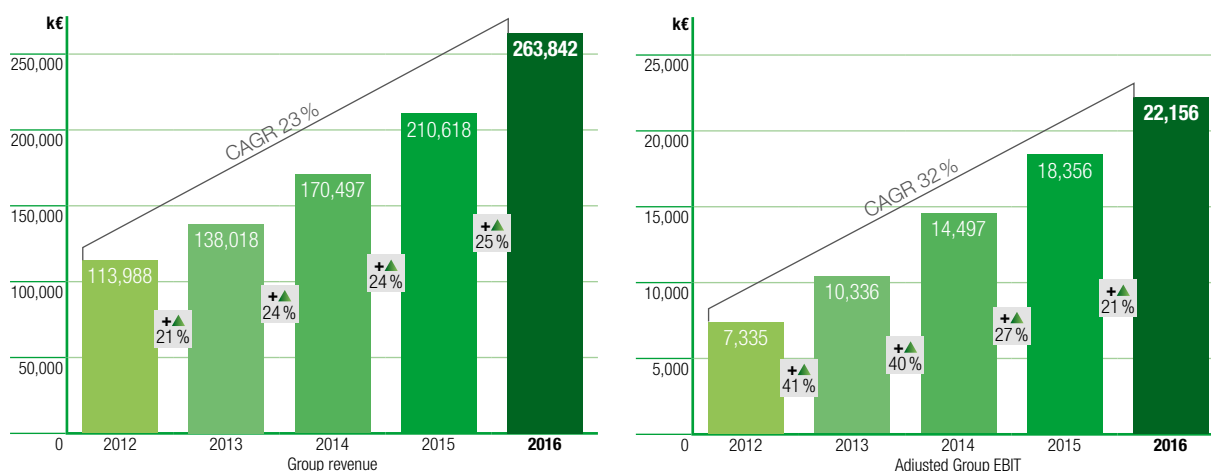
\*HELMA LUX S.A. was merged with HELMA Eigenheimbau AG in 2014. The revenue of HELMA LUX S.A. in FY 2012-2013 is included in the figures for HELMA Eigenheimbau AG

## 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.

On the basis of € 53.2 million higher revenue (+25 %), we improved (unadjusted) consolidated EBIT of from € 17.8 million to € 21.7 million, as expected. This includes the disposal of capitalised interest in a volume of € 0.5 million (previous year: € 0.6 million). Consolidated EBIT adjusted for the disposal of capitalised interest consequently amounted to € 22.2 million (previous year: € 18.4 million).

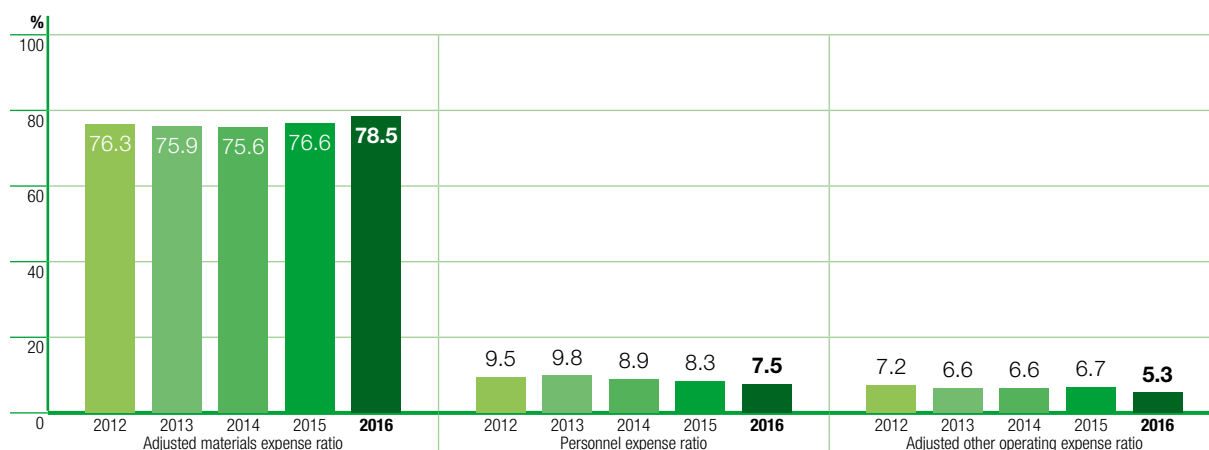
## Group revenue and adjusted group EBIT (according to IFRS)



In this context, a reduction in the personnel expense ratio in relation to revenue was achieved, as in the previous year, although looking ahead to the significant revenue growth that we anticipate over the coming years, we continued to create the basis for a tangible expansion of our business volumes through numerous new hires during the financial year elapsed. The 0.8 % reduction in the personnel ratio to 7.5 % reflects the property development business's growing share of consolidated revenue. The land shares included in the revenues of HELMA Wohnungsbau GmbH and HELMA Ferienimmobilien GmbH account for significantly lower overall personnel cost intensity from the property development business compared with the building services business.

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 6.7 % to 5.3 % in the year under review.

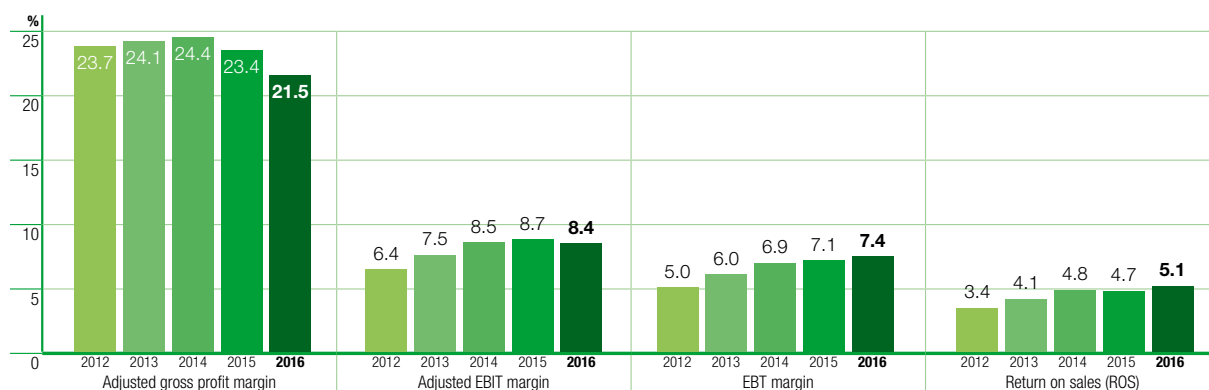
### Trends in cost ratios to revenue (according to IFRS)



The gross profit margin amounted to 21.5 % in the reporting year (previous year: 23.4 %). 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 8.4 % in the reporting year, slightly below the previous year's level.

### Trends in profit margins (according to IFRS)



After a net financial result of € -2.1 million (previous year: € -2.8 million), earnings before tax stood at € 19.6 million (previous year: € 15.0 million). After taking borrowing costs into account, we consequently succeeded in lifting the EBT margin to 7.4 % in 2016 (previous year: 7.1 %).

With net income after minority interests of € 13.5 million (previous year: € 10.0 million), we achieved another record result in the 2016 financial year, establishing the return on sales at a high level of 5.1 %. Overall, we generated € 3.37 of earnings per share (previous year: € 2.69).

### Business progress at the HELMA Group (according to IFRS)

in k€	2016	2015
<b>Sales revenue</b>	<b>263,842</b>	<b>210,618</b>
- of which revenue from long-term construction orders (PoC-method)	62,494	35,432
Adjusted changes in stocks of finished goods and work in progress*	10,565	53,962
<b>Total output</b>	<b>274,407</b>	<b>264,580</b>
Other own work capitalised	123	7
Other operating income	1,666	1,004
Expense for materials and third-party services	-216,785	-212,805
Personnel expense	-19,762	-17,512
Other operating expenses	-15,700	-15,198
<b>Adjusted EBITDA*</b>	<b>23,949</b>	<b>20,076</b>
Depreciation/amortisation	-1,793	-1,720
<b>Adjusted EBIT*</b>	<b>22,156</b>	<b>18,356</b>
Disposal of capitalised interest	-494	-582
Net financial result	-2,094	-2,818
<b>EBT</b>	<b>19,568</b>	<b>14,956</b>
Income tax	-6,039	-4,973
<b>Net income before minority interests</b>	<b>13,529</b>	<b>9,983</b>
Minority interests' share of earnings	-31	-31
<b>Net income after minority interests</b>	<b>13,498</b>	<b>9,952</b>
<b>Earnings per share</b>	<b>3.37</b>	<b>2.69</b>

\* adjusted for the disposal of capitalised interest, respectively

## Group net assets and financial position

### Assets

The total assets of the HELMA Group grew by 13.6 % from € 245.0 million to € 278.2 million in the period under review. Non-current assets stood at an almost unchanged level of € 18.6 million as of the balance sheet date. By contrast, current assets reported growth of € 33.2 million to € 259.7 million, which is due mainly to a € 19.4 million increase in inventories to € 173.8 million. As the largest items that also represent the basis for further growth in the project business, inventories include project-related land valued at the lower of cost or market in an amount of € 124.3 million (December 31, 2015: € 125.7 million), and buildings in a volume of € 44.7 million (December 31, 2015: € 26.0 million). Cash and cash equivalents amounted to € 11.3 million as of the balance sheet date, representing a slight reduction on the previous year's position.

### Group balance sheet structure: assets (according to IFRS)

in k€	12/31/2016	Share	12/31/2015	Share
Non-current assets	18,575	6.7 %	18,525	7.6 %
- of which property, plant and equipment	16,398	5.9 %	16,342	6.7 %
Current assets	259,667	93.3 %	226,469	92.4 %
- of which inventories including land	173,816	62.5 %	154,369	63.0 %
- of which cash and cash equivalents	11,331	4.1 %	12,493	5.1 %
<b>Total Assets</b>	<b>278,242</b>	<b>100.0 %</b>	<b>244,994</b>	<b>100.0 %</b>

Year	Current assets (%)	Non-current assets (%)
Assets 12/31/2016	93.3	6.7
Assets 12/31/2015	92.4	7.6

### Equity and liabilities

On the equity and liabilities side, equity was up from € 69.9 million to € 80.2 million as of the balance sheet date. This strengthening of equity results chiefly from the consolidated net profit of € 13.5 million that was generated in the 2016 financial year, less the € 3.2 million dividend for the 2015 financial year that was paid out in July 2016. This is reflected in a slightly increase in the equity ratio to 28.8 % as of the balance sheet date (December 31, 2015: 28.5 %), well above the average sector level.

Non-current liabilities increased from € 67.2 million to € 112.3 million in the reporting period to reach 40.4 % share of total assets (December 31, 2015: 27.4 %), which is particularly attributable to the rise in non-current financial liabilities from € 60.4 million to € 103.2 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 € 17.5 million at an interest rate of 2.5 % p.a., and a 7-year tranche of € 8.0 million at an interest rate of 2.915 % p.a. A KfW loan of € 10.0 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 were issued and the KfW loan was arranged, as was the case with the promissory notes issued in the 2015 financial year. As of December 31, 2016, 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).

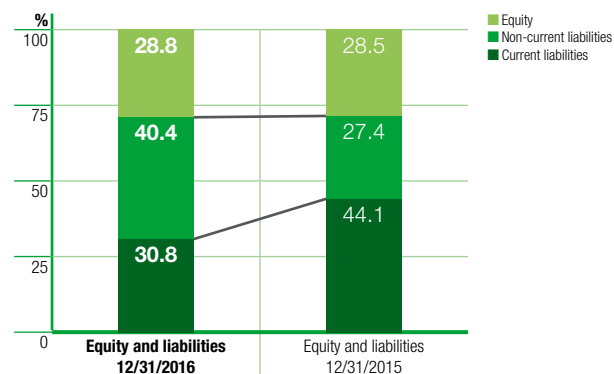


With the aforementioned financing volume, the € 35.0 million bond with a 5.875 % interest rate and an original maturity up until September 19, 2018, was repaid early on the earliest possible date on September 19, 2016 at 101 % of par. On the basis of the € 35.0 million volume, this significantly reduced annual borrowing costs connected with the bond from around € 2.1 million to approximately € 0.9 million.

The remaining 30.8 % share of total equity and liabilities was attributable to current liabilities (December 31, 2015: 44.1 %), which amounted to € 85.7 million as of the balance sheet date (December 31, 2015: € 107.9 million). This was particularly due to the reduction in current financial liabilities from € 50.7 million to € 32.4 million, reflecting the aforementioned repayment of the bond.

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

in k€	12/31/2016	Share	12/31/2015	Share
Equity	80,236	28.8 %	69,898	28.5 %
Non-current liabilities	112,309	40.4 %	67,168	27.4 %
- of which non-current financial liabilities	103,216	37.1 %	60,403	24.7 %
Current liabilities	85,697	30.8 %	107,928	44.1 %
- of which current financial liabilities	32,435	11.7 %	50,671	20.7 %
<b>Total equity and liabilities</b>	<b>278,242</b>	<b>100.0 %</b>	<b>244,994</b>	<b>100.0 %</b>



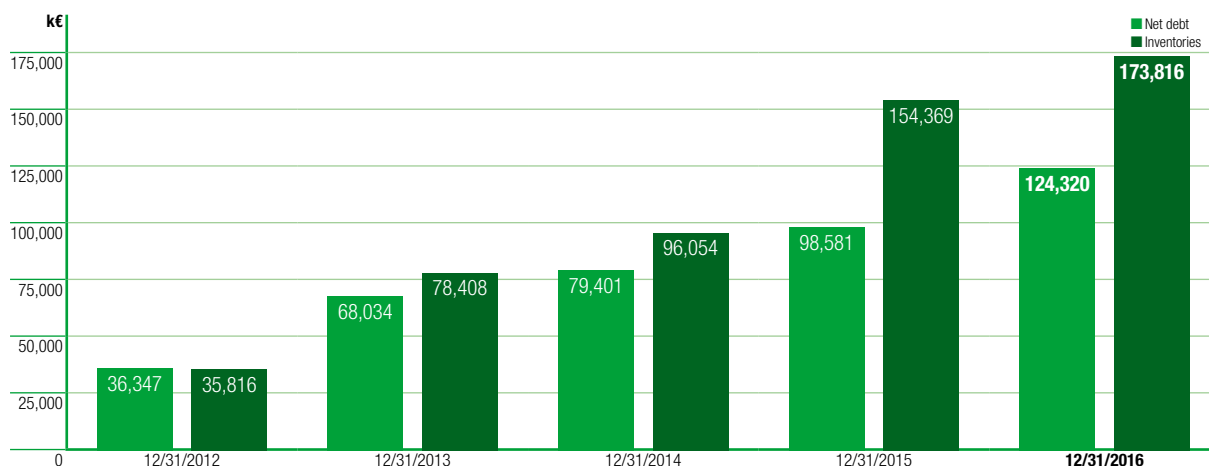
The net finance debt of the HELMA Group increased from € 98.6 million to € 124.3 million as of December 31, 2016, especially due to the greater utilisation of land acquisition and project financing facilities carrying favourable interest rates. Equity also advanced from € 69.9 million to € 80.2 million over the same period. The HELMA Group continues to command a very healthy capital structure with net finance debt comprising 44.7 % of total assets (December 31, 2015: 40.2 %), and a 28.8 % equity ratio (December 31, 2015: 28.5 %).

### Changes in net debt and equity

in k€	2016	Share in %	2015	Share in %	2014	Share in %	2013	Share in %	2012	Share in %
Finance debt	135,651		111,074		86,317		74,855		37,887	
Cash and cash equivalents	-11,331		-12,493		-6,916		-6,821		-1,540	
Net debt	124,320	44.7	98,581	40.2	79,401	49.6	68,034	49.8	36,347	42.9
Equity	80,236	28.8	69,898	28.5	40,952	25.6	28,033	20.5	20,365	24.1
<b>Total assets</b>	<b>278,242</b>	<b>100.0</b>	<b>244,994</b>	<b>100.0</b>	<b>159,947</b>	<b>100.0</b>	<b>136,600</b>	<b>100.0</b>	<b>84,645</b>	<b>100.0</b>

Along with the rise in net financial liabilities from € 98.6 million to € 124.3 million, the inventory position, which includes project land measured at the lower of cost or market, rose from € 154.4 million to € 173.8 million. Inventories thereby exceed net financial liabilities by 39.8 % as of the balance sheet date (previous year: 56.6 %).

## Changes in net debt and inventories



## Cash flow statement

In the year under review profitability within the HELMA Group once again registered a further significant improvement. This is also evident from cash flows, with cash earnings generated reporting a further marked increase from € 13.7 million to € 17.1 million. Cash flow from operating activities amounted to a total of €-20.8 million in 2016 (previous year: €-36.2 million) due to the € 37.9 million (previous year: € 49.9 million) working capital expansion that was necessitated as a result of the planned further sales growth in the property development business.

Cash flow from investing activities of €-1.9 million in 2016 stood approximately at the previous year's level, being characterised by capital expenditures on property, plant and equipment, and intangible assets, as described in the **section on Group investments**.

Cash flow from financing activities amounted to € 21.5 million in the financial year under review (previous year: € 43.7 million), and is largely attributable to the greater utilisation of land acquisition and project financing facilities carrying favourable interest rates.

The financial funds of the HELMA Group stood at € 11.3 million as of the balance sheet date. The HELMA Group also has free credit lines in a low double-digit amount in millions of euros at its disposal. Consequently, the HELMA Group's financial position remains very solid.

## Group cash flow statement (according to IFRS)

in k€	2016	2015	2014	2013	2012
Cash flow from operating activities	-20,782	-36,230	-14,261	-31,297	-18,582
- of which cash earnings	17,077	13,681	11,210	9,145	6,447
- of which change in working capital	-37,857	-49,921	-25,517	-40,308	-24,979
- of which gain/loss on disposal of fixed assets	-2	10	46	-134	-50
Cash flow from investing activities	-1,859	-1,922	-2,062	-1,993	-601
Cash flow from financing activities	21,479	43,729	16,418	38,571	16,930
<b>Cash and cash equivalents at the end of the period</b>	<b>11,331</b>	<b>12,493</b>	<b>6,916</b>	<b>6,821</b>	<b>1,540</b>

## Group investments

We invested a total of € 2.4 million in property, plant and equipment, and in intangible assets in 2016 (previous year: € 2.0 million). Of this amount, an investment portion of € 0.5 million (previous year: € 0.6 million) was attributable to the land and buildings area, which was utilised mainly for the newbuild of a showhouse in Chemnitz, the expansion of the administrative building in Lehrte, and the maintenance of existing showhouses.

Investments in intangible assets amounted to € 0.5 million in the year under review (previous year: € 0.3 million), which were predominantly attributable to software programs and licenses.

Investments in operating and office equipment totalled € 1.4 million in 2016 (previous year: € 1.1 million), and were focused primarily on the replacement of vehicles, IT equipment and furniture.

## Investments in property, plant and equipment, and intangible assets

in k€	2016	2015
Land and buildings	529	605
Software	531	305
Office and operating equipment	1,379	1,092
<b>Total</b>	<b>2,439</b>	<b>2,002</b>

In the 2017 financial year, we plan to realise investments in property, plant and equipment, and in intangible assets up to one third above the level in 2016. These include investments in expanding our administrative building, maintaining 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 12 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 suppress 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 and dragon boat teams. Last year, we also expanded these highly varied offerings to include a badminton team.

### 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 and societal commitment, we support the development of children in various 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<sub>2</sub> 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



ecoSolar house



PlusEnergy house



Solar energy house



The EnergieAutarke house -  
(energy-independent house)

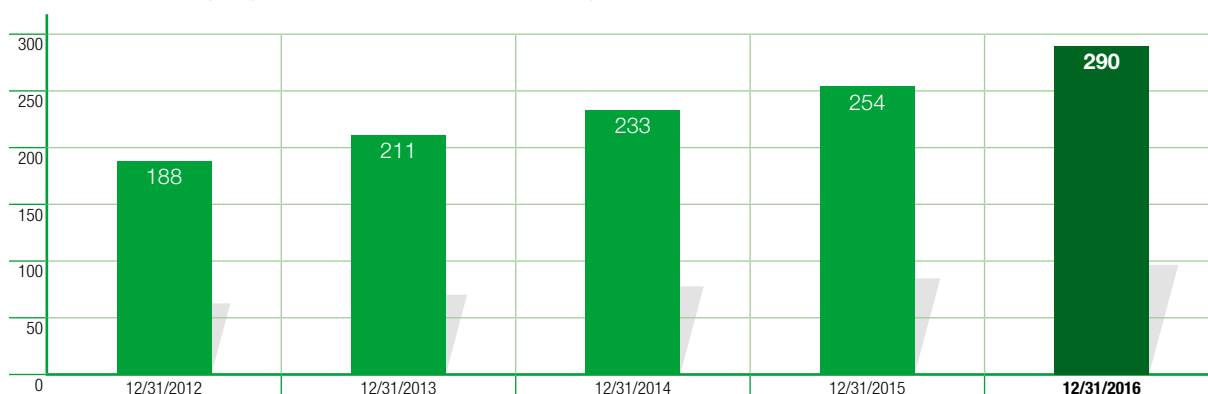
## Employees, sales partners and the company's boards

### Development of staff and specialist consultants in the HELMA corporation

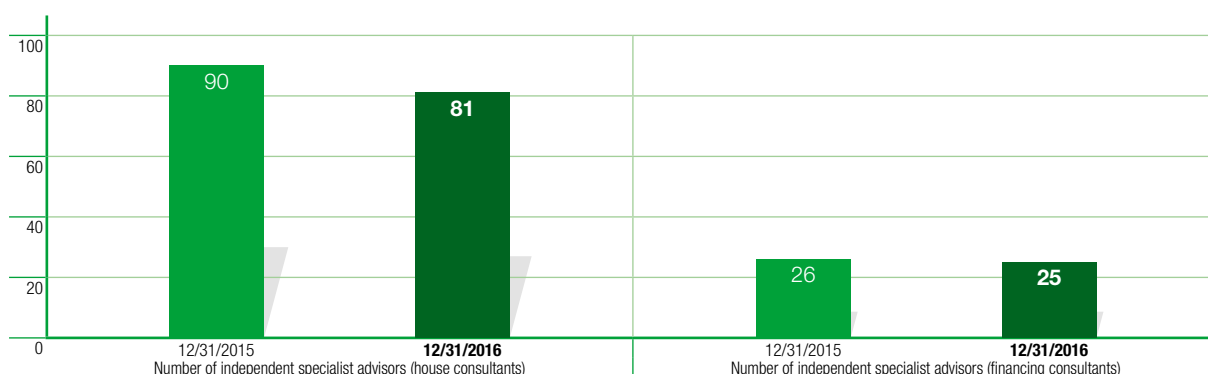
Compared with the end of the 2015 financial year, the number of staff employed by the company underwent a 14 % increase from 254 to 290 as of December 31, 2016. Besides this, the HELMA Group employed 10 individuals on a minor part-time basis as of the reporting date (previous year: 15). Hiring occurred especially in the areas of construction management, customer management and project development at the property development subsidiaries, and reflected significant new order intake growth and 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 81 (previous year: 90), its level in 2014. The number of independent financing advisers was almost unchanged in 2016 at 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 2016, 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, 2016, the company's Supervisory Board was composed of Mr. Otto W. Holzkamp (Chairman), Mr. Sven Aßmann (Deputy Chairman), Dr. Peter Plathe, and Mr. Paul Heinrich Morzynski. 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 Paragraph 3 of the German Commercial Code, the management report for HELMA Eigenheimbau AG is aggregated with that of the HELMA Group.

The regulations of the German Commercial Code (HGB) amended as a result of the German Accounting Guidelines Implementation Act (BilRUG) were applied for the first time in the year under review. These amendments relate especially to applying the modified structure for the income statement as well as reclassifications from other operating income to revenue, and restating respective previous year's figures.

## Net assets and financial position

The total assets of HELMA Eigenheimbau AG amounted to € 112.3 million as of December 31, 2016 (December 31, 2015: € 139.7 million). On the assets side of the balance sheet, this decrease arises particularly from a marked reduction in current assets from € 120.2 million to € 93.0 million, which chiefly reflects a € 27.6 million decrease in receivables due from associated companies. Non-current assets stood at an almost unchanged level of € 18.8 million as of the balance sheet date.

## Balance sheet structure: assets (according to HGB)

in k€	12/31/2016	12/31/2015
Non-current assets	18,834	18,623
Current assets	93,030	120,170
- of which cash and cash equivalents	6,885	7,006
Prepayments and accrued income	403	955
<b>Total assets</b>	<b>112,267</b>	<b>139,748</b>

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 € 61.4 million to € 68.1 million, especially reflecting the € 9.9 million of net income that was generated. The equity ratio amounted to 60.6 % as of the balance sheet date, well above the average for the building services sector. Provisions amounted to € 10.2 million at the end of the financial year under review (December 31, 2015: € 10.0 million).

Liabilities amounted to a total of € 34.0 million as of December 31, 2016, € 34.3 million below the previous year's level, and especially reflecting the early repayment of the bond in a volume of € 35.0 million as of September 19, 2016.

In the 2015 financial year, compliance with covenants was agreed in the promissory note contracts. As of December 31, 2016, 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 € 6.9 million as of the end of 2016, 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: equity and liabilities (according to HGB)

in k€	12/31/2016	12/31/2015
Equity	68,072	61,362
Provisions	10,229	9,970
Liabilities	33,959	68,291
Prepayments and accrued income	4	103
Deferred tax liabilities	3	22
<b>Total equity and liabilities</b>	<b>112,267</b>	<b>139,748</b>



## Profitability

The total output of HELMA Eigenheimbau AG increased by € 14.1 million to € 101.4 million in the year under review (previous year: € 87.3 million).

### Total output of HELMA Eigenheimbau AG (according to HGB)

in k€	2016	2015
Sales revenue	97,344	86,102
Change in stocks of finished goods and work in progress	4,043	1,180
<b>Total output</b>	<b>101,387</b>	<b>87,282</b>

Gross profit was raised from € 29.0 million to € 31.9 million, equivalent to an approximately 31.4 % gross profit margin in relation to total output (previous year: 33.2 %). 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 € 8.8 million in the reporting year, up € 3.6 million year-on-year, as expected. The net financial result was increased by € 1.0 million to € 5.5 million. Overall, HELMA Eigenheimbau AG achieved € 9.9 million of net income for the 2016 financial year, representing a significant increase of € 3.5 million above the previous year's level. In the separate financial statements of HELMA Eigenheimbau AG prepared in accordance with the accounting regulations of the German Commercial Code (HGB), we anticipate a slight increase in revenue for 2017 as well as a further considerable earnings improvement.

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

in k€	2016	Share	2015	Share
<b>Total output</b>	<b>101,387</b>	<b>100.0 %</b>	<b>87,282</b>	<b>100.0 %</b>
Materials expense	-69,510	-68.6 %	-58,319	-66.8 %
<b>Gross profit</b>	<b>31,877</b>	<b>31.4 %</b>	<b>28,963</b>	<b>33.2 %</b>
Other own work capitalised	123	0.1 %	7	0.0 %
Other operating income	781	0.8 %	694	0.8 %
Personnel expense	-13,080	-12.9 %	-12,788	-14.7 %
Depreciation/amortisation	-1,685	-1.7 %	-1,624	-1.9 %
Other operating expenses	-9,236	-9.0 %	-10,103	-11.6 %
<b>EBIT</b>	<b>8,780</b>	<b>8.7 %</b>	<b>5,149</b>	<b>5.9 %</b>
Net financial result	5,514	5.4 %	4,477	5.1 %
<b>Earnings before income tax</b>	<b>14,294</b>	<b>14.1 %</b>	<b>9,626</b>	<b>11.0 %</b>
<b>Profit for the year</b>	<b>9,870</b>	<b>9.7 %</b>	<b>6,374</b>	<b>7.3 %</b>

## 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 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 that operate in it. We constantly monitor changes in regulatory conditions that affect our operating activities, such as the forthcoming building law reform, 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 extremely 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 2016.

### **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, 2016, 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 € 9,869,920.64 for the 2016 financial year. As part of adopting the separate annual financial statements as part of the Supervisory Board meeting on March 23, 2017, the Management Board proposes to the Supervisory Board that it proposes to the Shareholders' General Meeting on July 7, 2017 that it distributes a dividend of € 1.10 per dividend-entitled ordinary share, consequently € 4,400,000.00, and to transfer the remaining amount of € 5,469,920.64 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 HELMA Group's aim is to expand its own market position and gain additional market shares through further organic growth.

### 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 – enabling HELMA customer and homeowner Sky du Mont to function as an advertising partner – as well as the annually growing number of new building projects realised. The aim is also to acquire a growing number of new customers through customer recommendations, thereby further strengthening the company's presence on the market.

### **Buying attractive plots of land for the property development business**

In the residential property business (HELMA Wohnungsbau GmbH), the past years' significant sales growth is to be continued especially through the further buying of attractive plots of land in high-growth conurbation areas. In line with the business model, individually-planned detached houses and/or preplanned semi-detached, terraced and multi-family houses are to be built on these land plots applying solid construction methods.

The major cities of Berlin, Hamburg, Hanover, Leipzig, Munich, and Potsdam will be target regions in this context. Since the HELMA Group possesses a large number of good banking contacts of many years' standing, the opportunity generally exists to finance purchased land plots with a financing share of about 80 % with a banking partner. In the case of detached and semi-detached houses, such financing facilities are restricted to the purchase of the land plots as building activities in this case do not generally start until after the respective sale. When building terraced and multi-family houses, some proportional financing of the construction costs also occurs, if building commences after certain predetermined presale levels are achieved. We will continue to subject such projects to particularly intensive review in the future in order to ensure as best as possible that our capital is tied up in specific projects for as short a period as possible.

Constantly updated information about a large number of current projects of HELMA Wohnungsbau GmbH can be downloaded from [www.HELMA-WB.de](http://www.HELMA-WB.de).

### **Becoming a market-leading player in the holiday properties area**

A further aim of the HELMA Group is to establish itself as one of the market-leading players in the holiday properties market. In this area, too, sustainable sales revenue growth is to be generated through increasing the number of projects realised every year respectively, the project scope realised. The market knowledge required to locate appropriate land plot areas to implement touristically attractive projects is regarded as one of the core competencies of HELMA Ferienimmobilien GmbH. Where they offer good infrastructure, the German North Sea and Baltic Sea coasts as well as German lake locations, in particular, comprise target regions. The remarks made above relating to land purchase financing for the property development business in the owner-occupier homes area relate correspondingly to financing in this area, too.

Constantly updated information about current projects of HELMA Ferienimmobilien GmbH can be downloaded from [www.HELMA-FI.de](http://www.HELMA-FI.de).

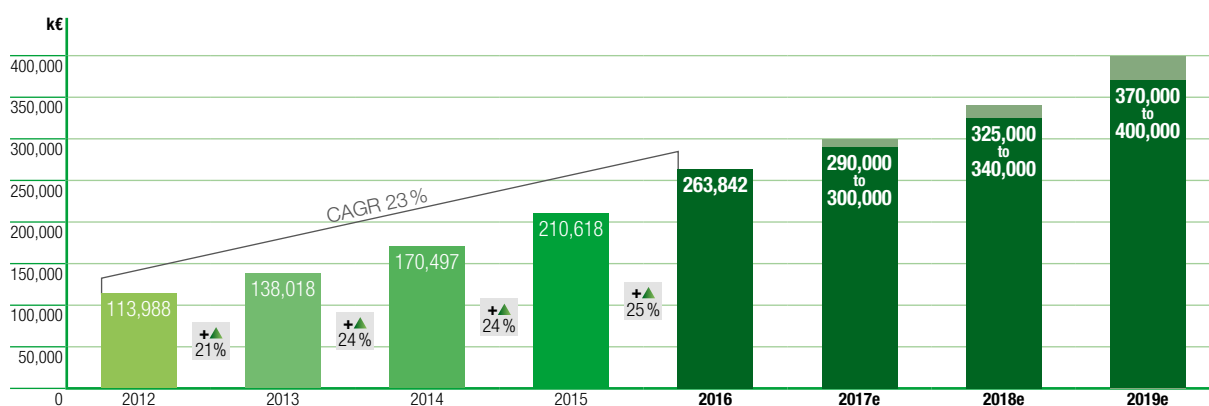
## **Forecast report**

We announced an adjusted forecast in an ad hoc statement on February 23, 2017. The reduction in planned revenues for the 2017 and 2018 financial years was due to significantly longer processing times in the residential property development business in the construction planning and contracting phases due to high demand, as well as very high capacity utilisation and restricted availability of the market participants involved in these phases (including government bodies). In preparing the updated planning, we have in part intentionally taken revenue shifts in subsequent years into account in updating plans, to continue to ensure high execution quality and a considerable degree of cost certainty in all business areas.

Also after the adjustment in February 2017, we expect double-digit percentage growth rate for revenue for the 2017-2019 financial years on average. The planned consolidated revenue amounts to € 290-300 million in 2017, € 325-340 million in 2018 and € 370-400 million in 2019. We assume on a project-related basis that most revenue and earnings contributions will be generated in the second half of the year, as in previous years.

An EBIT margin in a range between 7.0 % and 10.0 % is anticipated in each of the 2017-2019 financial years, after adjusting for capitalised interest. The margin in 2017 will prospectively lie in the lower third of the range.

### Group revenue 2012-2019e (according to IFRS)



Lehrte, March 14, 2017

**Signed Karl-Heinz Maerzke**  
Management Board Chairman

**Signed Gerrit Janssen**  
Management Board member

**Signed Max Bode**  
Management Board member



## Consolidated Financial Statements

for the period January 1, 2016 to December 31, 2016 according to IFRS

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## Consolidated balance sheet

ASSETS in k€	Note	12/31/2016	12/31/2015
<b>Non-current assets</b>			
Other intangible assets	(1)	796	521
Goodwill	(2)	1,380	1,380
Property, plant and equipment	(3)	16,398	16,342
Investment property	(4)	0	281
Other non-current assets	(5)	1	1
<b>Non-current assets, total</b>		<b>18,575</b>	<b>18,525</b>
<b>Current assets</b>			
Inventories	(6)	173,816	154,369
Receivables arising from construction orders	(7)	50,557	37,271
Trade receivables	(8)	21,251	19,345
Tax receivables	(9)	117	51
Other current receivables	(10)	2,595	2,940
Cash and cash equivalents	(11)	11,331	12,493
<b>Current assets, total</b>		<b>259,667</b>	<b>226,469</b>
<b>Total assets</b>		<b>278,242</b>	<b>244,994</b>

<b>EQUITY &amp; LIABILITIES in k€</b>	<b>Note</b>	<b>12/31/2016</b>	<b>12/31/2015</b>
<b>Equity</b>	(12)		
Issued share capital		4,000	4,000
Capital reserves		41,533	41,533
Revenue reserves		14,682	11,468
Balance sheet profit		19,900	12,776
Equity attributable to HELMA Eigenheimbau AG owners		80,115	69,777
Minority interests		121	121
<b>Equity, total</b>		<b>80,236</b>	<b>69,898</b>
<b>Non-current liabilities</b>			
Pension provisions and similar obligations	(13)	11	12
Other non-current provisions	(14)	881	748
Non-current financial liabilities	(15)	103,216	60,403
Trade payables	(16)	3,151	2,630
Other non-current liabilities		102	9
Deferred tax	(17)	4,948	3,366
<b>Non-current liabilities, total</b>		<b>112,309</b>	<b>67,168</b>
<b>Current liabilities</b>			
Other current provisions	(18)	23,981	31,535
Tax liabilities	(19)	4,201	2,334
Current financial liabilities	(20)	32,435	50,671
Trade payables	(21)	6,550	5,438
Other current liabilities	(22)	18,530	17,950
<b>Current liabilities, total</b>		<b>85,697</b>	<b>107,928</b>
<b>Total equity and liabilities</b>		<b>278,242</b>	<b>244,994</b>

## Consolidated statement of total comprehensive income

in k€	Note	2016	2015
<b>Revenue</b>	(23)	<b>263,842</b>	<b>210,618</b>
Change in stocks of finished goods and work in progress	(24)	10,071	53,380
Other own work capitalised	(25)	123	7
Other operating income	(26)	1,666	1,004
Expense for materials and third-party services	(27)	-216,785	-212,805
Personnel expense	(28)	-19,762	-17,512
Depreciation/ amortisation	(29)	-1,793	-1,720
Other operating expenses	(30)	-15,700	-15,198
<b>Operating earnings (EBIT)</b>		<b>21,662</b>	<b>17,774</b>
Finance expenses	(31)	-2,114	-2,824
Other financial income	(32)	20	6
<b>Earnings before tax (EBT)</b>		<b>19,568</b>	<b>14,956</b>
Income tax	(33)	-6,039	-4,973
<b>Net income before minority interests</b>		<b>13,529</b>	<b>9,983</b>
Minority interests' share of earnings		-31	-31
<b>Net income after minority interests</b>		<b>13,498</b>	<b>9,952</b>

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 €	2016	2015
undiluted	3.37	2.69
diluted	3.37	2.69

## Consolidated cash flow statement

in k€	2016	2015
1. Earnings after tax	13,529	9,983
2. +/- Depreciation/amortisation	1,793	1,720
3. +/- Change in non-current provisions	132	-509
4. +/- Change in deferred tax	1,582	1,406
5. +/- Other non-cash-effective transactions	41	1,081
<b>6. = Cash earnings (sum of 1 to 5)</b>	<b>17,077</b>	<b>13,681</b>
7. -/+ Change in inventories	-19,447	-58,315
8. -/+ Change in receivables and other assets	-14,936	-21,331
9. +/- Change in current provisions	-7,554	22,640
10. +/- Change in liabilities (excluding financial liabilities)	4,080	7,085
<b>11. +/- Change in working capital (sum of 7 to 10)</b>	<b>-37,857</b>	<b>-49,921</b>
12. -/+ Gain/loss on disposal of assets	-2	10
<b>13. = Cash flow from operating activities (sum of 6, 11 and 12)</b>	<b>-20,782</b>	<b>-36,230</b>
14. + Payments received from disposal of property, plant and equipment	300	80
15. + Payments received from disposal of investment property	280	0
16. - Cash outflow for investments in property, plant and equipment	-1,908	-1,697
17. - Outgoing payments for investments in intangible assets	-531	-305
<b>18. = Cash flow from investing activities (sum of 14 to 17)</b>	<b>-1,859</b>	<b>-1,922</b>
19. - Cash outflows to other shareholders	-31	-31
20. - Dividend	-3,160	-2,331
21. + Payments received from capital increase	0	21,325
22. +/- Cash inflows from issuance/redemption of bonds	-35,000	0
23. +/- Issuing/repayment of promissory notes	25,500	15,000
24. +/- Drawing down/redemption of other financial liabilities	34,170	9,766
<b>25. = Cash flow from financing activities (sum of 19 to 24)</b>	<b>21,479</b>	<b>43,729</b>
<b>26. Net change in cash and cash equivalents (sum of 13, 18 and 25)</b>	<b>-1,162</b>	<b>5,577</b>
<b>27. Cash and cash equivalents at the start of the period</b>	<b>12,493</b>	<b>6,916</b>
<b>28. Cash and cash equivalents at the end of the period</b>	<b>11,331</b>	<b>12,493</b>

## Consolidated statement of changes in equity

in k€	Issued share capital	Capital reserves	Revenue reserves	Balance sheet profit	Shares of owners of HELMA Eigenheimbau AG	Shares of minority interests	Equity Total
<b>Status January 1, 2015</b>	<b>3,410</b>	<b>20,798</b>	<b>7,143</b>	<b>9,480</b>	<b>40,831</b>	<b>121</b>	<b>40,952</b>
Capital increase	590	20,735	0	0	21,325	0	21,325
Dividend	0	0	0	-2,331	-2,331	0	-2,331
Withdrawals/deposits	0	0	4,325	-4,325	0	-31	-31
Net income for the year	0	0	0	9,952	9,952	31	9,983
<b>Status December 31, 2015</b>	<b>4,000</b>	<b>41,533</b>	<b>11,468</b>	<b>12,776</b>	<b>69,777</b>	<b>121</b>	<b>69,898</b>
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
<b>Status December 31, 2016</b>	<b>4,000</b>	<b>41,533</b>	<b>14,682</b>	<b>19,900</b>	<b>80,115</b>	<b>121</b>	<b>80,236</b>

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## 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, this 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 2016 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, 2016 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 2016.

These include:

a) Published standards and interpretations that require mandatory first-time application for the IFRS financial statements as of December 31, 2016:

### ■ Amendments to standards:

- Amendments to IAS 1 "Presentation of Financial Statements": Disclosure Initiative (comes into force on January 1, 2016)
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets": Clarification of Acceptable Methods of Depreciation and Amortisation (comes into force on January 1, 2016)
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" – Bearer Plants (comes into force on January 1, 2016)
- Amendments to IAS 19 "Employee Benefits": Employee Contributions (comes into force on February 1, 2015)



- Amendments to IAS 27 "Consolidated and Separate Financial Statements": Equity Method in Separate Financial Statements (comes into force on January 1, 2016)
  - Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" Investment Entities – Applying the Consolidation Exception (comes into force on January 1, 2016)
  - Amendments to IFRS 11 "Joint Arrangements": Acquisition of an Interest in a Joint Operation (comes into force on January 1, 2016)
  - Various amendments: IASB's 2010-2012 Annual Improvements Project (comes into force on February 1, 2015)
  - Various amendments: IASB's 2012-2014 Annual Improvements Project (comes into force on January 1, 2016)
  - **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, 2016:
- **Amendments to standards:**
    - Amendments to IAS 7 "Statements of Cash Flows": Disclosures of changes to certain financial liabilities (comes into force on January 1, 2017) \*
    - Amendments to IAS 12 "Income Taxes": Recognition of deferred tax assets for unrealised losses (comes into force on January 1, 2017) \*
  - **New standards:**
    - IFRS 9 "Financial Instruments" (comes into force on January 1, 2018)
    - IFRS 14 "Regulatory Deferral Accounts" (comes into force on January 1, 2016)\*\*
    - IFRS 15 "Revenue from Contracts with Customers" (comes into force on January 1, 2018)
    - IFRS 16 "Leases" (comes into force on January 1, 2019)\*
  - **New interpretations:**
    - None

\* Not yet endorsed by EU.

\*\* IFRS 14 is not to be adopted into EU law.

The company has, and will, apply the new standards and interpretations once their application is mandatory within the EU. No significant effects have resulted or are anticipated for the balance sheet and income statement. 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 amortization. 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 7.6 % (previous year: 8.1 %). This interest rate was calculated on the basis of a risk-free rate of 1.0 % (previous year: 1.5 %), 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.

### **Investment property**

Investment property is recognised at amortised cost. A useful life of 50 years is used as the basis for the measurement of depreciation.

### **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 recognised 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.

### **Share-based compensation**

The Stock Appreciation Rights (SARs) issued to one Management Board member as part of a share-based compensation scheme are to be classified as cash-settled share-based compensation. Pursuant to IFRS 2, these SARs were measured on the basis of a finance-mathematical option pricing model on each reporting date and on the satisfaction date. The calculated value of the SARs that will be prospectively exercised were expensed as personnel expenses. Provisions were formed to the same level. The SAR was fully exercised in the 2015 and 2016 financial years.

### 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-sheet-oriented 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)
<b>Subsidiaries of HELMA AG, Lehrte</b>	
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

<b>(1) Other intangible assets</b>		<b>k€ 796</b>
	12/31/2015	k€ 521

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€
01/01/2016	2016	2016	2016	2016	12/31/2016
521	531	0	0	256	796

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.

No indications existed of any impairment.

<b>(2) Goodwill</b>		<b>k€ 1,380</b>
	12/31/2015	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.

<b>(3) Property, plant and equipment</b>		<b>k€ 16,398</b>
	12/31/2015	k€ 16,342

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€
01/01/2016	2016	2016	2016	2016	12/31/2016
16,342	1,908	319	0	1,533	16,398

Property, plant and equipment is composed as follows:

in k€	12/31/2016	12/31/2015
Land rights and equivalent rights, and constructions including constructions on third-party land	13,820	14,103
Prepayments rendered and plant under construction	0	179
Other plant, operating and office equipment	2,578	2,060
<b>Total</b>	<b>16,398</b>	<b>16,342</b>

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.

<b>(4) Investment property</b>		<b>k€ 0</b>
	12/31/2015	k€ 281

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€
01/01/2016	2016	2016	2016	2016	12/31/2016
281	0	277	0	4	0

HELMA Wohnungsbau GmbH held four residential units in Magdeburg for the purpose of generating rental income. Measurement was at amortised cost according to the purchase cost model. The investment property was depreciated on a straight-line basis over 50 years. The property was sold in 2016.

Rental income amounted to k€ 20 in 2016 (previous year: k€ 26). Expenses directly attributable to the property amounted to k€ 9 (previous year: k€ 22).

<b>(5) Other non-current assets</b>		<b>k€ 1</b>
	12/31/2015	k€ 1

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

<b>Non-current assets, total</b>		<b>k€ 18,575</b>
	12/31/2015	k€ 18,525

### Current assets

<b>(6) Inventories</b>		<b>k€ 173,816</b>
	12/31/2015	k€ 154,369

This balance sheet item is composed as follows:

<b>in k€</b>	<b>12/31/2016</b>	<b>12/31/2015</b>
Raw materials and supplies (advertising materials)	106	53
Semifinished services	162,867	150,196
Prepayments rendered for inventories	10,843	4,120
<b>Total</b>	<b>173,816</b>	<b>154,369</b>

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

The reported inventories include land with a value of k€ 124,272 (previous year: k€ 125,652), building and ancillary building costs with a value of k€ 44,709 (previous year: k€ 26,017) and capitalised interest expenses with a value of k€ 4,629 (previous year: k€ 2,523).

Interest expenses of k€ 2,600 were capitalised in the year under review and reported under semifinished services (previous year: k€ 1,540). Reported semifinished services were also reduced by k€ 494 (previous year: k€ 582) due to the disposal of capitalised interest expenses.

<b>(7) Receivables arising from construction orders</b>		<b>k€ 50,557</b>
	12/31/2015	k€ 37,271

This balance sheet item is composed as follows:

in k€	12/31/2016	12/31/2015
Revenue realised on a proportional basis	150,147	87,653
Prepayments received relating to long-term construction order receivables	-99,590	-50,382
<b>Total</b>	<b>50,557</b>	<b>37,271</b>

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€	12/31/2016	12/31/2015
Revenue realised on a proportional basis	150,147	87,653
Acquisition and production costs realised on a proportional basis	-133,562	-76,231
Result from application of the PoC method	16,585	11,422

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.

(8) Trade receivables	k€ 21,251	
	12/31/2015	k€ 19,345

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.

(9) Tax receivables	k€ 117	
	12/31/2015	k€ 51

Tax receivables as of the balance sheet date included payment claims of HELMA AG arising from corporation tax plus the Solidarity Surcharge, and trade tax (previous year: k€ 51).

<b>(10) Other current receivables</b>		<b>k€ 2,595</b>
	12/31/2015	k€ 2,940

This balance sheet item is composed as follows:

<b>in k€</b>	<b>12/31/2016</b>	<b>12/31/2015</b>
Creditor accounts in debit	520	338
Commissions for commercial representatives	1,034	1,369
Prepayments and accrued income	652	994
Miscellaneous current receivables	389	239
<b>Total</b>	<b>2,595</b>	<b>2,940</b>

<b>(11) Cash and cash equivalents</b>		<b>k€ 11,331</b>
	12/31/2015	k€ 12,493

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

<b>Current assets, total</b>		<b>k€ 259,667</b>
	12/31/2015	k€ 226,469

<b>Total assets</b>		<b>k€ 278,242</b>
	12/31/2015	k€ 244,994

## (12) Equity

The change in consolidated equity is presented in detail in the consolidated statement of changes in equity (page 84).

<b>Issued share capital</b>		<b>k€ 4,000</b>
	12/31/2015	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 profit-sharing 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.

<b>Capital reserves</b>		<b>k€ 41,533</b>
	12/31/2015	k€ 41,533
<b>Revenue reserves</b>		<b>k€ 14,682</b>
	12/31/2015	k€ 11,468
<b>Balance sheet profit</b>		<b>k€ 19,900</b>
	12/31/2015	k€ 12,776
<b>Minority interests</b>		<b>k€ 121</b>
	12/31/2015	k€ 121

This balance sheet item changed as follows:

<b>in k€</b>	<b>12/31/2016</b>	<b>12/31/2015</b>
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
<b>Equity, total</b>		<b>k€ 80,236</b>
	12/31/2015	k€ 69,898

## 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€	12/31/2016		12/31/2015	
		in relation to total assets		in relation to total assets
Finance debt	135,651		111,074	
Cash and cash equivalents	-11,331		-12,493	
<b>Net debt</b>	<b>124,320</b>	<b>44.7 %</b>	<b>98,581</b>	<b>40.2 %</b>
<b>Equity</b>	<b>80,236</b>	<b>28.8 %</b>	<b>69,898</b>	<b>28.5 %</b>
<b>Total assets</b>	<b>278,242</b>	<b>100.0 %</b>	<b>244,994</b>	<b>100.0 %</b>

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

<b>(13) Pension provisions and similar obligations</b>		<b>k€ 11</b>
	12/31/2015	k€ 12

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 %	12/31/2016	12/31/2015
Interest rate	1.7	3.9
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).

<b>(14) Other non-current provisions</b>		<b>k€ 881</b>
	12/31/2015	k€ 748

This balance sheet item changed as follows:

in k€	Status as of 01/01/2016	Reclassifi- cation 2016	Utilisation 2016	Release 2016	Addition 2016	Status as of 12/31/2016
<b>Type of provision</b>						
Storage costs for business documents	23	0	0	0	0	23
Guarantees	725	0	725	0	858	858
<b>Total</b>	<b>748</b>	<b>0</b>	<b>725</b>	<b>0</b>	<b>858</b>	<b>881</b>

<b>(15) Non-current financial liabilities</b>		<b>k€ 103,216</b>
	12/31/2015	k€ 60,403

This balance sheet item changed as follows:



in k€	12/31/2016	12/31/2015
<b>Liabilities to finance partners</b>		
Residual term between 1 and 5 years	60,863	42,183
Residual term > 5 years	1,853	2,220
<b>2013-2017 mini-bond</b>		
Residual term between 1 and 5 years	0	1,000
<b>Promissory note</b>		
Residual term between 1 and 5 years	30,500	13,000
Residual term > 5 years	10,000	2,000
<b>Total</b>	<b>103,216</b>	<b>60,403</b>

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€ 84,203 (previous year: k€ 58,211) was secured by mortgages and carried interest rates of between 0.9 % and 5.0 % as of the reporting date.

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 carries a term from April 1, 2013 until September 30, 2017. The nominal interest rate amounts to 5.4 % with coupon payments occurring quarterly. The 2013-2017 mini-bond reported in the previous year under non-current financial liabilities was reclassified to current financial liabilities.

In September 2013, a bond with a nominal volume of k€ 25,000 was fully subscribed. In March 2014, this bond was topped up by an amount of k€ 10,000 at an issue price of 102 %. Originally the bond carried a term from September 19, 2013 until September 19, 2018. The nominal interest rate amounted to 5.875 % with coupon payments occurring annually. This bond had an early call right at 101 % of par as of September 19, 2016, which was exercised in conformity with the related terms and conditions. The early repayment penalty was already taken into account as part of measuring the provision in the 2015 annual financial statements, and the total volume of the bond of k€ 35,000 was reclassified to current financial liabilities. The bond was repaid in 2016.

In the previous year, 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 % 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.

<b>(16) Trade payables</b>		<b>k€ 3,151</b>
	12/31/2015	k€ 2,630

Non-current trade payables represent collateral retentions.

<b>(17) Deferred tax</b>		<b>k€ 4,948</b>
	12/31/2015	k€ 3,366

Deferred tax liabilities are composed as follows:

in k€	12/31/2016	12/31/2015
<b>HELMA AG</b>		
- relating to semifinished services	-5,761	-4,516
- relating to receivables arising from construction orders	8,648	6,821
- relating to costs for long-term orders	-2,016	-1,825
- relating to other assets	-309	-215
- relating to internally generated intangible assets	3	22
<b>HELMA Wohnungsbau GmbH</b>		
- relating to semifinished services	-26,343	-8,581
- relating to receivables arising from construction orders	35,831	19,069
- relating to costs for long-term orders	-4,745	-7,181
- relating to other assets	-555	-294
- relating to capitalised interest	-84	-92
<b>HELMA Ferienimmobilien GmbH</b>		
- relating to semifinished services	-728	-787
- relating to receivables arising from construction orders	1,459	928
- relating to costs for long-term orders	-389	93
- relating to other assets	-18	-18
- relating to capitalised interest	-45	-58
<b>Total</b>	<b>4,948</b>	<b>3,366</b>

Deferred tax assets and liabilities are offset against each other if the preconditions of IAS 12.74 have been satisfied. All deferred tax liabilities are of short-term (current) nature.

<b>Non-current liabilities, total</b>		<b>k€ 112,309</b>
	12/31/2015	k€ 67,168

### Current liabilities

<b>(18) Other current provisions</b>		<b>k€ 23,981</b>
	12/31/2015	k€ 31,535

This balance sheet item changed as follows:

in k€	Status as of 01/01/2016	Reclassifi- cation 2016	Utilisation 2016	Release 2016	Addition 2016	Status as of 12/31/2016
<b>Type of provision</b>						
Costs for long-term orders / PoC	29,129	0	29,129	0	23,368	23,368
SAR	1,470	0	1,470	0	0	0
Miscellaneous other provisions	936	0	909	0	586	613
<b>Total</b>	<b>31,535</b>	<b>0</b>	<b>31,508</b>	<b>0</b>	<b>23,954</b>	<b>23,981</b>

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 20 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 20 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 20 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.

<b>(19) Tax liabilities</b>		<b>k€ 4,201</b>
	12/31/2015	k€ 2,334

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

<b>(20) Current financial liabilities</b>		<b>k€ 32,435</b>
	12/31/2015	k€ 50,671

This balance sheet item is composed as follows:

<b>in k€</b>	<b>12/31/2016</b>	<b>12/31/2015</b>
Liabilities to finance partners	31,421	15,058
2013-2017 mini-bond	1,000	0
2013-2018 bond	0	35,000
Bond interest payments	14	613
<b>Total</b>	<b>32,435</b>	<b>50,671</b>

<b>(21) Trade payables</b>		<b>k€ 6,550</b>
	12/31/2015	k€ 5,438

<b>(22) Other current liabilities</b>		<b>k€ 18,530</b>
	12/31/2015	k€ 17,950

This balance sheet item is composed as follows:

<b>in k€</b>	<b>12/31/2016</b>	<b>12/31/2015</b>
Subcontractor invoices outstanding	15,445	15,187
Personnel	1,159	975
VAT	727	781
Wage and church taxes	331	431
Miscellaneous other liabilities	868	576
<b>Total</b>	<b>18,530</b>	<b>17,950</b>

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

<b>Current liabilities, total</b>		<b>k€ 85,697</b>
	12/31/2015	k€ 107,928
<b>Total equity and liabilities</b>		<b>k€ 278,242</b>
	12/31/2015	k€ 244,994

## 5. Notes to the consolidated statement of total comprehensive income

<b>(23) Revenue</b>		<b>k€ 263,842</b>
	2015	k€ 210,618

As in the previous year, the revenue was generated exclusively in Germany.

<b>(24) Change in stocks of finished goods and work in progress</b>		<b>k€ 10,071</b>
	2015	k€ 53,380

The change in stocks of finished goods and work in progress includes the disposal of capitalised interest expenses with a value of k€ -494 (previous year: k€ -582).

<b>(25) Other own work capitalised</b>		<b>k€ 123</b>
	2015	k€ 7

<b>(26) Other operating income</b>		<b>k€ 1,666</b>
	2015	k€ 1,004

This item is composed as follows:

in k€	2016	2015
Income relating to the monetary benefit from the use of cars	566	430
Income from the disposal of fixed assets	72	9
Insurance compensation payments	425	76
Miscellaneous	603	489
<b>Total</b>	<b>1,666</b>	<b>1,004</b>

<b>(27) Expense for materials and third-party services</b>		<b>k€ -216,785</b>
	2015	k€ -212,805

Third-party services represent services procured from subcontractors.

<b>(28) Personnel expense</b>		<b>k€ -19,762</b>
	2015	k€ -17,512

This item is composed as follows:

in k€	2016	2015
Wages and salaries	-17,009	-15,130
Social contributions (of which expenses for pensions and benefit k€ -122, previous year: k€ -145)	-2,753	-2,382
<b>Total</b>	<b>-19,762</b>	<b>-17,512</b>

<b>(29) Depreciation / amortisation / impairment charges</b>		<b>k€ -1,793</b>
	2015	k€ -1,720

This item is composed as follows:

<b>in k€</b>	<b>2016</b>	<b>2015</b>
Intangible assets	-256	-310
Buildings, rental plant and outdoor plant	-709	-685
Other plant, operating and office equipment	-824	-719
Investment property	-4	-6
<b>Total</b>	<b>-1,793</b>	<b>-1,720</b>
<b>(30) Other operating expenses</b>		<b>k€ -15,700</b>
	2015	k€ -15,198

This item is composed as follows:

<b>in k€</b>	<b>2016</b>	<b>2015</b>
Sales commissions	-7,257	-5,973
Marketing costs, trade fairs and exhibitions	-2,057	-2,078
Expense for guarantees	-486	-634
Legal and consultancy expenses	-735	-740
Administration costs (telephone, post, office requirements)	-433	-482
Third-party services	-628	-629
Premises costs	-987	-839
Vehicle costs	-632	-567
Operating and repair expenses	-259	-336
Entertainment and travel costs	-346	-320
Office equipment rental costs	-168	-142
Insurance, fees, contributions	-135	-107
Losses on fixed asset disposals	-71	-19
Miscellaneous expenses	-1,506	-2,332
<b>Total</b>	<b>-15,700</b>	<b>-15,198</b>
<b>Operating earnings (EBIT)</b>		<b>k€ 21,662</b>
	2015	k€ 17,774

<b>(31) Financing expenses</b>		<b>k€ -2,114</b>
	2015	k€ -2,824

Financing expenses in connection with the bond amounted to k€ -1,926 (previous year: k€ -2,712). Financing expenses in connection with the promissory note amounted to k€ -782 (previous year: k€ -139).

Financing expenses were offset with the sum of capitalised interest expenses of k€ 2,600 (previous year: k€ 1,540).

<b>(32) Other financial income</b>		<b>k€ 20</b>
	2015	k€ 6

This item exclusively reflects interest income.

<b>Earnings before tax (EBT)</b>		<b>k€ 19,568</b>
	2015	k€ 14,956

<b>(33) Income tax</b>		<b>k€ -6,039</b>
	2015	k€ -4,973

This item is composed as follows:

<b>in k€</b>	<b>2016</b>	<b>2015</b>
Current income tax	-4,458	-3,567
Deferred tax	-1,581	-1,406
of which due to the origination and reversal of temporary differences	-1,581	-1,406
<b>Total</b>	<b>-6,039</b>	<b>-4,973</b>

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 2016 and 2015, and actual tax expenditure:



in k€	2016	2015
Earnings before tax (EBT)	19,568	14,956
Group tax rate	30.60%	30.60%
Arithmetic income tax expense	5,988	4,577
Increase (decrease) in tax expenditure due to:		
Non-deductible operating expenses	21	36
Trade tax additions	116	133
Previous years' tax expense	-49	192
Effects of previous years' deferred tax due to tax rate adjustment	0	62
Miscellaneous	-37	-27
<b>Income tax</b>	<b>6,039</b>	<b>4,973</b>
Effective tax rate	30.86%	33.25%
<b>Earnings after tax</b>		<b>k€ 13,529</b>
	2015	k€ 9,983

## 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.

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

A total of k€ 2,675 of income taxes were paid in the financial year under review (previous year: k€ 4,741).

A total of k€ 4,714 of interest was paid in the financial year under review (previous year: k€ 4,364).

A total of k€ 20 of interest was received in the financial year under review (previous year: k€ 6).

## 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€ 527 higher, respectively lower, interest expenses (previous year: approximately k€ 410 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: 3,702,959 shares), and consequently amounts to € 3.37 per share (previous year: € 2.69).

in k€	2016	2015
Earnings after tax	13,529	9,983
Minority interests' share of earnings	31	31
Earnings attributable to HELMA Eigenheimbau AG shareholders	13,498	9,952

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€ 11,307; previous year: k€ 10,484).

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 significant assets outside Germany.

## Segment report

in k€	Building services business		Property development business		Other		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Segment revenue (with external customers)	91,864	78,245	171,085	131,595	893	778	263,842	210,618
Depreciation and amortisation	1,685	1,624	98	63	10	33	1,793	1,720
Segment operating earnings (EBIT) including earnings-dependent portion of business procurement	9,749	6,067	11,652	11,458	261	249	21,662	17,774
Segment operating earnings (EBIT) including earnings-dependent portion of business procurement adjusted for the disposal of capitalised interest *	9,749	6,067	12,146	12,040	261	249	22,156	18,355
<b>Segment assets **</b>	<b>16,823</b>	<b>16,612</b>	<b>340</b>	<b>491</b>	<b>32</b>	<b>41</b>	<b>17,195</b>	<b>17,144</b>
<b>Additions to segment assets</b>	<b>2,216</b>	<b>1,774</b>	<b>223</b>	<b>187</b>	<b>1</b>	<b>41</b>	<b>2,439</b>	<b>2,002</b>

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

\*\* 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, 2015, on March 24, 2016. The Supervisory Board will approve the audited consolidated financial statements as of December 31, 2016 prospectively on March 23, 2017.

#### 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	359	585	247	1,191 (1,530)
Obligations arising from operating leases for plant and office equipment	74	18	0	92 (176)
<b>Total</b>	<b>433</b>	<b>603</b>	<b>247</b>	<b>1,283 (1,706)</b>

Lease expenses of k€ 192 connected with operating leasing were expensed in 2016 (previous year: k€ 167).

##### 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 2016. HELMA Wohnungsbau GmbH concluded a notary agreement with Mr. Karl-Heinz Maerzke for the proportional sale of a plot of land in Berlin at a purchase price of k€ 192. HELMA Wohnungsbau GmbH concluded a notary agreement with Mr. Karl-Heinz Maerzke for the sale of two apartments to be constructed in Leipzig at a purchase price of k€ 1,495. HELMA Ferienimmobilien GmbH concluded a notary agreement with Mr. Karl-Heinz Maerzke for the sale of one apartment block to be constructed in Kappeln at a purchase price of k€ 7,343. HELMA AG incurred rent expenses of k€ 63 in 2016 to rent land subplots for showhouses in Lehrte from HINDENBURG Immobilien GmbH & Co. KG, Lehrte, which is attributable to Mr. Karl-Heinz Maerzke.

Mr. Karl-Heinz Maerzke's wife is a salaried employee of HELMA AG, and received compensation for this activity in 2016. HELMA Wohnungsbau GmbH concluded a notary agreement with Mrs. Regina Maerzke for the proportional sale of a plot of land in Berlin at a purchase price of k€ 73.

Besides compensation for his work as Supervisory Board Chairman, Mr. Otto W. Holzkamp also received a payment of k€ 98 for agency services he had provided.

Besides his compensation for his work as a Supervisory Board member, Mr. Sven Aßmann also received k€ 39 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€ 10 in 2016 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 2016 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€ 1,016 in the 2016 financial year (previous year: k€ 931).

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, 2016.

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**

At the company's Ordinary AGM on July 1, 2016, the shareholders of HELMA AG elected Mr. Paul Heinrich Morzynski to the Supervisory Board. The election of Mr. Morzynski was preceded by the passing of a resolution concerning an amendment to the company's articles of incorporation to expand the Supervisory Board to four members.

This Supervisory Board is composed as follows:

- Mr. Otto W. Holzkamp (Chairman), Hanover, (profession: managing director),
- Mr. Sven Aßmann, Hoisdorf (Deputy Chairman), (profession: lawyer),
- Dr. Peter Plathe, Hanover, (profession: presiding judge - in retirement)
- Mr. Paul Heinrich Morzynski, Hanover, (profession: auditor and tax consultant) since July 18, 2016.

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€ 109 in the year under review (previous year: k€ 99).

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 276 staff (previous year: 236) of whom 271 were salaried employees, 5 were wage earners. In addition an average of 12 individuals were employed to a minor extent (previous year: 14).



## 8.10. List of shareholdings

Name	Head-quarters	Shareholding level	Equity as of December 31, 2016	Share capital as of December 31, 2016	Net income for the year 2016	Net profit for 2016 before appropriation of profits
HELMA Wohnungsbau GmbH	Lehrte	93.94* %	1,275,400.00 €	1,275,400.00 €	0.00 €	3,067,650.40 €
HELMA Ferienimmobilien GmbH	Lehrte	95.10 %	250,000.00 €	250,000.00 €	0.00 €	1,640,561.77 €
Hausbau Finanz GmbH	Lehrte	100.00 %	26,000.00 €	26,000.00 €	0.00 €	271,874.37 €

\* 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 2016 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€ 126. Of this amount, k€ 79 is attributable to services for the auditing of financial statements (of which relating to the previous year: k€ 10), k€ 8 is attributable to certification services, k€ 36 is attributable to tax advisory services, and k€ 3 is attributable to other services.

Lehrte, March 14, 2017

**Signed Karl-Heinz Maerzke**  
Management Board Chairman

**Signed Gerrit Janssen**  
Management Board member

**Signed Max Bode**  
Management Board member

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

in k€	Cost			
	01/01/2016	Additions	Transfers	Disposals
<b>I. Intangible assets</b>				
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
<b>Total intangible assets</b>	<b>6,153</b>	<b>531</b>	<b>0</b>	<b>0</b>
<b>II. Property, plant, and equipment</b>				
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
<b>Total property, plant, and equipment</b>	<b>25,055</b>	<b>1,908</b>	<b>0</b>	<b>756</b>
<b>III. Investment property</b>				
1. Land	73	0	0	73
2. Buildings	281	0	0	281
<b>Total investment property</b>	<b>354</b>	<b>0</b>	<b>0</b>	<b>354</b>
<b>Total fixed assets</b>	<b>31,562</b>	<b>2,439</b>	<b>0</b>	<b>1,110</b>

12/31/2016	Cumulative depreciation/ amortisation					Carrying amount	
	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
<b>6,684</b>	<b>4,252</b>	<b>256</b>	<b>0</b>	<b>0</b>	<b>4,508</b>	<b>2,176</b>	<b>1,901</b>
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
<b>26,207</b>	<b>8,713</b>	<b>1,533</b>	<b>0</b>	<b>437</b>	<b>9,809</b>	<b>16,398</b>	<b>16,342</b>
0	0	0	0	0	0	0	73
0	73	4	0	77	0	0	208
<b>0</b>	<b>73</b>	<b>4</b>	<b>0</b>	<b>77</b>	<b>0</b>	<b>0</b>	<b>281</b>
<b>32,891</b>	<b>13,038</b>	<b>1,793</b>	<b>0</b>	<b>514</b>	<b>14,317</b>	<b>18,574</b>	<b>18,524</b>

## Consolidated statement of changes in fixed assets 2015 (component of notes to the financial statements)

in k€	Cost			
	01/01/2015	Additions	Disposals	Transfers
<b>I. Intangible assets</b>				
1. Concessions, industrial trade rights, customer relationships, and similar rights and assets, and licences to such rights and assets	1,434	305	15	0
2. Internally generated intangible assets	391	0	0	0
3. Goodwill	4,038	0	0	0
<b>Total intangible assets</b>	<b>5,863</b>	<b>305</b>	<b>15</b>	<b>0</b>
<b>II. Property, plant, and equipment</b>				
1. Land rights and equivalent rights and buildings including buildings on third-party land	18,829	404	216	22
2. Other plant, operating and office equipment	5,199	1,046	454	46
3. Prepayments rendered and plant under construction	0	247	0	-68
<b>Total property, plant, and equipment</b>	<b>24,028</b>	<b>1,697</b>	<b>670</b>	<b>0</b>
<b>III. Investment property</b>				
1. Land	73	0	0	0
2. Buildings	281	0	0	0
<b>Total investment property</b>	<b>354</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total fixed assets</b>	<b>30,245</b>	<b>2,002</b>	<b>685</b>	<b>0</b>

12/31/2015	Cumulative depreciation/ amortisation					Carrying amount	
	01/01/2015	Depreciation/ amortisation financial year + other additions	Disposals	Transfers	12/31/2015	12/31/2015	12/31/2014
1,724	1,061	229	15	0	1,275	449	373
391	238	81	0	0	319	72	153
4,038	2,658	0	0	0	2,658	1,380	1,380
<b>6,153</b>	<b>3,957</b>	<b>310</b>	<b>15</b>	<b>0</b>	<b>4,252</b>	<b>1,901</b>	<b>1,906</b>
19,039	4,453	685	202	0	4,936	14,103	14,376
5,837	3,436	719	378	0	3,777	2,060	1,763
179	0	0	0	0	0	179	0
<b>25,055</b>	<b>7,889</b>	<b>1,404</b>	<b>580</b>	<b>0</b>	<b>8,713</b>	<b>16,342</b>	<b>16,139</b>
73	0	0	0	0	0	73	73
281	67	6	0	0	73	208	214
<b>354</b>	<b>67</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>73</b>	<b>281</b>	<b>287</b>
<b>31,562</b>	<b>11,913</b>	<b>1,720</b>	<b>595</b>	<b>0</b>	<b>13,038</b>	<b>18,524</b>	<b>18,332</b>

## 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, 2016. 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 a 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 accepted 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 a 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 15, 2017

**Ebner Stolz GmbH & Co. KG**

Wirtschaftsprüfungsgesellschaft - Steuerberatungsgesellschaft

**Hans-Peter Möller**  
Auditor

**Steffen Südmersen**  
Auditor

# Single Entity Financial Statements of HELMA Eigenheimbau AG

according to HGB (Condensed)\*

## Income Statement

in k€	2016	2015
<b>Sales revenue</b>	<b>97,344</b>	<b>86,102</b>
Change in stocks of finished goods and work in progress	4,043	1,180
Other own work capitalised	123	7
Other operating income	781	694
Cost of materials	-69,510	-58,319
Personnel expense	-13,080	-12,788
Depreciation and amortization of property, plant, and equipment, and intangible assets	-1,685	-1,624
Other operating expenses	-9,236	-10,103
<b>Operating result (EBIT)</b>	<b>8,780</b>	<b>5,149</b>
Financial result	5,514	4,477
<b>Earnings before income tax</b>	<b>14,294</b>	<b>9,626</b>
Profit for the year	9,870	6,374
<b>Balance sheet profit</b>	<b>9,870</b>	<b>6,374</b>

The regulations of the German Commercial Code (HGB) amended as a result of the German Accounting Guidelines Implementation Act (BilRUG) were applied for the first time in the year under review. These amendments relate especially to applying the modified structure for the income statement as well as reclassifications from other operating income to revenue, and restating respective previous year's figures.

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 € 9,869,920.64 for the 2016 financial year on net income of € 9,869,920.64.

The Management and Supervisory boards will propose to the Shareholders' General Meeting to be held on July 7, 2017, that it approves the distribution of a dividend of € 1.10 per dividend-entitled ordinary share, consequently € 4,400,000.00, and that the remaining amount of € 5,469,920.64 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](http://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€	12/31/2016	12/31/2015
<b>Non-current assets</b>	<b>18,834</b>	<b>18,623</b>
of which: Intangible assets	704	442
of which: Property, plant, and equipment	16,119	16,170
of which: Financial investments	2,011	2,011
<b>Current assets</b>	<b>93,030</b>	<b>120,170</b>
of which: Inventories	193	170
of which: Receivables and other assets	85,952	112,994
of which: Cash and cash equivalents	6,885	7,006
<b>Prepayments and accrued income</b>	<b>403</b>	<b>955</b>
<b>Total Assets</b>	<b>112,267</b>	<b>139,748</b>

## Balance Sheet - Equity and Liabilities

in k€	12/31/2016	12/31/2015
Equity	68,072	61,362
Provisions	10,229	9,970
Liabilities	33,959	68,291
Prepayments and accrued income	4	103
Deferred tax liabilities	3	22
<b>Total equity and liabilities</b>	<b>112,267</b>	<b>139,748</b>

## Editorial

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### **Publisher**

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### **General concept and editor**

HELMA Eigenheimbau AG, Lehrte

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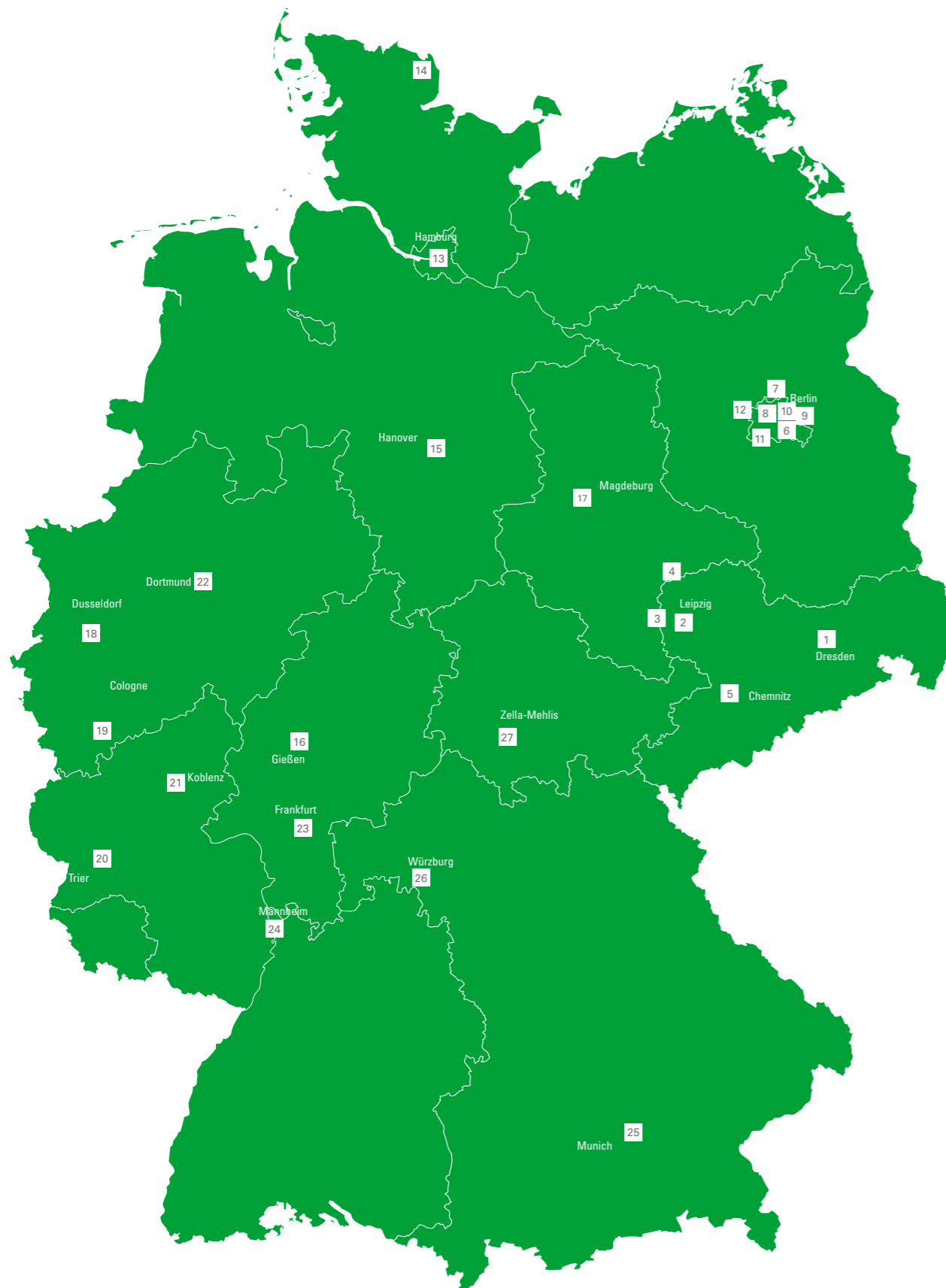
HELMA Eigenheimbau AG, Lehrte

### **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.

## HELMA-locations



**1. Showhouse near Dresden**  
Exhibition "UNGER-Park Dresden"  
Am Hügel 3A  
D-01458 Ottendorf-Okrilla  
Phone: +49(0)35205/75712

**2. Showhouse in Leipzig**  
Am Sommerfeld 3  
D-04319 Leipzig  
Phone: +49(0)341/520320

**3. Showhouse near Leipzig**  
Exhibition "UNGER-Park Leipzig"  
Döbichauer Straße 13  
D-04435 Schkeuditz / OT Dölzig  
Phone: +49(0)34205/42360

**4. Sales Office near Leipzig**  
Mittelstraße 19  
D-06749 Bitterfeld  
Phone: +49(0)3493/824216

**5. Showhouse in Chemnitz**  
Exhibition "UNGER-Park Chemnitz"  
Donauwörther Straße 5  
D-09114 Chemnitz  
Phone: +49(0)371/267380

**6. Sales Office in Berlin-Karlshorst**  
HELMA Wohnungsbau GmbH  
Johanna-Hofer-Straße 1  
D-10318 Berlin  
Phone: +49(0)30/475943100

**7. Sales Office in Berlin**  
HELMA Ferienimmobilien GmbH  
Kurfürstendamm 42  
D-10719 Berlin  
Phone: +49(0)30/88720890

**8. Sales Office in Berlin**  
Knesebeckstraße 54  
D-10719 Berlin  
Phone: +49(0)30/688146950

**9. Showhouse in Berlin-Marzahn**  
Boschpolderstraße 39  
D-12683 Berlin  
Phone: +49(0)30/54979980

**10. Showhouse in Berlin-Pankow**  
HELMA Wohnungsbau GmbH  
Nizzastraße 2  
D-13127 Berlin  
Phone: +49(0)30/47476738

**11. Showhouse near Berlin**  
Paul-Gerhardt-Straße 1  
D-14513 Teltow  
Phone: +49(0)3328/308520

**12. Showhouse near Berlin**  
Spandauer Straße 75  
D-14612 Falkensee  
Phone: +49(0)3322/505750

**13. Sales Office in Hamburg**  
Hans-Henny-Jahn Weg 9  
D-22085 Hamburg  
Phone: +49(0)40/2715003

**14. Showhouse in OstseeResortOlpenitz**  
HELMA Ferienimmobilien GmbH  
Hafenstraße 1  
24376 Kappeln  
Phone: +49(0)4642/9243030

**15. Showhousepark in Lehrte**  
Zum Meersefeld 6  
D-31275 Lehrte  
Phone: +49(0)5132/8850200

**16. Showhouse in Gießen**  
Schöne Aussicht 8  
D-35396 Gießen  
Phone: +49(0)641/5592992

**17. Sales Office in Magdeburg**  
Große Diesdorfer Straße 228  
D-39108 Magdeburg  
Phone: +49(0)391/50678810

**18. Showhouses near Düsseldorf**  
Hanns-Martin-Schleyer-Straße 19  
D-41564 Kaarst  
Phone: +49(0)2131/402170

**19. Showhouse in Euskirchen**  
Felix-Wankel-Straße 8  
D-53881 Euskirchen  
Phone: +49(0)2251/124088

**20. Showhouse near Trier**  
Auf Bowert 7  
D-54340 Bekond  
Phone: +49(0)6502/938440

**21. Showhouse near Koblenz**  
Showhousecentre Mülheim-Kärlich  
Musterhausstraße 152  
D-56218 Mülheim-Kärlich  
Phone: +49(0)2630/956280

**22. Showhouse in Kamen**  
Kamen Karree 6 E  
D-59174 Kamen  
Phone: +49(0)2307/924190

**23. Showhouse near Frankfurt**  
Exhibition "Eigenheim & Garten"  
Ludwig-Erhard-Straße 37  
D-61118 Bad Vilbel  
Phone: +49(0)6101/304170

**24. Showhouse in Mannheim**  
Hans-Thoma-Straße 14  
D-68163 Mannheim  
Phone: +49(0)621/41073380

**25. Sales Office near Munich**  
HELMA Wohnungsbau GmbH  
Carl-Zeiss-Ring 19a  
85737 Ismaning  
Phone: +49(0)89/4535465

**26. Showhouse near Würzburg**  
Otto-Hahn-Straße 7  
D-97230 Estenfeld  
Phone: +49(0)9305/988280

**27. Showhouse in Zella-Mehlis**  
Rennsteigstraße 2-6  
D-98544 Zella-Mehlis  
Phone: +49(0)3682/46910

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## Investor Relations Contact

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Dipl.-Kfm.  
**Gerrit Janssen, CFA**  
Management Board member, CFO



**Elaine Hirsch, MBA**  
Executive Assistant

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## Financial Calendar 2017

January 12, 2017	2016 Order intake figures
March 30, 2017	2016 Annual Report
March 30, 2017	Metzler German Microcap Day, Frankfurt / Main
June 1, 2017	Quirin Champions Conference, Frankfurt / Main
June 22-23, 2017	Berenberg Pan-European Discovery Conference, Venice
July 7, 2017	Annual General Meeting, Lehrte
July 13, 2017	2017 Half-year order intake figures
August 31, 2017	2017 Half-year Report
November 27-29, 2017	German Equity Forum, Frankfurt / Main

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