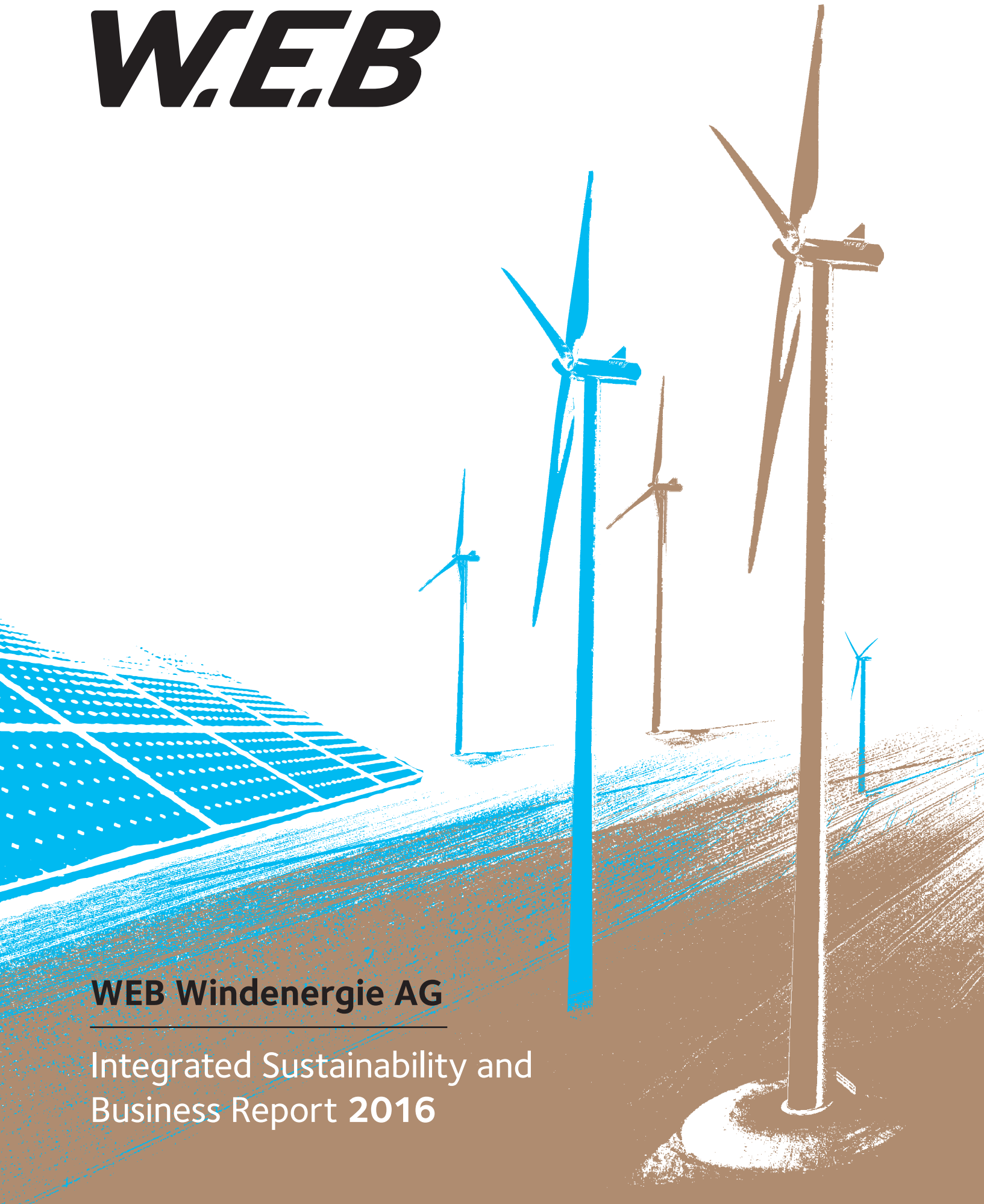
W.E.B



WEB Windenergie AG

Integrated Sustainability and Business Report **2016**

Front gatefold cover

Key Figures W.E.B Group

Key Financial Figures	2016	2015	2014	2013	2012
Million EUR					
Sales revenue	66.3	66.6	54.0	48.1	47.2
Operating results	16.8	21.5	16.5	15.5	16.4
Financial results	-7.3	-8.4	-7.0	-7.2	-6.5
Results from normal business activity	9.5	13.1	9.5	8.3	9.9
Group earnings	6.6	9.3	7.1	6.1	6.4
Total assets	519.9	415.8	387.7	316.9	278.9
Equity capital	129.3	107.4	99.9	86.9	82.8
Equity capital ratio (%)	24.9	25.8	25.8	27.4	29.7
Cash flow from operations	38.6	46.4	34.7	38.6	27.2
Investments [1]	117.9	53.0	68.6	58.6	39.9
Return on equity (%)	5.6	9.0	7.6	7.2	7.9
Profit per share (EUR)	17.1	29.9	25.0	21.7	22.3

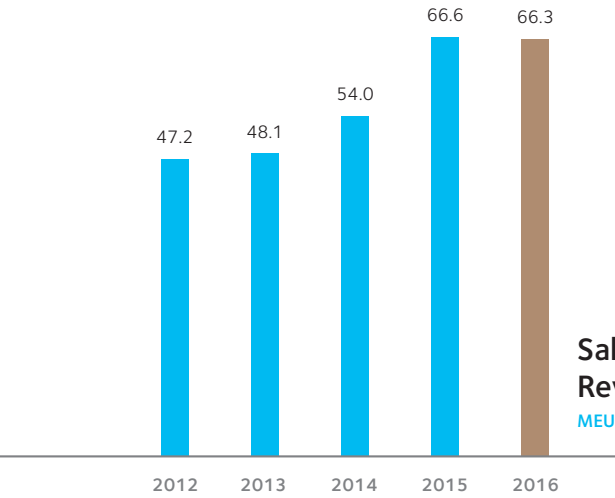
Power Generation [2]	2016	2015	2014	2013	2012
MWh					
Wind power	704,523	703,784	571,838	506,625	496,457
Photovoltaic power	12,534	12,475	11,230	11,150	10,639
Hydroelectric power	7,389	7,155	7,306	8,781	7,612
Power generation total	**724,446**	**723,414**	**590,374**	**526,556**	**514,708**

Power Plants	2016	2015	2014	2013	2012
Number as of 31 Dec.					
Austria	124	117	107	103	90
Germany	52	57	58	55	55
France	33	21	21	21	21
Canada	20	14	3	0	0
Czech Republic	8	8	8	8	8
Italy	2	2	2	2	2
USA	5	0	0	0	0
Power plants total	**244**	**219**	**199**	**189**	**176**

Installed Capacity [2]	2016	2015	2014	2013	2012
MW as of 31 Dec.					
Austria	205.4	189.8	172.2	159.9	138.8
Germany	96.9	88.4	88.4	82.4	82.4
France	63.2	24.8	24.8	24.8	24.8
Canada	21.8	15.4	3.3	0	0
Czech Republic	9.1	9.1	9.1	9.1	9.1
Italy	6.4	6.4	6.4	6.4	6.4
USA	9.1	0	0	0	0
Generating capacity total	**411.9**	**333.9**	**304.2**	**282.6**	**261.5**

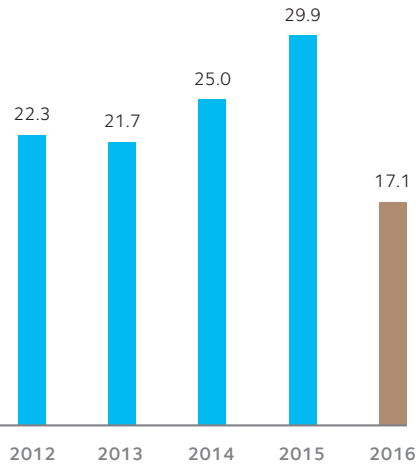
[1] including assets from business acquisitions

[2] The electricity generation and the installed capacity from the years 2012 to 2015 have been updated according to the new calculation method, as introduced in the 2015 business report, page 40.



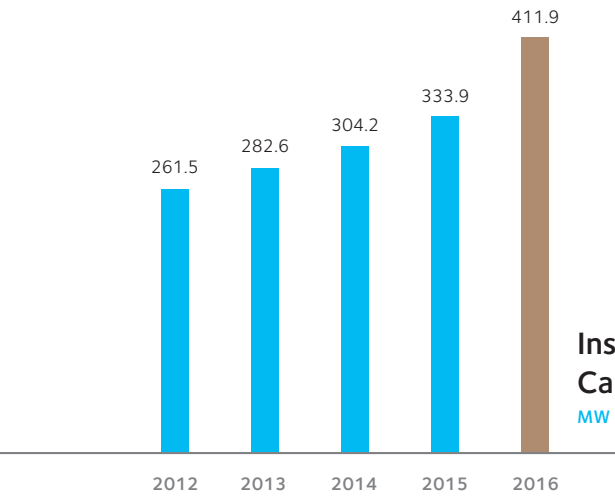
Sales Revenue

MEUR



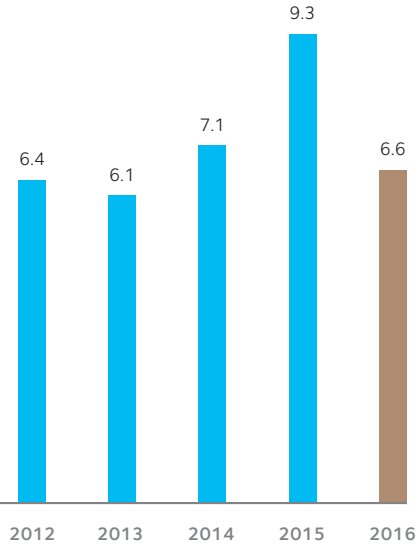
Profit per Share

EUR



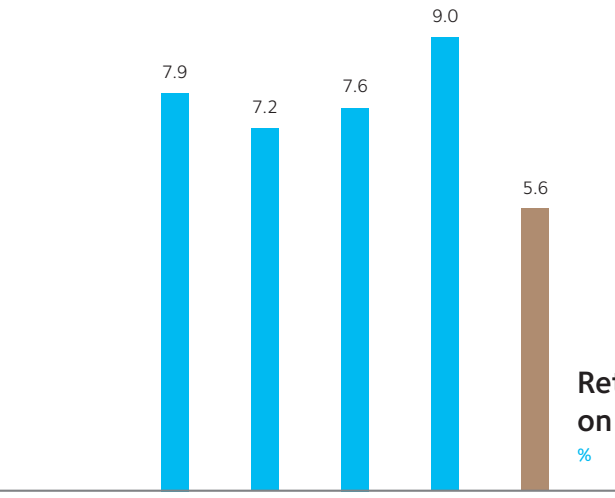
Installed Capacity

MW



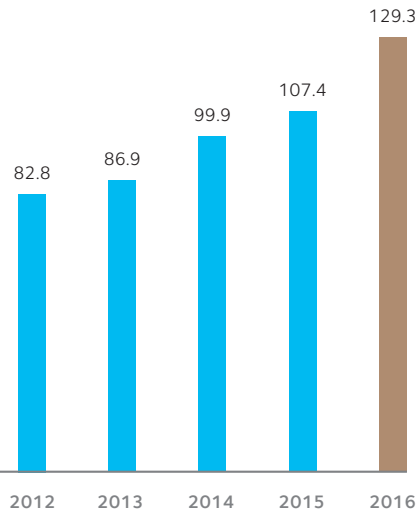
Group Earnings after Taxes

MEUR



Return on Equity

%



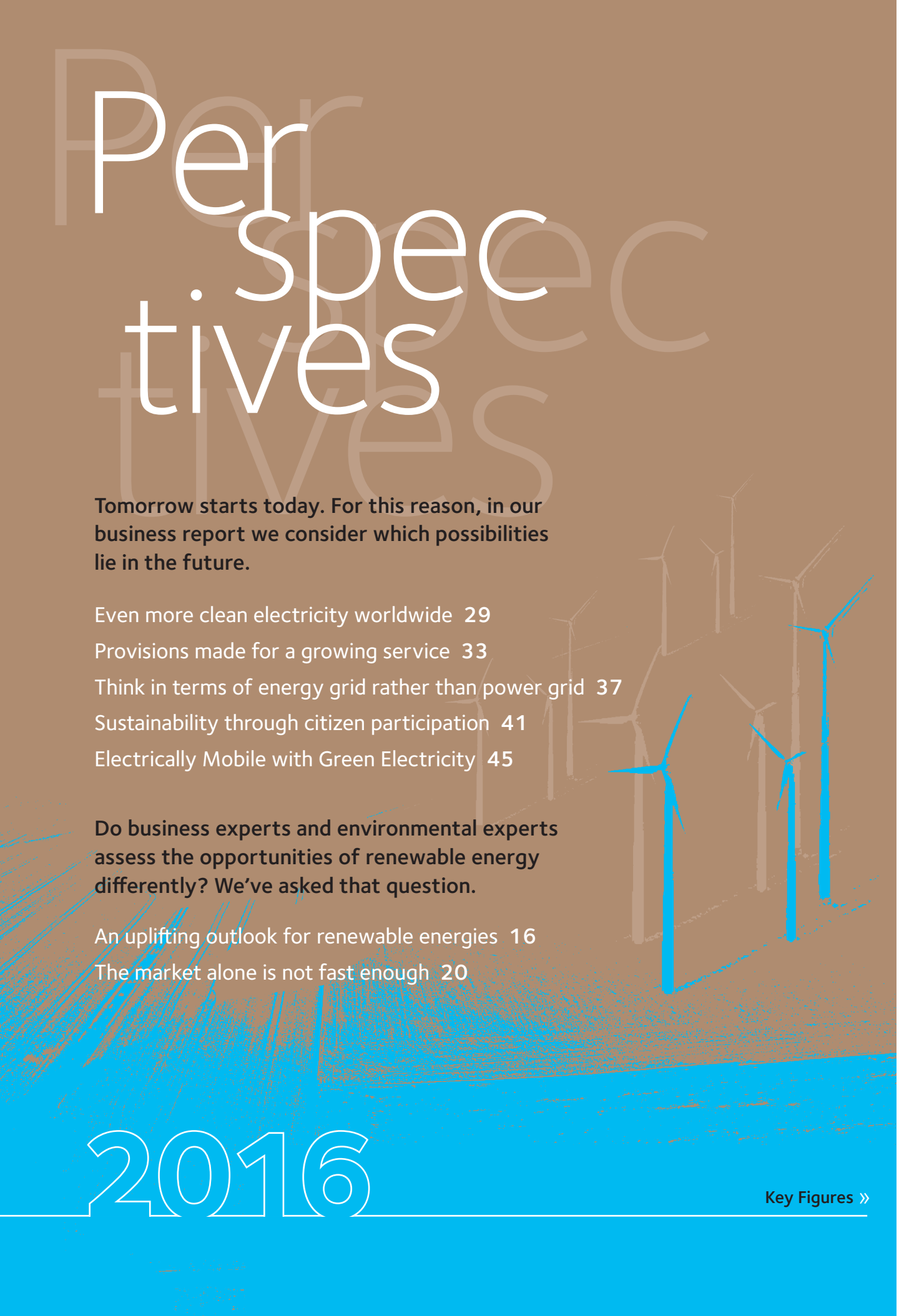
Equity

MEUR

Perspectives

Tomorrow starts today. For this reason, in our business report we consider which possibilities lie in the future.

Do business experts and environmental experts assess the opportunities of renewable energy differently? We've asked that question.



2016

Key Figures »

EDITORIAL

Well-prepared for Opportunities and Challenges

2015 was a year of endorsements for us, characterized by the very positive UN climate conference in Paris but also by numerous awards for our company. It was followed in 2016 by a year of extremes, which was once again another year of endorsements in its own way.

For our strategy – as well as our team – 2016 has proven to be very successful in the face of several challenges: Despite the weakest wind conditions in our company's history, we have managed to achieve a very respectable output on the basis of which we can once again offer our shareholders an attractive dividend.

At the same time, 2016 was the strongest expansion year since our foundation: We have increased our capacity by 88 MW – as much as we built in Austria in our first thirteen years. When combined with the facilities we have built together with our partners under our management, this amounted to 118 MW of new, clean power.

In the meantime, we have consistently continued to work on what distinguishes us from many companies in the industry: a highly professional level of project development, operations management, maintenance and service. This has not only strengthened the stability and profitability of our company, but has also brought us external recognition by Germanischer Lloyd. In addition to the operation of our own power plants, we have partners – such as Austrian Federal Forests – who have also placed us in charge of some of their wind parks.

All of this shows that we are well-placed in all areas to continue to live out our vision of providing a leading contribution to the energy market, and do so actively and consistently. This business report shows that there are plenty of opportunities and potentials in this market. You can rest assured that we will take every advantage of these with our sound judgment and our enthusiasm.

Frank Dumeier

Michael Trcka

Contents

W.E.B at a Glance

Version: December 31, 2016

Largest independent wind power producer in Austria

412 MW
installed capacity

225
wind power plants

16
photovoltaic power plants

3
hydroelectric power plants

W.E.B is ...

... a citizen participation initiative ...

Committed citizens were the founders of W.E.B. We remain committed to the idea of widespread participation in the future. We want our continuing development to be supported by a wide range of stakeholders.

... in the renewable energy sector.

W.E.B produces electricity from renewable sources with the emphasis on wind and the sun. These two energy sources complement each other over the course of a year and stand out with regard to their cost efficiency.

5,619 investors
of which **3,746** are shareholders

Founded in:
1994[1]

[1] The predecessor company, WEB GmbH, was founded in 1994. The founding year of its legal successor WEB Windenergie AG is 1999.

2 continents

7 countries

Office Locations

- Pfaffenschlag (headquarters; AT)
- Brno (CZ)
- Halifax (CA)
- Hamburg (DE)
- La Spezia (IT)
- Paris (FR)

119 employees

36 % women

36 years of age on average

We stand for ...

... energy transition and innovation, ...

Energy should preferably be generated and stored wherever it is needed. To achieve this goal, we direct a portion of our resources to innovative concepts.

... stability and growth.

The renewable energies sector is continuing to develop positively for various economic and environmental reasons. W.E.B has set itself the goal of growing moderately, converting its experiences into improvements and consolidating its achievements.

We operate ...

... regionally and internationally, ...

W.E.B is regionally anchored by its employees and business partners. Together, we form an international network of experts which reacts flexibly to changing requirements.

... ecologically and economically sustainable.

We are convinced that mankind's long-term energy needs can be met by renewable sources – even more economically than by fossil fuels or nuclear energy.

2016 at a Glance

Strongest growth year in the company's history

1
New W.E.B market: USA

88 MW
increase in capacity

118 MW
increase in capacity of W.E.B & partners

11 Project sites successfully completed:

10 wind farms

1 photovoltaic project

The year 2016 ...

... led us to new countries and new records.

In France, our largest wind farm yet – of 38.4 MW – was built. And W.E.B's first wind turbines in the USA have been turning since December. As part of the repowering project in Glaubitz, we also commissioned wind power plants with a tower height of 137 meters.

... validated our operations management and service model.

We were also externally acknowledged in 2016 for providing quality maintenance at manufacturer level to our Vestas plants. Won over by our highly professional approach, Austrian Federal Forests commissioned us to operate their largest wind farm in the Pretul Alps.

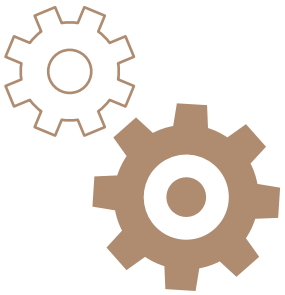
+13
employees

+412
bond subscribers

+22%
increase in the average share price from 2015 to 2016

+10%
green electricity customers

Technical availability:
99%



520 MW
plant capacity managed by the control center

... brought new investors to W.E.B.

As has been the case in the previous years, W.E.B bonds were also a complete success in 2016. They enabled a total of EUR 20.2 million to be raised. A number of new investors – shareholders and bond subscribers – are striding with us into a clean energy future.

... was never boring.

More than 3,000 visitors celebrated the site's expansion with us in Pfaffenschlag. Our Energy Transition House – a prototype for the storage of wind energy in the form of heat – was opened.
And we were of course very pleased about the Green Brands award 2016/17.

Frank Dumeier and Michael Trcka

Achieving Good Results in the Future with Greatness and Efficiency

W.E.B's Board of Directors looks back on a year of challenges and special highlights. W.E.B is set to continue to lead the way in the vibrant and growing renewable energy markets with international risk distribution, efficiency increases and broad participation.

After 2015, in which you were able to significantly increase production, sales and output, 2016 has seen stagnation at the previous year's sales and production level, with output even having declined. What are the reasons for this?

Frank Dumeier: 2016 was a year of extremes. On the one hand, it was the worst year for wind in W.E.B's history. On the other hand, we increased our plant capacity by 88 MW – more than ever before. This one year's increase alone corresponds to the capacity that W.E.B amassed in Austria in its first thirteen years. When we add the plants that we have jointly realized under construction management with our partners, the new extra capacity works out as high as 118 MW.

Michael Trcka: In terms of figures, 2016 saw a 7.6 % fall in production, which of course has had an effect on our performance. Nevertheless, the output we achieved was still very creditable. One should bear in mind that new power stations do not usually contribute positively to output in the same year as their construction; only in the years following. With this additional capacity of 88 MW, we have laid some very important foundations for our output in the coming years.

What were the previous year's main highlights?

Frank Dumeier: The significant increase in installed capacity to 412 MW is a considerable highlight per se. Of the individual projects, the Pisgah Mountain wind farm in Maine is worth mentioning here; this has been our entry into the US market. In France, Les Gourlus – our largest wind farm so far – is likewise now almost completely up and running as of December. And in Glaubitz in Saxony we have implemented a comprehensive repowering project, i.e., the renewal of an existing wind farm. Apart from construction, we are also pleased about success in the area of management, which has grown significantly in 2016. Some of our partner companies have been impressed by our tried and tested five-step management model, and for example we are currently operating the Pretul Wind Farm – the largest wind farm in Styria – for Austrian Federal Forests. In short, we are now responsible for the operation of plants with a total output of 520 MW.

Michael Trcka: Alongside the massive expansion of our power plant farms, we officially opened a new building at our headquarters in September 2016, thereby making new space for further growth. At the same time, the expansion of our site sends a

clear signal to the Waldviertel region that our status there as an important employer is set to continue. Another two highlights come in the form of accolades: W.E.B was awarded the status of „Green Brand" by GREEN BRANDS, an independent international brand marketing organization. In addition, GLOBAL 2000 commended us as one of the three „truly green" companies in Austria from among 117 green energy providers investigated.

You have significantly expanded your power plants and continued to focus on growth in 2016. Is a further expansion in light of the current subsidy policy in Austria at all realistic?

Frank Dumeier: Our strategy of growing by around 50 MW per year until 2020 remains the same – we should not let changes on the funding scene be a cause for concern. 2017 will be a year of groundbreaking; 2018 another year of putting into operation. The first groundbreaking in Flesquières, France has already taken place, and more will follow at Dürnkrut and Höflein in Austria at the end of the year.

In the application of our moderate growth strategy, we are naturally benefiting from our wide international distribution. It makes us less dependent on the specific conditions in a country, because these can be quite different and subject to certain changes.

What are the general framework conditions like in the individual markets at the moment?

Frank Dumeier: In our Austrian domestic market, the existing Green Electricity Act clearly does not suffice to meet the Federal Government's 2030 climate goals. The amendment necessary for improvement, however, is being bogged down between the political parties and has ground to a standstill. The situation is quite different in France, where only a quarter of a year was required to adopt a new feed-in law. In Germany too, a new law for the expansion of renewable energy has been in place since the beginning of 2017, which creates stable general framework conditions for the coming years. Here we are taking part in the initial bidding for a very large repowering project, so we are very open and proactive towards the new general framework conditions.

> 2017 will be a year of groundbreaking, 2018 another year of putting into operation.

The outlook in Italy is also good: The country is relying on a reliable, stable number of proposals and twenty-year guaranteed tariffs. For us,

Italy is therefore a growth market. Last December, we won the contract for a wind farm in Tuscany during the first call for proposals.

Michael Trcka: In the Czech Republic, we are looking forward to a reliable revenue from our existing plants, while also focusing on monitoring the situation and securing potential sites. The country is currently still nuclear-powered. We hope however that there will be an increasing demand for, and promotion of, renewable energies in the medium to long term, and that we will also see the first signs of this. With regard to Canada, we have now completed our expansion in Nova Scotia. In Canada, expansion is generally carried out through proposals. We are currently participating in such in New Brunswick. All in all we would like push out to Ontario; we are staying on the east coast, which we want to open up with our team in Halifax. The same applies for the USA.

Has President Donald Trump in the United States taken on board any of the urgency of the 2015 UN climate change conference in Paris? Do you see any impact on projects in the US?

Frank Dumeier: We aren't too worried about this. In New England alone, there are proposals for around 4,500 MW of additional renewable power plant capacity in 2017. We are set to actively participate in this as well – with wind and probably with solar energy too. Around 8,200 MW of new wind power plants were built in the US in 2016, and many more were approved. This ensures plenty of work for years to come.

The extent to which President Trump will influence the development of renewable energies remains to be seen. A long-standing renewable energy industry has emerged in the USA. For example, General Electric is the second largest producer of wind power plants worldwide and also sells the most turbines in the States. We assume that President Trump will slow the withdrawal from fossil fuels by promoting coal and also fracking.

The diversity of your markets means, not least, a clear distribution of risk. Do you have your sights set on other markets to get even more of a foothold?

Michael Trcka: We have another very specific market in mind; namely Slovenia. In February 2017, we participated in a proposal. Slovenia's wind energy industry is still in its infancy, but they do currently have two wind parks. With its EU and European Monetary Union membership, however, the country offers very stable general framework conditions. The mentioned call for proposals relates to a volume of about 40 MW and is technology-neutral. Wind or hydropower, photovoltaic or biomass are on offer. The most favorable technology will be awarded the contract. A subsidized tariff is offered for 15 years, which is quite attractive for us.

As far as further geographical expansion is concerned, our country-specific strategy seems more likely to achieve critical mass in those markets in which we are already represented. We do not want to get bogged down, but we have plans to open up another market in addition to Slovenia by 2020 if possible.

> Living without CO_2 emissions is achievable – without loss of comfort.

The trend towards proposals also means increased competition. Where do you stand compared to your competitors? What is your unique feature, your USP?

Frank Dumeier: W.E.B stands out from other companies in our industry in many ways. We stand out, ...

- because – unlike other pioneers – we have managed to achieve a high level of professionalism. We are now setting benchmarks in operations management within Europe, and even at the current low prices we are still able to operate our existing plants economically while others have to turn them off.
- because we have a very solid development pipeline with more than 50 active projects in seven countries.
- because we have developed innovative marketing models, such as our Green Energy Package. This sets us apart from many market competitors, who themselves are not active in marketing.

Michael Trcka: But we also stand out, ...

- because we really live citizen participation.
- because we have a very broad-based international reach and are therefore not dependent on every project to secure our business model.
- because we are robustly and innovatively financed. In 2010 we issued Austria's first bond for wind power, followed by the first hybrid bond for an Austrian wind power company in 2014. In 2016, we again raised more than EUR 20 million through successful bond issues.

I suppose the reality of energy transition itself is beyond dispute for you ...

Michael Trcka: Absolutely, all the experts see it like this. One example is New Energy Analyst Angus McCrone from Bloomberg, who confirmed his positive expectations regarding further development in an interview as part of this business report. The concept of living without CO_2 emissions is achievable without loss of comfort. This applies to everyday living – heating, cooling, water heating, lighting and electrical appliances – but increasingly also to car driving. No one who builds a new house today considers oil heating – that is, fossil fuel – technology anymore. In a few years this will probably be the case with cars as well.

Have new operations, maintenance and services been implemented in 2016?

Frank Dumeier: Everything is running as smoothly as a Swiss watch, and we have continually gone ahead with the process of continuous improvement exactly as planned. This is the reason why our five-step model is also in demand externally; but we still offer it only for W.E.B partner companies. In the field of maintenance, we got trained up in the 3 MW class and, as soon as our new hall was available, we also carried out initial assembly work on 2 MW large components. In addition, we further extended our long-term service partnership with Vestas.


W.E.B
W.E.B

Apart from renewable electricity generation per se, what is W.E.B doing in terms of energy consumption? What other business potentials do you see?

Frank Dumeier: The temporary storage of energy, which we have been working on intensively for a long time, is a crucial area here. A good example of this is the so-called Energy Transition House, in which the energy from electricity can be temporarily stored as heat with thermo-active building systems. This provides a buffer against the inconsistency of renewable energy production – thereby allowing the coordination of supply and demand. A prototype was officially opened in spring 2016.

A lot of power plant capacity has been built up in 2016, and significant investments are also expected in the coming years. How is the financial situation looking?

Michael Trcka: Very good. In 2016, we again offered a very successful bond issue of more than 20 million EUR in three variants – and once again our expectations were clearly exceeded. We have invested most of the proceeds in our extensive capacity expansion. The hybrid bond on offer has also provided very good returns, thus strengthening our equity base.

Will you distribute a dividend for 2016?

Michael Trcka: After the previous year's 20 EUR, this time we will suggest the payment of a dividend of 15 EUR per share at the annual general meeting. This means a larger part of the result will be paid out. We are offering our investors a certain amount of stability in their earnings – even after a moderate wind year. However, it may well be that in future years, with very good windfall, we will pay out comparatively less.

Let's now take a final look into the future. What are your expectations for 2017?

Frank Dumeier: If the wind blows normally, we have the potential to generate more than 1 TWh with our expanded power plant in 2017. Or, to couch it in more impressive-sounding terms:

This is as much electricity as W.E.B produced in its first eleven years combined. As a result, we are approaching 2 % of Austria's entire electricity consumption, which is a considerable output for a purely private producer. According to our principle of „Turning Scale into Profit", growth in generating capacity should also be accompanied by further increases in our efficiency and profitability.

Angus McCrone, Chief Editor, Bloomberg New Energy Finance

An Encouraging Outlook for Renewables

The chief editor of Bloomberg New Energy Finance gives a glance into the upcoming decades of renewable energy. Investments are expected to be huge, growth is going to continue. Reaching the COP21 goals to reduce carbon emissions will still depend on policy makers.

Mr McCrone, as an analyst, you deal with questions of energy supply. In autumn 2016, you gave a keynote speech at the "Energiezukunft 2050" conference in Vienna. So what about our energy future, where are we heading for?

Our New Energy Outlook forecast has 11.4 trillion USD being invested in power generation capacity worldwide between 2016 and 2040, with 7.8 trillion of that going to renewables. Even so, in 2040, fossil fuels will still account for 44 % of electricity generation, with renewables at 45 %.

In one way, that's an encouraging outlook – because we are going to see huge investment in renewables. We are also going to see big advances in energy efficiency. However, the emissions outlook is less optimistic: the growth of coal-fired generation in developing economies will mean that CO_2 emissions in 2040 will still be above current levels, by about 5 %.

According to your forecasts, global power consumption will continue to grow regardless of all energy efficiency measures. What are the reasons for this and what further development do you expect?

Well, I think Bloomberg New Energy Finance is actually more bullish about energy efficiency improvements than most other forecasters. We think that electricity demand globally will increase at 1.7 % per year on average between now and 2040. The International Energy Agency says 1.9 %. It also says that the rate of increase between 1990 and 2014 was 3 %.

So our figure is actually pretty low compared to recent history, and also given that the world population continues to increase, more people are getting access to electricity, and economic growth will continue to be strong in developing economies as they close the technological gap on richer countries.

What role will renewable energy sources play in meeting the increasing demand for power? What is their share in capacity and production today and what do you expect them to contribute in two or three decades?

We estimate that renewable energy excluding hydro accounted for 8.7 % of electricity generation worldwide in 2016, and that this will rise to 32 % by 2040. Our forecast is that 3.6TW of solar will be added in the same period, plus 1.8TW of onshore and offshore wind, representing investment in these two technologies of 3.4 trillion USD and 3.1 trillion USD respectively.

Is this massive increase actually economically viable, particularly as compared to fossil energy sources?

Yes. The only factors influencing choice of generation in our forecast for the next few years are policies already set – and the relative economics of different technologies during the period to 2040. Both wind and solar have well-established cost reduction curves. In many countries, one or both is already cost-competitive with coal and gas-fired generation. Further cost reductions, resulting from technological improvements and manufacturing efficiency will make them the cheapest generation sources in most parts of the world during the next decade.

There will be fierce competition for the flexibility market.

In which countries will the energy turnaround be achieved first, where do you see the biggest momentum in renewables?

Our forecast sees solar and wind rising to account for two thirds of German electricity production by 2040, up from about 18 % now. Mexico, the UK and Australia are also on course to see those technologies account for more than half of generation by 2040. Other countries will see a growing share, but not reaching 50% within the next 25 years. For instance, for the US, we see a figure of about 36 % by 2040, up from 6 % now, and China could reach 34 %, up from 7 % now.

> During the next decade, wind and solar will become the cheapest generation sources in most parts of the world.

Would a faster transformation be possible? What would need to happen to speed up the energy turnaround?

The low-carbon transition we are describing is a fast one, with trillions of dollars of investment going into clean technologies. The only step that could make a big difference beyond that would be a deliberate move by many of the big-emitting economies to accelerate the closure of coal-fired capacity. The UK is one country that has set a target for the end of coal generation (by 2023-2025), but others could follow.

Finally, a question on money for the financial analyst. How will the expected massive expansion of wind power and photovoltaics be financed – and who will provide the funds? What type of entrepreneurs or financiers does this predominantly require?

We don't believe there is a shortage of money. In fact, all-in costs of debt for renewable energy projects have been at record lows in Europe and North America in recent years, and institutional investors have increased substantially their exposure to wind and solar.

The issue is more about providing a conducive policy environment, in which renewables are not held back by regulations and can compete head-on with fossil-fuel sources.

Angus McCrone

Bloomberg New Energy Finance

Angus McCrone is chief editor of Bloomberg New Energy Finance (BNEF). He works closely with BNEF's 120-strong team of analysts and researchers, and takes a particularly close interest in topics such as clean energy investment trends, project finance, institutional investment in renewables, and marine energy.

Before joining New Energy Finance at the start of 2007, Angus was a financial journalist for UK national newspapers for 18 years. He also worked as a senior economist for Centre for Economics and Business Research.

Leonore Gewessler, Managing Director, GLOBAL 2000

The Market Alone is not Fast Enough

From a climate protection point of view, the transformation of the energy sector needs to go ahead as quickly as possible. The managing director of GLOBAL 2000 believes international policy is on the right path thanks to the UN Climate Conferences, but calls for more boldness from national decision-makers.

On the subject of renewable energy, a lot has happened in the last two decades. What do you see as having been the most important achievements?

The 2011 Green Electricity Act, which set the political framework for an ambitious expansion of renewable energies in Austria, was a milestone. This law, however, has a threshold built in with a ceiling for the production quota, which is now having a strong effect.

There is urgent need for reform here, so that by 2030 all domestic electricity consumption can be met by renewable energy.

How do you rate the attitude of the population after two decades of initiatives in this direction? Has there been a change in awareness regarding energy transition?

Yes, absolutely. An overwhelming majority of Austrians wants the energy transition to be implemented quickly. According to a GfK survey conducted in 2014, 79 % of respondents say they want to move away from oil, coal and gas and towards biomass, solar energy, hydroelectric power and wind.

Energy transition is also linked to issues of values and lifestyle. Is a big car important to me, or is it really about being flexibly mobile? We are seeing signs that values are changing and that climate protection and energy transition are also being felt in people's daily lives, especially in the case of mobility and dietary culture.

Where do you see the greatest resistance?

As is the case with all major transformation processes, the energy transition also brings its fair share of apparent losers. These must be incorporated at an early stage and made part of the solution. To this end, interest groups in Austria need to be realigned.

In January 2017, 190 companies with the major environmental protection organizations GLOBAL 2000, Greenpeace and WWF demanded decarbonization as a target of the Austrian climate and energy strategy. In Germany, the services union Verdi, a former advocate of the coal industry, considers a rapid departure from coal and lignite socially achievable.

In the meantime, economists are confirming the economic feasibility of the energy transition, although the transition is likely to take some time. How do you see this from an ecological perspective?

The transformation of the energy system can and must be designed in an eco-friendly way, and quickly. We have to face up to the enormous risks of unrestrained climate warming in the next few years, otherwise the possibility of people and ecosystems adapting to the already observable climate changes taking place will disappear. Judging by market signals, this is not going to be achieved quickly enough.

Therefore, it is of critical importance that policy-makers at all levels develop targets and strategies to achieve decarbonization by 2050 and avoid lock-in effects as early as possible. Take heating systems with their longevity: Every new oil heater installed today is a step in the wrong direction and further burdens our CO_2 budget for decades. This is completely unnecessary, because there are clean and cost-effective alternatives. Policies should be bolder and more daring.

What do you think we should be particularly concerned about?

Austria's climate protection balance sheet is also poor by EU standards: After 25 years, we are still emitting as much greenhouse gas as in 1990, despite the areas needed for action being long known. A change in the tax and distribution system in the shape of a revenue-neutral, ecologically and socially effective tax reform accompanied by many other measures would be a strong impetus, as it would also have an international impact.

In the meantime, over 100 countries have quoted CO_2 prices as part of their national climate strategy. Studies show that countries such as Sweden, Denmark and Germany also profit economically from the measures taken.

> The Paris Treaty holds all states equally obligated to it. Shirking responsibility is no longer an option.

Whose agenda should these points be part of – who holds the strongest leverage?

The Paris Treaty holds all states equally obligated to it – to leave the responsibility to others is no longer appropriate. However, climate protection is always a cross-sectional issue and affects all political, economic and social actors. This is why reliable legal frameworks are the necessary foundation for steering economic and social decision-making processes in the right direction.

And finally: What is happening after the UN Climate Conferences in Paris and Marrakesh?

The implementation of the Paris Climate Protection Agreement also needs to be pushed forward at an international level. The guidelines now have to be worked out and implemented. For us as an environmental protection organization, this is a particularly sensitive phase because we have to be careful that individual contributions be improved and not consequently diluted by lax rules.

Leonore Gewessler
GLOBAL 2000

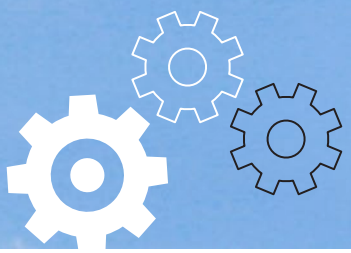
Leonore Gewessler has been political director of the environmental protection organization GLOBAL 2000 since 2014. She represents GLOBAL 2000 on the European Executive Board of the international environmental protection network Friends of the Earth, and is also a member of the Heinrich Böll Foundation's general assembly in Berlin.

From 2009 to 2014 she was Managing Director of the Green European Foundation in Brussels. Prior to her work in Brussels, Leonore Gewessler worked for the City of Vienna among others, with the focus on sustainable urban development and participation.

W.E.B's Vision

We are assuming a leading role in the decentralized energy transition.

For us, the energy transition means a complete switch from fossil to renewable sources of energy. Our claim to this leading role is based on the three pillars of project development, power plant operation and electricity marketing. Broad citizen participation forms the foundation on which these pillars are built.



Project Development

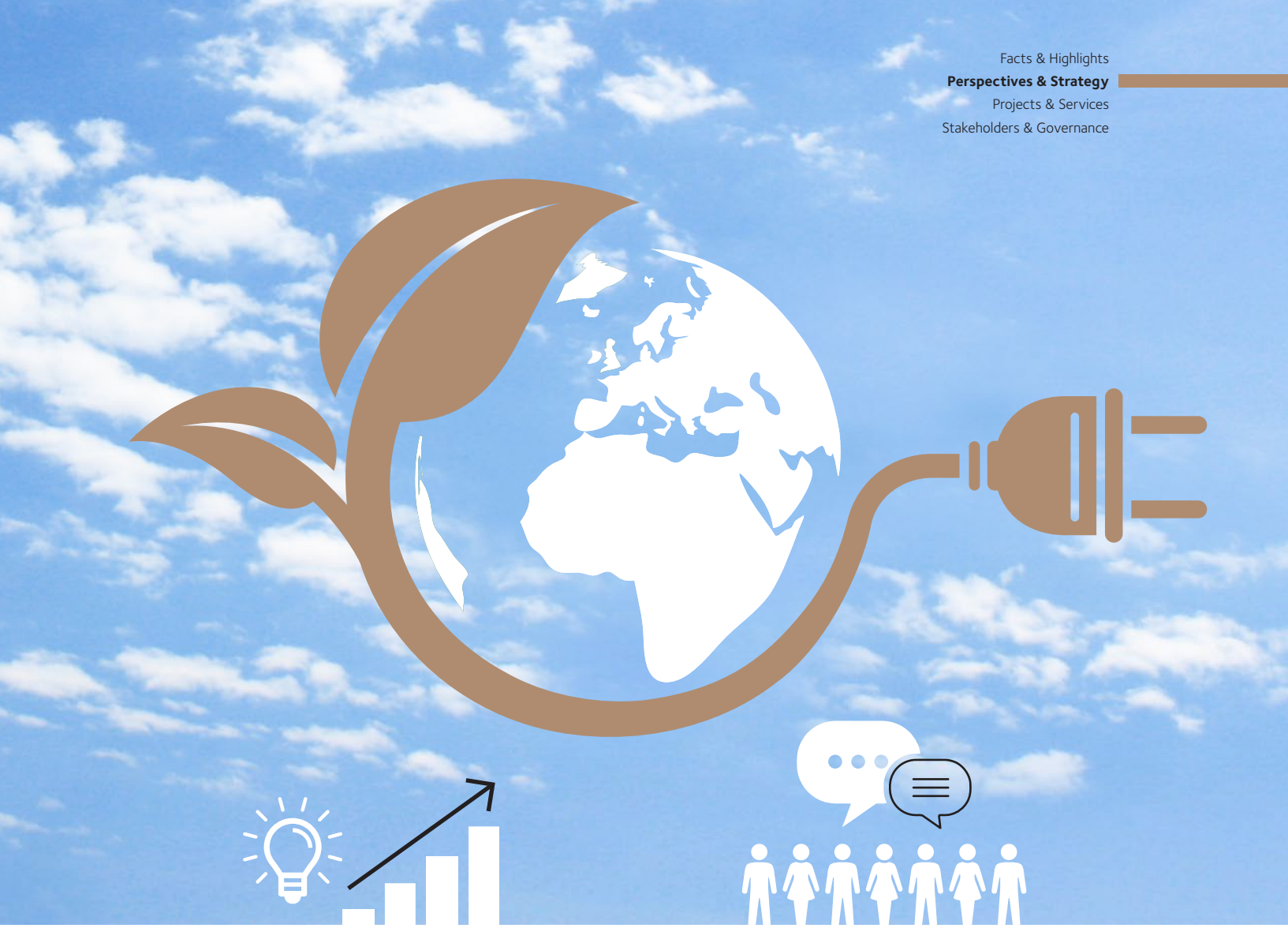
Through efficient project development, we ensure that projects are profitable in competitive markets over the long term.

- We focus on wind power, the most important of W.E.B's core competencies.
- Apart from wind energy, photovoltaics is to be the most important form of electricity generation and forms W.E.B's second growth pillar.
- Our standardized gate system makes professional project development a new benchmark.
- Thanks to repowering, sites can be used longer and more efficiently. Repowering is therefore an essential component of our sustainable operating strategy.

Power Plant Operation

With our five-step operating model, we are setting new benchmarks in terms of cost and plant availability.

- The efficient and optimized operation of our power plants, abbreviated as OWEB, represents our company's second strategic core competency.
- The latest in remote monitoring and data mining allows for early error detection and offers optimization options during operation and maintenance.
- Another unique feature is the optimization of the service for our most important types of equipment. This ensures not least a high level of plant availability.



Electricity Marketing

Following the flow of electric current from the producer to the consumer, we are implementing new marketing models for decentralized energy sources.

- The energy transition also requires new, creative approaches in electricity marketing. This is why we are continually exploring new business model potentials, developing them further and implementing them quickly.
- We focus on innovative, decentralized marketing models to connect producers of environmentally friendly electricity with their consumers.
- We are developing new sales channels centrally. If they prove successful, we will roll them out in our core markets.

Citizen Participation

Citizen participation allows broad sections of the population to participate in the energy transition. We wish to realize this concept in all of W.E.B's core markets.

- Originally founded through the initiative of a group of dedicated individuals, W.E.B today is an asset of more than 3,700 shareholders.
- It is also important for us to involve people in those phases of the energy transition in which additional investments are not necessary. W.E.B bonds are a good way of doing this.
- With investment opportunities for local small investors, we also make our international markets more people-oriented.

Growth and Renewal

W.E.B is looking back on the strongest growth year in its history: A total output of 88 MW from W.E.B plants was connected to the grid in 2016. This success was accompanied by new wind parks at home and abroad as well as an innovative repowering project in Germany.

In 2016, among other things we launched our first wind farm in the USA and built our largest wind farm yet in France. In Glaubitz (Germany), W.E.B successfully showed how the efficiency of existing wind farms can be further developed on a lasting basis.

Glaubitz: First major repowering project

The result of the repowering project in Glaubitz can be simply summed up in figures: Electricity production has almost quadrupled, though the number of wind power plants has been reduced from ten to six. The project also represents the focus of W.E.B's project development in several respects: individual planning, efficient implementation, the involvement of regional partners and also sustainability in the field of dismantling power plants.

In recent years, W.E.B has developed its concept of operational management in a targeted manner towards plants being operable for as long as possible. Repowering – i.e., the replacement of existing plants with new, more efficient wind turbines – is therefore only considered if it is both technically and economically feasible.

Individual design

Even when renovations are taking place at an existing wind farm, the projects are planned from the ground up. For the wind farm in Glaubitz, this meant the dismantling of eight existing Vestas V52 plants and the construction of four new Vestas V126 plants. The resulting gain in output translates to an increase in the production of clean electricity from this wind farm thanks to the greater efficiency of the new wind power plants.

During the restructuring, the optimal location for each individual plant within the park was determined. Because two out of the ten older plants were kept in place, particular attention was placed on the mix between old and new.

Environmentally-friendly dismantling

The dismantling of the old plants was undertaken in an environmentally friendly manner. They were dismantled in individual parts and now provide clean electricity at other European locations. The foundations were completely removed in order to return the former site areas of the wind power plants to their natural condition.

Record-breaking new plants

As has already been mentioned, the repowering in Glaubitz resulted in a sizable increase in efficiency and performance. Although the number of power plants has been reduced, the wind farm's capacity has almost doubled from 8.5 MW to 14.9 MW. In terms of electricity production, the renewal has resulted in an increase of more than fourfold: While the eight previous plants had supplied 8,000 MWh of clean electricity per year, the new plants will produce 35,000 MWh. W.E.B also broke two records with the construction of these facilities: They are not only the first plants of this type in the state of Saxony, but at 137 meters they are also W.E.B's tallest.

Different generations of wind power plants symbolically united in one place. Each of the new plants in Glaubitz provides clean energy for 2,500 households and thus produces almost eight times as much electricity as one of the old plants.

In October, another old plant was acquired at this location and the installed capacity of the W.E.B wind park was expanded to a total of 15.75 MW. Old and new plants now produce clean energy side by side; at the same time they symbolize the innovative power of the industry and the different generations of technology.

Diversity with clear standards

W.E.B's comprehensive project development competence makes it possible to realize economically successful projects at a national and international level in an ever more competitive environment. Even in times of robust growth, W.E.B keeps its eye on the details and on the best individual project solution.

The staff of our regional companies play a central role as regional experts in the acquisition of new projects and in the integration of regional stakeholders. With their extensive experience, the project development team at the headquarters in Pfaffenschlag in turn supports the efficient planning and implementation of the projects, for example in the areas of site evaluation and construction management. In this way, we combine international with regional focus. It is our concern to involve both regional companies and local residents in our projects. This is the only way a future of regional, clean energy generation can be realized.

Strongest expansion year so far

2016 has been an outstanding year of growth for W.E.B. In total, W.E.B expanded its installed capacity by 88 MW. If one adds the construction projects with partners, this works out as 118 MW. Such strong growth in just one year is the welcome result of the thorough development work of the previous years, but it is nonetheless still exceptional. W.E.B's business objective is and remains a moderate and targeted growth strategy involving around 50 MW of additional output per year.

2016

412 MW

TOTAL CAPACITY

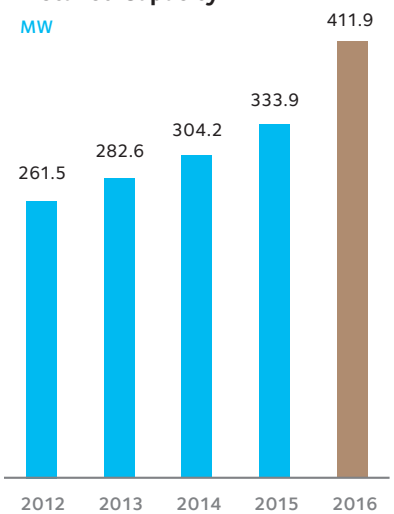
New market, largest wind farm

- As a result of the commissioning of many new plants, W.E.B broke through the 400 MW barrier for installed plant capacity in 2016. This corresponds to an annual electricity production of more than one terawatt hour (TWh).
- With the plant in Pisgah Mountain, W.E.B's first wind farm in the USA was connected to the grid.
- In France, the largest wind farm in W.E.B's history – the plant at Les Gourlus – was built.
- With the commissioning of the six facilities in Nova Scotia, the third expansion phase in Canada was successfully completed. Thus, a total of 20 W.E.B plants with a combined output of around 40 MW now produce clean energy in the Canadian maritime province.
- In Glaubitz, W.E.B carried out its first independent repowering project. The largest plants in W.E.B's history were connected to the grid.
- W.E.B won the first round of a bidding process in Italy.

Projects in 2016

Wind farm/PV	In operation	Total capacity	W.E.B share
Parbasdorf II	May 2016	12.30 MW	100 %
PV Laa an der Thaya	May 2016	0.50 MW	70 %
Sternwald III	June 2016	5.95 MW	49 %
Weener RII / Germany	June 2016	9.15 MW	50 %
Glaubitz RI / Germany	Dec. 2016	13.20 MW	100 %
Walton / Canada	Nov. 2016	1.99 MW	55 %
Baddeck / Canada	Dec. 2016	1.70 MW	55 %
Brenton / Canada	Dec. 2016	1.99 MW	55 %
Hardwood Lands / Canada	Dec. 2016	6.00 MW	55 %
Pisgah Mountain / USA	Dec. 2016	9.10 MW	100 %
Le Gourlus / France	Dec. 2016 / Jan. 2017	38.4 MW	100 %

Installed Capacity



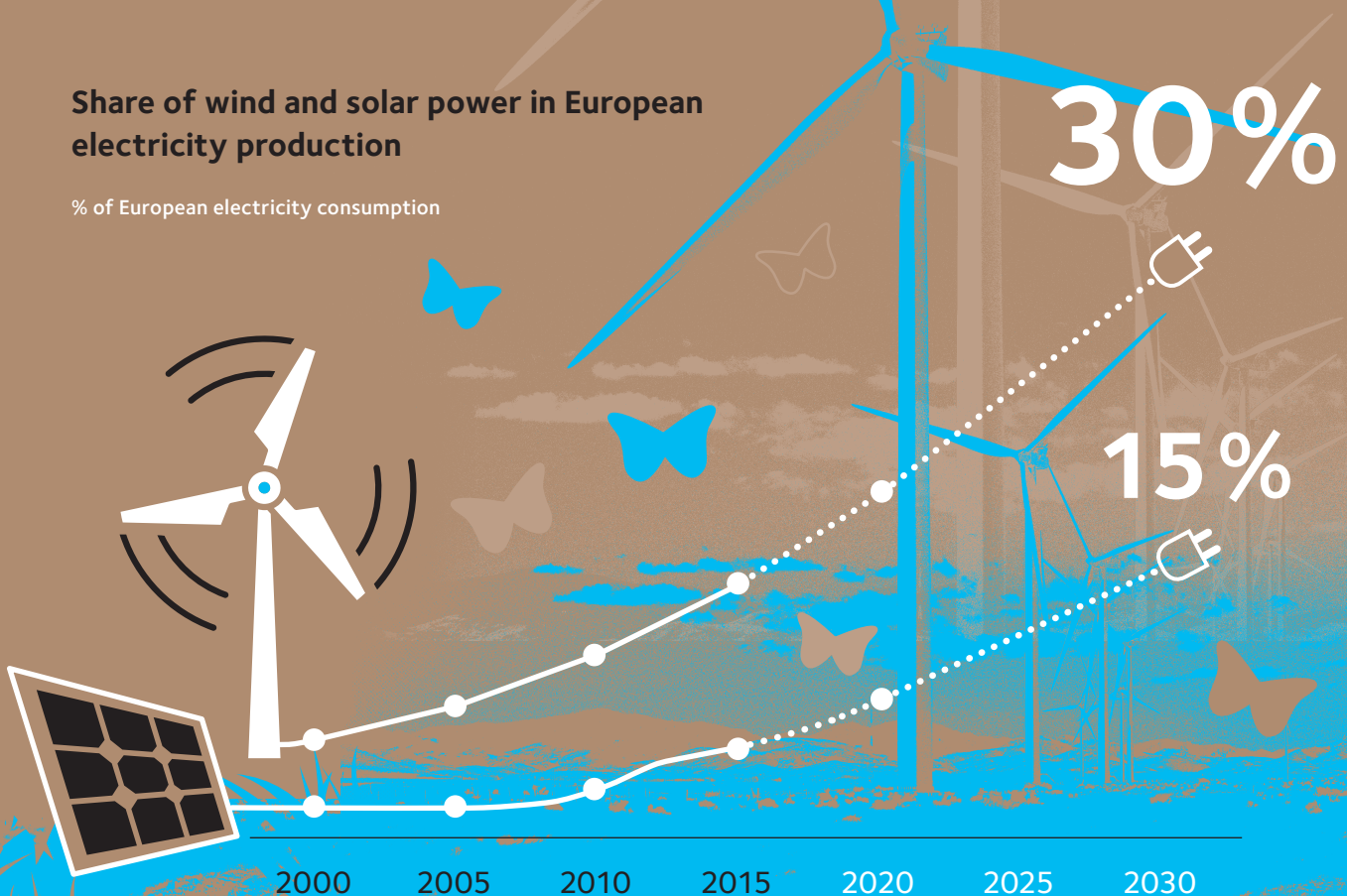
OUTLOOK

Even More Clean Electricity Worldwide

The economic potential of wind energy has been confirmed by the extremely positive global developments in recent years. Whereas the world's total installed capacity stood at 17 GW in 2000, merely 15 years later wind power plants generated an output of 432 GW of clean electricity on our planet. The development of photovoltaic power has also been impressive: It has multiplied from 0.34 GW in 1995 to 227.7 GW in 2015. According to current estimates, 30 % of European energy consumption is expected to be met by wind energy and up to 15 % by solar energy in 2030. The spirit of innovation and the courage to look for new ways of doing things have made the wind and the sun sources of energy for the future.

Share of wind and solar power in European electricity production

% of European electricity consumption



Sources: EWEA, Solar Power Europe

The Highest Level of Maintenance

W.E.B not only builds new wind farms, we also always ensure that our existing wind power plants are functioning properly. In 2016, we were evaluated by Germanischer Lloyd for the continuous improvement of our maintenance model. This resulted in official confirmation that we maintain our Vestas plants with the same high quality of service as the manufacturer itself.

A well-functioning power plant operation today is founded mainly on the two pillars of remote monitoring and maintenance. Therefore, the data from every W.E.B plant at all seven locations are analyzed, visualized and evaluated centrally at the company headquarters in Pfaffenschlag. This way we can ensure that any possible complications are detected early and errors are corrected before they can cause major problems. At the same time, our service technicians ensure optimal plant operation through their on-site maintenance. We have perfected this model in recent years and maximized its efficiency in 2016.

Large components are stored at the company headquarters in order to guarantee efficient operation.

Endorsement by Germanischer Lloyd

In 2016, the W.E.B management wanted to know exactly how well-organized our operational management model was. The internal figures of recent years speak for themselves, but an external perspective can often prove to be useful. For this reason, we commissioned GL Garrad Hassan Deutschland GmbH (DNV GL), an internationally recognized authority on wind energy, to thoroughly inspect us and evaluate our plant maintenance according to technical capability and aptitude. The objective was to have an independent body check whether our operational maintenance of Vestas plants is at the same level as the plant manufacturer itself.

All the data from all our power plants converge at the control center in Pfaffenschlag.

The result of this external assessment confirmed our high expectations: DNV GL considers W.E.B to be eminently well-qualified to carry out plant maintenance, and above all the replacement of large components such as gearboxes and generators, without any loss in quality. This finding, apparently unremarkable at first sight, has far-reaching implications for W.E.B as the quality of our service concept has now been officially certified by an internationally recognized certificate.

Efficient working guaranteed

Our new large-component warehouse in Pfaffenschlag plays a fundamental role in our maintenance model. Transmission units and generators are kept in stock there so as to be quickly available as a replacement whenever necessary. With this measure, we have improved plant availability and at the same time guaranteed efficient and cost-effective operation. Having our own warehouse of large components, in combination with our know-how and our good relationship with the equipment manufacturers, allows us to exchange full maintenance contracts with partial maintenance contracts. This is exactly where the Germanischer Lloyd report becomes useful, because it officially confirms that this change in the maintenance contract does not result in a loss of quality. This again guarantees more favorable conditions in the financing of wind farms. These technical advantages in the maintenance process have an impact on all areas of the company.

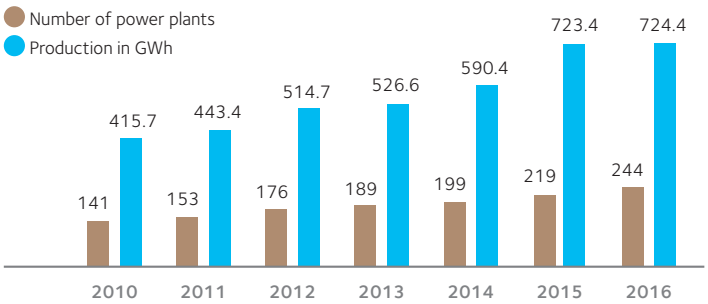
Strong demand for W.E.B know-how

Our rigorous management model is also widely acknowledged outside W.E.B. Among others, we won over Austrian Federal Forests with our high degree of plant availability. They subsequently entrusted us with the operation of their new wind farm in the Pretul Alps; the largest wind farm in Styria.

Operational management for partners and new technologies

- Austrian Federal Forests have commissioned us with the technical operation of their Pretul wind farm.
- W.E.B indirectly holds only a 16.6% share at the Weener RII wind farm (Germany), but we have been entrusted with the operation of the entire park, which has a total of nine turbines and a total output of 26.05 MW.
- In 2016, rotor blade heaters were successfully used in W.E.B wind energy plants for the first time to prevent ice formation.

Power plants and electricity generation

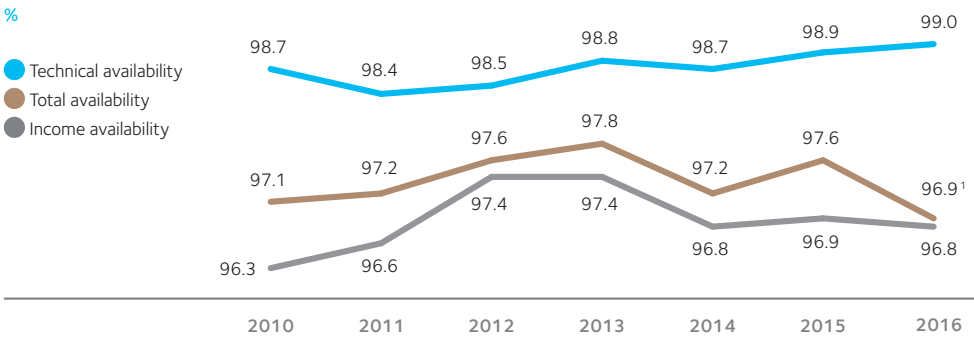


2016

520 MW

of plant performance
managed from the control center

Maximum availability



Source: W.E.B

[1] The change in total availability compared to the previous year is due to more ice formation and thus shutdowns were necessary.

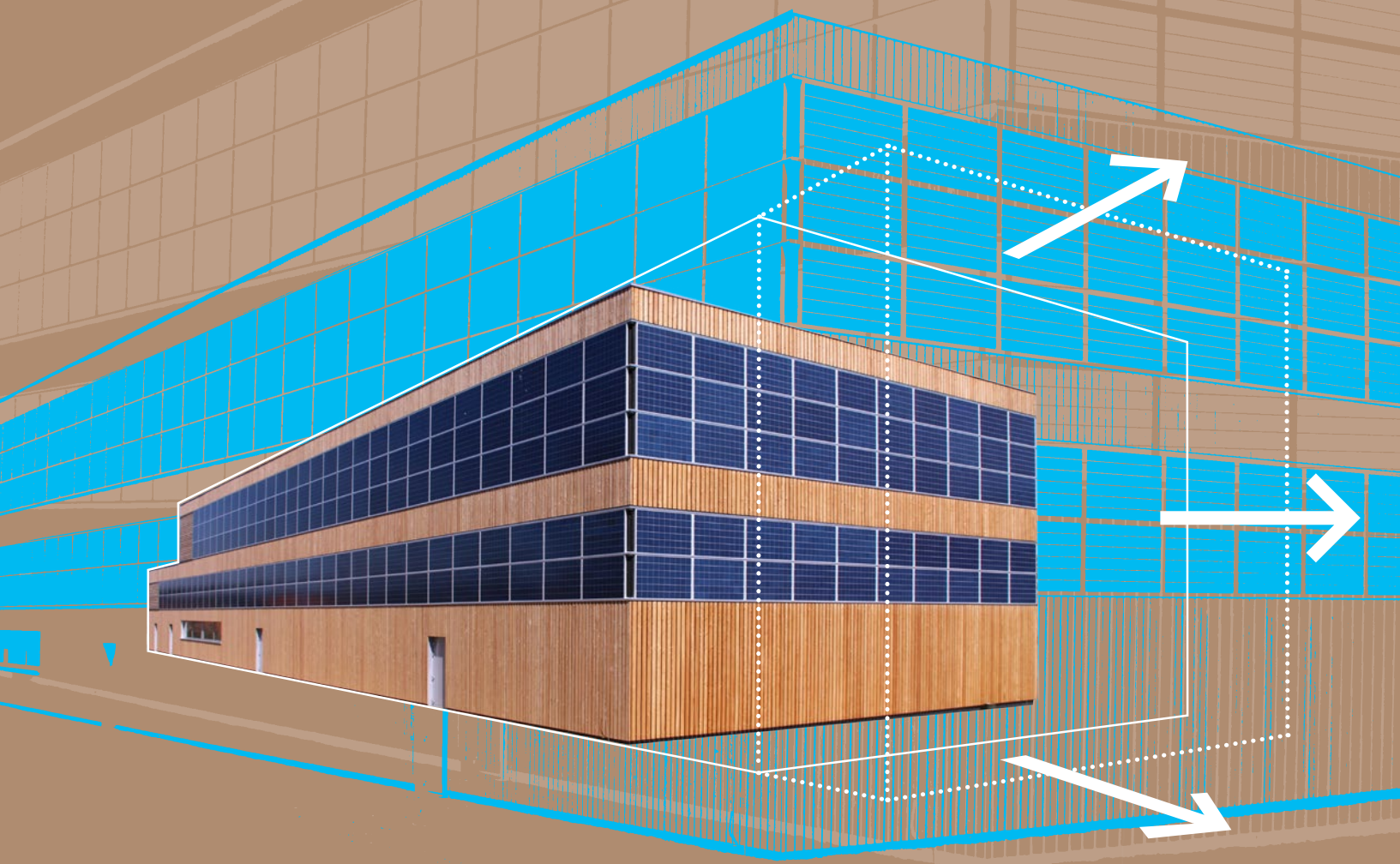
Production year 2016: Top result despite weak wind levels

Production conditions were characterized by extremely weak winds at all our sites in 2016. This is also reflected in the production figures. Electricity generation remained below anticipated amounts. Thanks however to new commissioning and perfect maintenance, W.E.B produced more electricity than in the record year of 2015.

OUTLOOK

Provisions Made for a Growing Service

We have already reached our target with an impressive 99% in terms of technical plant availability. The challenge for the future is to maintain this high level. We have therefore already made arrangements for our spare parts storage to be equipped to accommodate even more wind power plants. Our large component warehouse can be expanded if necessary without a long planning phase. We need to have the appropriate large components in store if we are to react quickly enough to maintain our demanding, high level of technical plant availability.



Our Energy Transition House

Promoting decentralized energy production on all political and social levels is an essential component of our corporate philosophy. We are also working on relevant innovative concepts in sales. In 2016, we opened our Energy Transition Show House, which is a model for sustainable energy supply and thereby serves as a prototype for future residential buildings.

At first glance, our model house looks like an ordinary single-family house. The straightforward shape of the building might suggest that energy efficiency is an important issue for the client. There are large window surfaces aligned to the south-west; the other windows are rather small. The heat pump and the ground collector – which is fed by geothermal heat – in the garden are not special features themselves. The really special thing about this house is hidden inside: the building also serves as energy storage thanks to thermo-active building systems. Its domestic technology is controlled by heat demand on the one hand, and on the other by the availability of wind power.

Thus, wind becomes cozy warmth

When a great deal of wind power is produced, W.E.B's control center transmits a signal to the control unit of the building services. The heat pump fires up, operated by wind current, and draws on geothermal energy by means of a surface collector – assuming, of course, that heat is required. As a result, the water in the thermo-active building system is heated and heat is stored in the ceiling until a stipulated maximum core temperature is reached. This value is usually slightly above the desired room temperature.

The ceiling subsequently releases the stored heat, albeit very slowly. The initial indications over the last rather cold winter suggest that the storage capacity is sufficient to maintain the desired room temperature for one week. Conclusion: Independent of the current wind level, wind power is used in the form of heat, thus providing additional comfort. Due to the small temperature difference between the concrete core and the room temperature, air circulation is relatively weak. The inhabitants therefore experience the warmth as a pleasant, radiant heat.

Funded research project

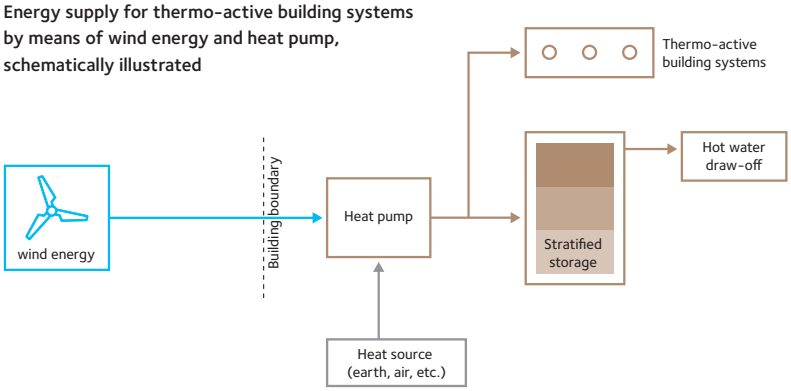
The technical interplay between thermo-active building systems, wind power, heat pumps and geothermal heat is being scientifically documented under the umbrella „City of the Future" – a research and technology program from the Federal Ministry of Transport, Innovation and Technology. This is to be tested on a small scale, and can also be applied on a large scale in the medium term. W.E.B is already involved hands-on with this, as the concept of thermo-active building systems with electricity from wind energy is already being implemented in entire housing complexes. As a project partner, W.E.B is engaged in the construction of a Viennese residential complex with 150 apartments, which is to be completed in 2018.

When a lot of wind power is available, this house becomes a storehouse of energy.

Our Energy Transition House is a model house in the best possible sense. On the basis of this joint project, the Federal Ministry of Transport, Innovation and Technology has issued a planning guideline for further buildings following this model. This is also available online at www.nachhaltigwirtschaften.at/de/publikationen.

The Energy Transition Show House represents a great deal of what is important to W.E.B: Wind power can be stored according to this concept – a key component in the stabilization of energy provision. Moreover, energy is consumed in the region where it is harvested. Since the combination of wind power and thermo-active building systems is easy to implement, the concept also has the potential to significantly advance the energy transition.

Energy supply for thermo-active building systems by means of wind energy and heat pump, schematically illustrated



The principle of thermo-active building systems

With thermo-active building systems, building components that have a corresponding bulk – usually they are ceilings, but can also be walls – are heated in pipelines via the transfer medium of water. These building components act as reservoirs that radiate the stored heat (hence ‚thermo-active building systems') slowly into the interior. Unlike underfloor heating, in which the heating hoses are laid into the floor screed, the hoses for thermo-active building systems are placed directly above the first reinforcement grid during the concreting of the ceiling. Therefore, there is no additional procedural step in comparison to underfloor heating; only the installation time is moved forward. Through thermo-active building systems, not only the heating but also the energy-efficient cooling of buildings is made possible.

W.E.B-Grünstrom flying high

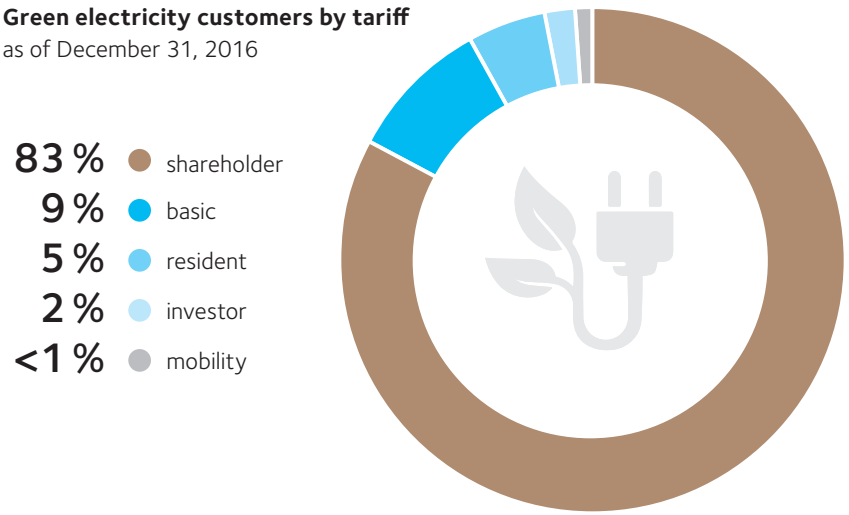
Our distribution of electricity is becoming more and more appealing. Last year, W.E.B-Grünstrom became even more well-established among Austria's electricity suppliers. The number of green electricity customers rose by 10 %.

GLOBAL 2000's recommendation of our green electricity was a particular highlight. In December, the environmental organization assessed a total of 117 Austrian green electricity providers and only three of them – including W.E.B – were recommended as suppliers of „real" green electricity.

Different tariffs for diverse customers

- **shareholder:** exclusively for W.E.B shareholders
- **investor:** specifically for W.E.B bond subscribers
- **resident:** for all citizens of a municipality in which W.E.B power plants are in operation
- **mobility:** special tariff for drivers of e-cars
- **basic:** available for everyone in Austriar

Green electricity customers by tariff
as of December 31, 2016



We reward energy savers

Energy transition means not only changing to clean electricity, but also saving energy. This is why we came up with a bonus system for savers of electricity last year. Green electricity customers can thereby save up to 5 % of their energy costs. Electricity consumption is simply calculated every year. Should our customers have consumed less electricity than in the previous year, up to 5 % will automatically be deducted from their electricity bill the following year.

OUTLOOK

Think in Terms of Energy Grid rather than Power Grid

Storage and energy efficiency are the central building blocks of the energy transition along with wind and solar power, in which the forms of storage can be varied: With batteries, pumped-storage power plants, compressed-air reservoirs or hydrogen only the best known forms are talked about. In the Energy Transition House, electricity is temporarily stored in the form of heat and also used as such. However, this comfortable indoor climate also turns out to be highly efficient: If there were nothing but Energy Transition Houses in a town of the size of Tulln or Hohenems, two wind power plants of the latest generation would be enough to heat the whole town.

¼ of the single- and two-family houses built in Austria each year as Energy Transition Houses =

to be heated would need

1
Wind power plant
of the latest generation

Where Wind Yields Are on the Increase

W.E.B lives citizen participation – this is as true today as it was at the time of its founding. Our first wind power plant in Michelbach was developed in 1995 through the collaboration of dedicated people. With the founding of WEB Windenergie AG in 1999, the co-ownership of shares was placed on a broad footing. Thousands of environmentally-minded investors used this opportunity to invest both profitably and ethically at the same time. Since 2010, W.E.B has been offering an additional form of ecological and sustainable investment with its corporate bonds. A successful triple issuance followed on the bond market again in 2016.

In 2016, W.E.B issued „Green Power Bonds" with a total value of EUR 20.2 million. Based on our understanding of citizen participation, investors were again given the choice of three bonds: two conventional bonds with maturities of five and ten years, and a hybrid bond without a specific maturity date. W.E.B has successfully issued such an equity-like subordinated bond already for the third time. They differ from conventional bonds in one important way: If the company does not pay out a dividend to the shareholders in any given year, interest payments and hybrid bond repayments can be suspended for this year. Interest payments will be made with compound interest in the year following a dividend payment at the latest. For the associated higher risk, investors will be offered higher interest rates than with a conventional bond.

An issue to tackle

The marketing and sales concept for W.E.B's bonds was specifically designed to build innovative bridges between the company and its investors. As sales of W.E.B issues are not transacted via banks or their branch networks, the subscription period for bonds is relatively long at six to eight weeks. A broad sales campaign runs with its own „Green Power" website during this period, as well as an informative and meaningful bond folder. Direct mailings, advertisements in newspapers and magazines, and online advertising support sales in the media. In addition, during the 2016 bidding phase for GreenPower Bonds, the W.E.B Board of Directors made itself personally available to interested investors with roadshows in seven Austrian cities for comprehensive information and intensive dialogue.

During the course of the 2016 Green Power Tour, the W.E.B board provided information about the future of W.E.B as well as about opportunities to invest in the company.

At the W.E.B headquarters in Pfaffenschlag, a separate team was also entrusted with the task of quickly responding to inquiries from interested investors and processing incoming subscription forms. At the end of the subscription period, more than 1,000 subscription forms had passed through the hands of our smooth-running team.

Pioneer for investments

Just as the model of a broad, people-oriented, non-listed company for renewable energy is not a ready-made concept, this is also true of W.E.B's bonds and their placement. In preparing for the first bond issue in 2010, it quickly became clear that W.E.B would take a new approach here too – in close coordination with the regulatory authorities. Apart from that, W.E.B was the first company in Austria to offer a wind power bond for subscription, thereby once again proving to be a pioneer.

In contrast to the shares, W.E.B's bonds are traded on the third market of the Vienna Stock Exchange. When the market sector „corporates prime" was introduced in 2013, W.E.B was again among the first participants and thus committed itself to even more transparency for its investors. The bonds from 2016 are also listed in this segment.

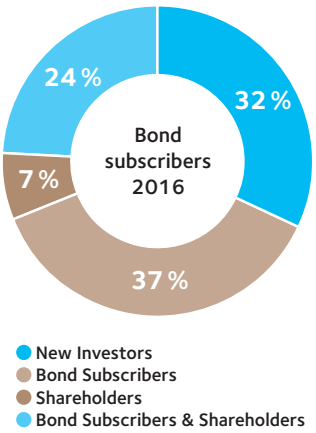
Through its bonds, W.E.B has not only embarked on new directions in citizen participation, but has also opened up new groups of investors. As of 2016, we can proudly claim that more than 5,600 people are investing in W.E.B, and thus in renewable energies.

Transparent sustainability – visits welcomed, questions allowed

For more than 20 years, W.E.B has successfully combined environmental awareness and economic efficiency. The foundation for this success is the company's direct contact with its shareholders and bond subscribers. Through the company magazine W.E.B aktuell, our website, a regular newsletter or our Facebook page – but also in the course of numerous events – we keep you informed about current developments and our plans for the future. In 2016, our investors had the opportunity to talk directly with the board of directors and the W.E.B team at a total of 15 events, including the Open Day, fireside chats, roadshows and opening ceremonies. Our Investor Relations team will be happy to answer your questions at any time throughout the year at web@windenergie.at or +43 2848 6336-0.

2016 Green Power Bonds in figures

Term	Interest	Conditions	Total issuance volume (MEUR)
5 years	2.50 %	Bullet repayment	7.0
10 years	3.75 %	Annual part repayment	6.9
No fixed maturity date	6.25 %	Hybrid	6.3
			20.2



2016 bond options in detail

Classic bonds: 2.5 % bullet repayment or 3.75 % partially amortized

These options offer fixed repayment periods. The **2.5 % bullet bond** runs from 2016 to 2021. Over the term, the investor will receive the annual interest and, at the end of the term, the invested capital at the nominal value (EUR 1,000 per bond). The repayment period of the **3.75 % partially amortized bond** is ten years. For the investors, this means that the invested capital is repaid annually on a pro-rata basis and they receive the annual interest.

6.25 % hybrid bond

Hybrid bonds are subordinated corporate bonds of unlimited term, in which annual interest payments and repayments can be suspended under certain conditions. In the specific case of this W.E.B hybrid bond, amortization and interest payments are linked to the distribution of a dividend for the share. However, suspended interest payments must be made up no later than the year of the next dividend payment. A higher interest rate is offered as a compensation for this risk.

W.E.B bonds since 2010

Year	Term	Interest	Conditions	Amount (MEUR)
2010	5 years	5.00 %	Bullet repayment	10.2[1]
2011	5 years	5.00 %	Bullet repayment	6.5[1]
2013	5 years	4.00 %	Bullet repayment	24.5
	10 years	5.25 %	Annual part repayment	
	10 years	5.50 %	Bullet repayment	
2014	5 years	3.50 %	Bullet repayment	15
	No fixed maturity date	6.50 %	Hybrid	
2015	5 years	2.75 %	Bullet repayment	22.3
	10 years	4.00 %	Annual part repayment	
	No fixed maturity date	6.50 %	Hybrid	
2016	5 years	2.50 %	Bullet repayment	20.2
	10 years	3.75 %	Annual part repayment	
	No fixed maturity date	6.25 %	Hybrid	
				98.7

[1] Already repaid

OUTLOOK

Sustainability through Citizen Participation

W.E.B is considering the idea of citizen participation more deeply: Our work in a future-oriented industry requires the courage to innovate – in financing as well. There was a period of only 15 years between the first W.E.B power plant with citizen participation and Austria's first wind power bond. Thanks to a sustainable and attractive range of investment options, W.E.B can continue to build on widespread citizen participation. Together with our owners and investors, we are walking towards a future of clean regional energy.

Citizen participation, made by W.E.B

1995
First Austrian wind energy project with citizen participation in Michelbach

1999
Foundation of WEB Windenergie AG - the wind energy share is born

2010
Austria's first bond for wind power issued

2014
The first W.E.B hybrid bond: a new form of citizen participation

Future
Citizen participation models in countries where W.E.B is located

Green Electricity instead of Diesel

With the regional generation of clean energy from the renewable sources of wind, sun and water, we have made sustainability our core business. Climate protection is an important issue for us, though not only in the generating of electricity. Together with our team, we have set up our e-car fleet with the result that by the end of the year already more than half of the service cars were running on electricity.

Austria has recognized the signs of the times and identified road traffic as one of the major challenges for climate protection. For this reason, a legal framework for the promotion of electromobility has been created. Since March 2016, companies have been awarded EUR 4,000 for every newly registered electric vehicle. We have seized this opportunity and established a comprehensive electromobility concept. Thus, we want to set an example for how a company can convert its fleet to electric cars step by step.

From team idea to team benefit

The first ideas for switching to new drive systems were formed in 2015; the test phase started in 2016. A total of 14 employees decided to switch to electric cars. The basis for this was simply the specific mobility needs of the future electric car driver. These requirements were matched with the car models currently available on the market. The dialogue with experienced users of electric vehicles proved to be an important aid.

Our purchasing team also provided some good support.

Our – here almost entire – e-car fleet grew to 18 electric cars in 2016.

The company car park as a shop

The vehicles can of course be „refueled" with electricity at the company's charging center in Pfaffenschlag. With a total of 22 charging points (20 support chargers with different charging capacities and plug types as well as two quick-loading chargers), this was considered to be the largest charging point in operation in Austria when it was commissioned in January 2016. Since W.E.B employees can also take advantage of our economical W.E.B-Grünstrom package at home, they are also able to charge their e-car with clean energy where they live.

Charging in Pfaffenschlag is no problem!
A total of 22 charging points are available for our employees.

Full speed ahead for climate protection

It is worth noting that the idea for this project originated with the W.E.B team and was further developed together with the Board of Directors. As a result of its great success, a second stage was launched in 2017, and interest in this attractive offer remains high. One of the side effects happens to be just as forward-thinking as W.E.B and its employees, because the electricity for the electric cars comes directly from the headquarters.

From the sun to the wheels

The dynamic between electricity production, temporary storage and use is directly put to the test at our site in Pfaffenschlag. Our new multi-purpose hall, officially opened in 2016, plays an important role in this. Its special features include integrated photovoltaic modules with a total output of 148 kWp as well as an 80 kWh lithium-ion storage unit inside the building. In addition, the aforementioned factory loading station for electric cars was installed as part of the site expansion. Taken together, these components provide a unique concept for local charging management, which is carefully coordinated by W.E.B's engineers. In doing this, we put what the term "decentralized energy transition" means for our company directly to the test at the company's location: if the photovoltaic modules at the hall produce more current than is needed, this is temporarily stored. The local reserve is then used for charging the employees' electric cars. Thus, with our smart network we have created a model for how intelligent networks can function on a large scale.

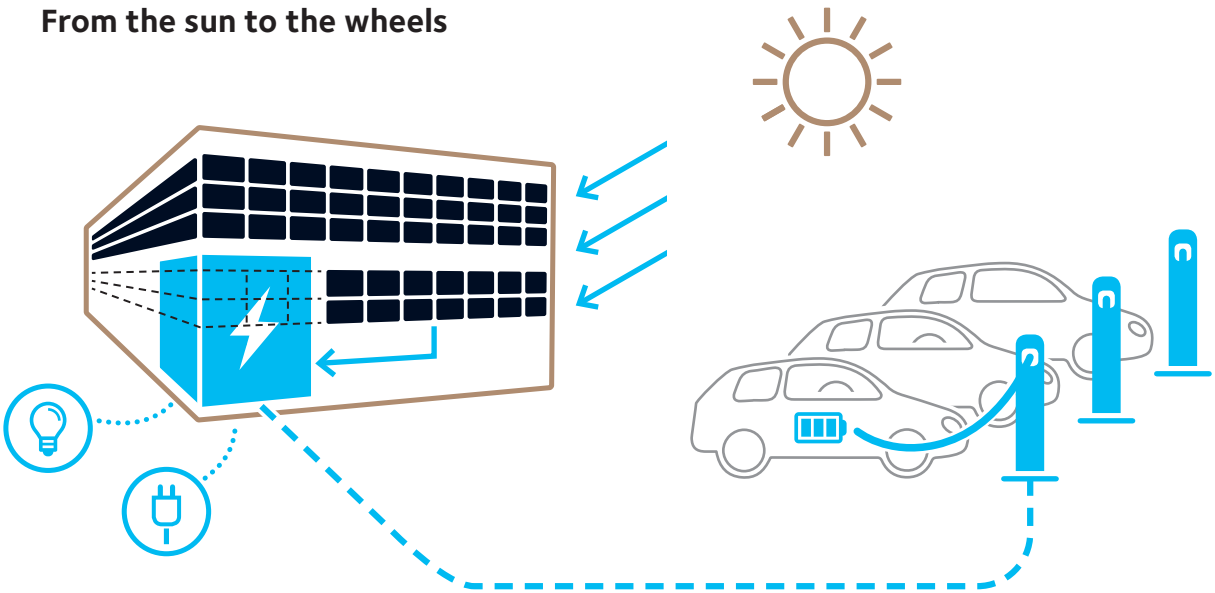
Electromobility in the fast lane 2016

The Waidhofen an der Thaya region took pole position for newly registered electric cars across Austria in 2016; the number even exceeded those in many other European countries. W.E.B is responsible for a significant share of this thanks to its employees, as 15 of our 18 electric cars were purchased last year.

W.E.B's fleet of e-cars

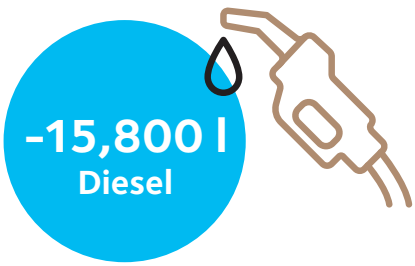
Model	Number
Renault ZOE	8
Nissan Leaf	4
VW e-Golf	2
Renault Kangoo	1
BMW i3	1
Tesla Model S	1
Tesla Model X	1
Total	**18**

From the sun to the wheels



Clean electricity replaces diesel

W.E.B employees racked up a total of 243,628 km electrically in 2016, thus saving around 15,800 liters of diesel or 30,137 kg of CO_2 emissions.



OUTLOOK

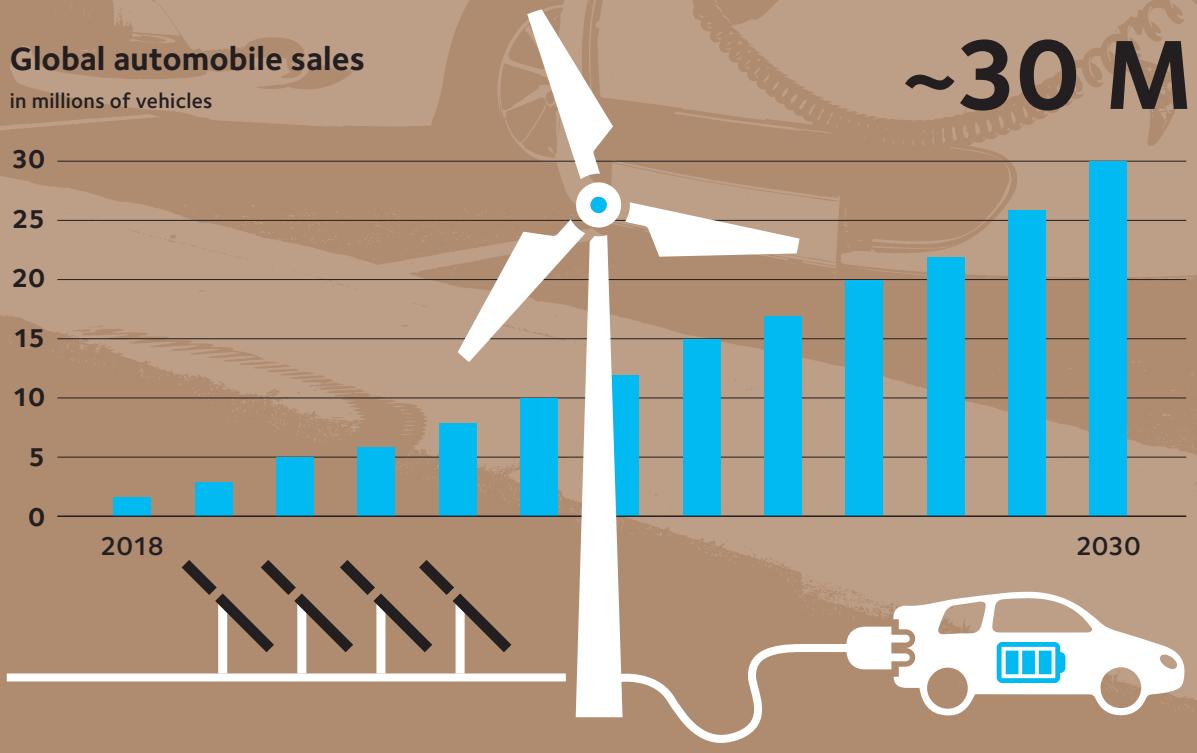
Electrically Mobile with Green Electricity

Electric cars have been a part of our daily lives for some time now. The days when they were viewed as merely futuristic cars for enthusiasts are over. In Austria, too, electromobility has come a long way in just a few short years; however there is no sign of this trend slowing down yet. A total of 127 electric cars were registered in Austria in 2006; this figure had risen to 9,073 by 2016. A glimpse into the future reveals that the image of our roads is set to change even more: According to expert estimates, approximately 30 million electric cars will be registered worldwide in 2030, which amounts to around 30 % of new registrations. Fueled by technical developments, these estimates have been constantly revised upwards in recent years.

This large number of electric cars, of course, requires a corresponding amount of electricity. And once again, W.E.B is going to be an important driving force in this development. This is because electric cars can only really be an alternative for clean road traffic when paired with clean energy for a sustainable future.

Global automobile sales

in millions of vehicles



Source: CAM - Center of Automotive Management

Regionally Anchored, Internationally Networked

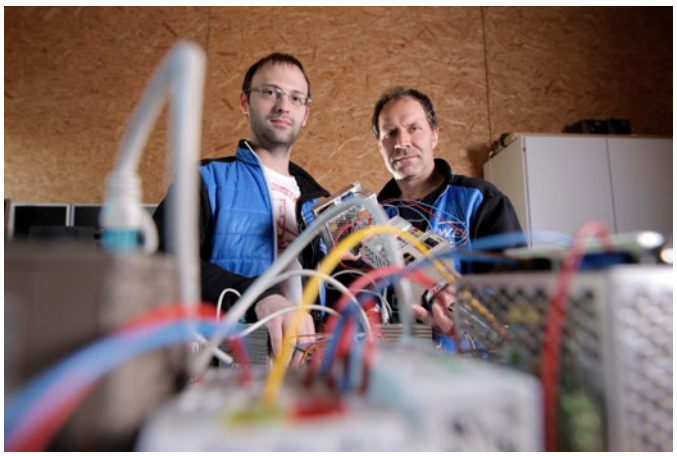
W.E.B's continuing development also presents constant new challenges for the teams of employees. While business areas such as project development require a country-specific approach and individual expertise, routine tasks introduced throughout the company have to be carried out in exactly the same way and with the precision of a Swiss watch. The ability to perfectly master this daily balance between variation and unity is something that W.E.B employees particularly excel at.

Highly qualified and committed staff members form the essential foundation of our success. This is the reason why we support our employees with a series of measures for personal development, networking and team building. Even during the application process, we attach great importance to making sure that the potential employee and the company become thoroughly familiar with each other.

We then base the personal development of our employees on the outcomes of regular discussions. Company-relevant topics are collected together in the course of employee surveys and subsequently implemented in practice.

Recruiting

In 2016, W.E.B successfully offered 35 new positions internationally, twelve of which had been freshly created. The teams in Germany, Italy, France and Canada were expanded in order to strengthen project development in our national subsidiaries. Two Austrian employees from SWEB Development were sent to newly created positions in Canada. The management of the Communications and Investor Relations department was also newly appointed.



Onboarding new employees

W.E.B's complexity has also increased along with the solid growth of the company. To take this fact into account, an onboarding system was introduced in 2016 in addition to mentoring in order to facilitate the start of a new employee's career with the company. Through this, they receive a concise insight into all areas of the company via short presentations and basic training courses, while at the same time getting to know colleagues from other departments better. The same onboarding routine can also be undertaken by international employees over the course of a working day in Austria. It is primarily aimed at those employees who work intensively with the colleagues at the headquarters in Pfaffenschlag.

Satisfaction survey

Staff member satisfaction with the working environment at W.E.B is assessed at the annually conducted employee survey. The result of the survey is used to develop more appropriate measures and specific concepts to address all relevant questions concerning staff.

In 2016, we also looked at corporate culture. The focus was on the extent to which our self-defined corporate philosophy is in line with the impression that our employees have gained at the headquarters and in the country subsidiaries. The results of this survey are translated into concrete measures in internal communication.

Leadership development

After comprehensive restructuring the year before, the measures for the expansion of our newly defined leadership competencies were put into practice in 2016. At the same time, country managers and department heads conducted a comprehensive assessment program, which served on the one hand as the basis for individual points of focus, and on the other hand as feedback to the management.

Internships

W.E.B regularly offers students or graduates interesting opportunities to familiarize themselves with the renewable energy industry and apply their theoretical knowledge in practice. In 2016, we took on 13 trainees in Austria, Germany, France and Canada. They supported us in the areas of project development, operations management, IT and accounting.

The „Staff Roses Program“

The office in Pfaffenschlag is not only the headquarters of the W.E.B Group, but also its largest site with 81 employees. Numerous offers and initiatives ensure a good working climate and contribute to the fact that new employees can get settled into their work. Some examples of this are:

- our company premises in a pleasant, feel-good atmosphere
- a welcoming gesture for all our new employees: a flowering rose on the desk, together with a W.E.B handbook containing useful tips and knowledgeable information
- flexible organization of working time through flexible schedules, part-time schedules and home-office options
- regional lunch menu, freshly prepared at the headquarters: vegetarian or traditional cuisine
- free catering and snacks during breaks
- communal weekly volleyball training

Goodies 2016

2.000 kg fruit
420 kg sweets
300 kg coffee beans
950 l milk
2.400 tea bags

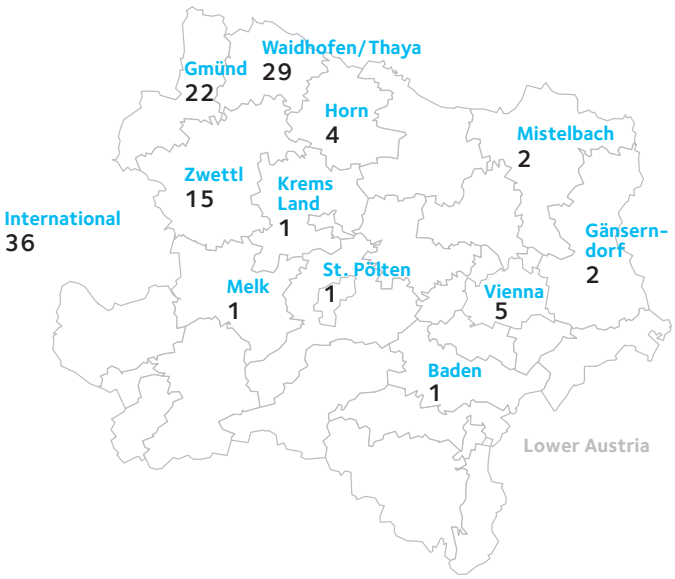
Staff facts & figures at a glance

W.E.B Group	Dec 31, 2016	Dec 31, 2015
Office Staff	**102**	**89**
Male	59	51
Female	43	38
Field Staff	**17**	**16**
Male	17	16
Trainees	**0**	**1**
Male	0	1
Total	**119**	**106**

Full-time	98	87
Part-time	21	19
Share of women	36 %	36 %
Trainees	3	0
Marginal employ-ment	0	2

Age structure	Number (2016)	Number (2015)
15-20 years	1	1
21-30 years	37	28
31-40 years	43	41
41-50 years	27	23
51-60 years	11	13
61-65 years	0	0
Over 65 years	0	0
Average age	36.30	37

Employees based on district/region
Residence of W.E.B employees



W.E.B-AG	Dec 31, 2016	Dec 31, 2015
Office Staff	**70**	**66**
Male	37	36
Female	33	30
Field Staff	**11**	**9**
Male	11	9
Trainees	**0**	**1**
Male	0	1
Total	**81**	**76**

Leave of ab-sence (incl. maternity leave)	**3**	**2**
Male	0	1
Female	3	1

International	Dec 31, 2016	Dec 31, 2015
Office Staff	**32**	**23**
Male	22	15
Female	10	8
Field Staff	**6**	**7**
Male	6	7

International based on country	Dec 31, 2016	Dec 31, 2015
Germany	10	9
Canada	16	11
Czech Republic	1	1
France	8	7
Italy	3	2
Total	**38**	**30**

The year 2016

- **Entries: 35**
  includes 13 trainees
- **Exits: 22**
  dincludes 10 trainees
  exits due to maternity/education leave: 4
- **Average recruiting time: 2.55 months**
- **Average retention time: 4.38 years**

Company to Engage With

In order to make a decentralized energy supply a successful reality, it has to be supported by a broad base of committed people. Since the foundation of W.E.B, we have been supporting the idea of citizen participation. With this in mind, we offer attractive options, both in form of shares and bonds, in order to be part of our success story and, at the same time, contribute personally to the energy transition.

Our successful growth strategy is based on the trust of our owners and investors. Environmental awareness and economic viability – W.E.B has always combined these two elements together, thus providing its investors with an attractive combination of ethos and yield.

W.E.B shares

W.E.B shares are a green investment option for everyone who wants to directly participate in the energy transition. As a solid form of investment, they have also proved to be stable in these times of economic crisis and have thus far performed very respectably for our shareholders.

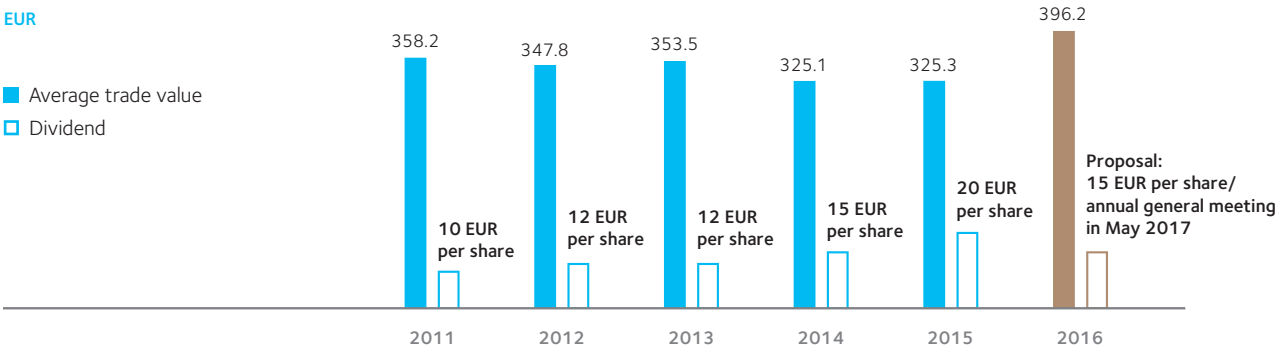
The sustainable dividend policy is a significant contribution to this, which the W.E.B Board of Directors unreservedly acknowledges. Having so far channeled all the company's profits into further expansion, W.E.B has been able to distribute dividends to its shareholders regularly since 2010.

W.E.B shares are registered shares which are not listed on the stock exchange and therefore cannot be traded on the exchange. At the Traderoom (www.traderoom.at), however, W.E.B provides its shareholders with a kind of „bulletin board", which allows direct transactions between buyers and sellers.

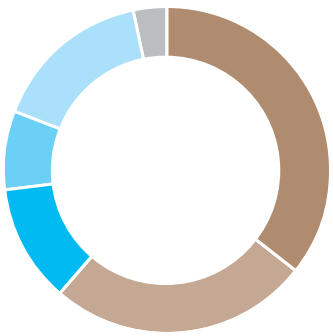
As of December 31, 2016, the number of common shares (unchanged from the previous year) was 288,453. The number of shareholders had increased from 3,685 at the end of 2015 to 3,746 as of Dec 31, 2016.

All facts at a glance – W.E.B shares

Share performance: price development and dividends

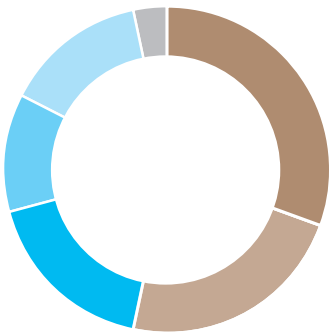


Distribution of shares by region [1]



Shares	Shares (%)		Region
102,716	35.61 %		Waldviertel
74,890	25.96 %		Lower Austria excluding Waldviertel
33,227	11.52 %		Vienna
22,849	7.92 %		Upper Austria
45,307	15.71 %		Austria excluding Upper A., Lower A. and Vienna
278,989	**96.72 %**		**All of Austria**
9,464	3.28 %		Abroad
288,453	**100.00 %**		**All shares**

Distribution of shareholders by region [1]



Shareholders	Shareholders (%)		Region
1,145	30.57 %		Waldviertel
858	22.90 %		Lower Austria excluding Waldviertel
653	17.43 %		Vienna
443	11.83 %		Upper Austria
523	13.96 %		Austria excluding Upper A., Lower A. and Vienna
3,622	**96.69 %**		**All of Austria**
124	3.31 %		Abroad
3,746	**100.00 %**		**All shares**

[1] As of 31 December 2016

Shareholder and owner structure [1]

Number of shares	from	to	Shares	%	Shareholders	%
Less than 0.1 % of shares	1	288	145,520	50.45 %	3,543	94.58 %
0.1–0.5 % of shares	289	1,442	96,202	33.35 %	185	4.94 %
0.5–1 % of shares	1,443	2,885	27,685	9.60 %	15	0.40 %
1–2 % of shares	2,886	5,769	9,488	3.29 %	2	0.05 %
2–3 % of shares	5,770	8,654	0	0.00 %	0	0.00 %
3–4 % of shares	8,655	11,538	9,558	3.31 %	1	0.03 %
4–5 % of shares	11,539	14,424	0	0.00 %	0	0.00 %
More than 5 % of shares	14,423	288,453	0	0.00 %	0	0.00 %
Total			**288,453**	**100.00 %**	**3,746**	**100.00 %**

[1] As of 31 December 2016

W.E.B bonds

Another way of investing in W.E.B is to subscribe to one of our bonds. Since 2010, W.E.B has been issuing bonds in various forms almost every year to finance new power plants. Once again they acted as pioneers, as their 5 % bond 2010–2015 was the first bond for wind power in Austria. This was followed by the first hybrid bond for wind power in the country in 2014.

In 2016, we again offered three different bond products for subscription. Thanks to the renewed high level of investor interest, the total reached an impressive EUR 20.2 million. In sum, since 2010 we have issued bonds totaling EUR 98.7 million, which has provided a significant boost in the implementation of our investment strategy. Up to the end of 2016, bonds from the years 2010 and 2011 totaling EUR 16.6 million have been repaid on schedule.

All W.E.B bonds are listed on the third market of the Vienna Stock Exchange, in the „corporates prime" segment, the premium segment for corporate bonds. We are committed to greater transparency than the third market demands.

The trading of W.E.B bonds is made exclusively via the Vienna Stock Exchange. The already-mentioned Traderoom (www.traderoom.at), however, allows investors who are willing to buy or sell to find the appropriate offers.

All facts at a glance – W.E.B bonds

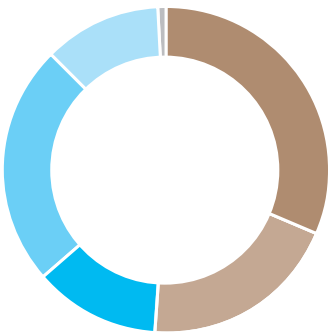
Bond issues

Year	Amount in EUR million
2010	10.2
2011	6.5
2013	24.5
2014	15.0
2015	22.3
2016	20.2

Bond parameters

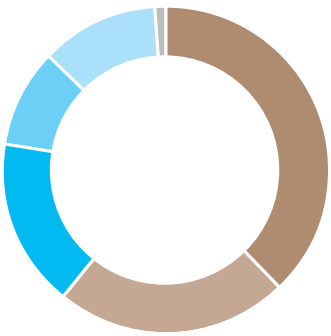
Year	Interest	Term	Type
2013–2018	4.00 %	5 years	Bullet repayment
2013–2023	5.25 %	10 years	Annual part repayment
2013–2023	5.50 %	10 years	Bullet repayment
2014–2019	3.50 %	5 years	Bullet repayment
2014	6.50 %	No fixed maturity date	Hybrid bond
2015–2020	2.75 %	5 years	Bullet repayment
2015–2025	4.00 %	10 years	Annual part repayment
2015	6.50 %	No fixed maturity date	Hybrid bond
2016–2021	2.50 %	5 years	Bullet repayment
2016–2026	3.75 %	10 years	Annual part repayment
2016	6.25 %	No fixed maturity date	Hybrid bond

Distribution of bonds by region [1]



Bonds	Bonds (%)	Region
25,834	31.54 %	Waldviertel
16,175	19.75 %	Lower Austria excluding Waldviertel
10,090	12.32 %	Vienna
19,774	24.14 %	Upper Austria
9,403	11.48 %	Austria excluding Upper A., Lower A. and Vienna
81,276	**99.24 %**	**All of Austria**
624	0.76 %	Abroad
81,900	**100.00 %**	**All bond subscribers**

Distribution of bond subscribers by region [1]



Holders	Holders (%)	Region
1,141	37.81 %	Waldviertel
702	23.26 %	Lower Austria excluding Waldviertel
504	16.70 %	Vienna
287	9.51 %	Upper Austria
358	11.86 %	Austria excluding Upper A., Lower A. and Vienna
2,992	**99.14 %**	**All of Austria**
26	0.86 %	Abroad
3,018	**100.00 %**	**All bond subscribers**

[1] As of December 31, 2016

The W.E.B Traderoom

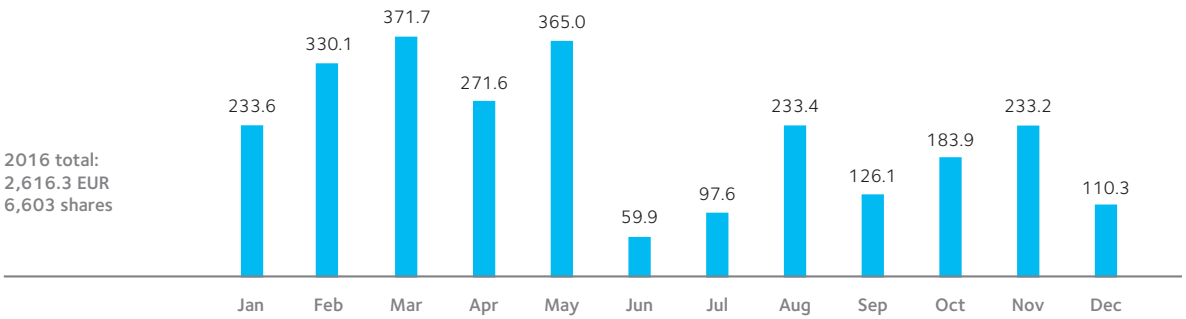
As mentioned, the W.E.B share is not listed on the stock exchange. All trading can however easily be done via the online platform www.traderoom.at. Offers to buy or sell W.E.B bonds can be placed via the Traderoom, though the actual trade can only take place at the stock exchange in Vienna.

The registration for the Traderoom and the conclusion of transactions are simple and quick; besides, there are no trading fees. All shareholders and interested parties can place or search for offers to buy or sell via the online platform www.traderoom.at. This is merely an exchange of information; we do not assume a broker function in the process.

In 2016, a total of 6,603 shares totaling 2,616.3 TEUR were exchanged via the Traderoom. The average trade price per share increased from 374 EUR in January 2016 to 424 EUR in December 2016.

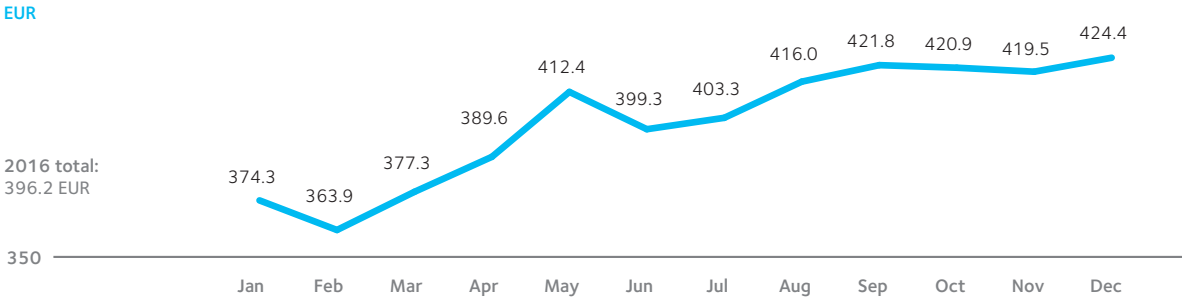
Traderoom: W.E.B shares traded in 2016

Trade value, TEUR



Traderoom: Average price per share 2016

EUR



A total of 2,779 shares were transferred outside the Traderoom in the reporting period, of which W.E.B knows the transaction price of 1,061 shares, which was 387.1 EUR on average.

The „Roses Program for Investors“

W.E.B has always been committed to open and transparent communication with its investors, offering a wide range of information and opportunities to discuss matters. In 2016, however, we intensified the lines of direct communication with our ‚Roses Program for Investors‘. In searching for a name, we deliberately followed our ‚Roses Program for Employees‘.

After the 2015 shareholder survey, in which we had mainly collected quantitative data, we also wanted to get direct, qualitative feedback in 2016. For this purpose our Investor Relations team, strengthened by colleagues from other departments, sat themselves in front of the telephones and got to know the individual questions and wishes of our investors in personal conversations. Shareholders rewarded this with a record attendance at the 2016 Annual General Meeting. 961 shareholders were registered, more than 60% of the capital was represented in person or by a power of attorney. A further consequence of the survey was the extension of our „fireside chats“ in 2017 – with regard to both the dates offered as well as the number of participants.

Before the Annual General Meeting and at the Open Day, we allowed the numerous investors that showed up to look behind the scenes at W.E.B in the form of guided tours. And in the course of the 2016 bond issue, we offered interested investors the opportunity for first-hand information as well as lively debates at seven roadshows in Vienna, Graz, Linz, St. Pölten, Zwettl and Pfaffenschlag.

We also keep the interested public continually informed through quarterly reports and annual reports as well as through our website, the newsletter, the company magazine W.E.B. aktuell and our Facebook page.

Boards and Company

Supervisory Board

Mag. Josef Schweighofer
Chair of the Supervisory Board
born in 1964

- Member of the Supervisory Board since July 5, 2002
- After re-election at the annual general meeting 2016 current term of office until the annual general meeting 2021

Dr. Reinhard Schanda
Deputy Chair of the Supervisory Board
born in 1965

- Member of the Supervisory Board since June 19, 2009
- After re-election at the annual general meeting 2014 current term of office until the annual general meeting 2019

DI (FH) Stefan Bauer
Member of the Supervisory Board
born in 1977

- Member of the Supervisory Board since May 1, 2005
- After re-election at the annual general meeting 2016 current term of office until the annual general meeting 2021

Martin Zimmermann
Member of the Supervisory Board
born in 1968

- Member of the Supervisory Board since June 18, 2011
- After re-election at the annual general meeting 2016 current term of office until the annual general meeting 2021

Andreas Dangl
Member of the Supervisory Board
born in 1962

- Chair of the Board of Directors until April 30, 2016
- Member of the Supervisory Board since May 24, 2016
- Current term of office after posting by Windkraftanlagen Errichtungs- und Betriebsgesellschaft mbH (now FutureDriving Dangl GmbH) on May 24, 2016

Board of Directors

Dr. Frank Dumeier
Chair of the Board of Directors (CEO)
born in 1962

- Current term of office: April 1, 2015 to March 31, 2020

DI Dr. Michael Trcka
Chief Financial Officer (CFO)
born in 1970

- Current term of office: May 1, 2014 to April 30, 2019

Strategic investments

100 %-Participation

WEB Windenergie Betriebs GmbH	Austria
WEB Windpark GmbH & Co KG (formerly WEB Windpark GmbH & Co OG)	Austria
Regenerative Energy Bulgaria EOOD	Bulgaria
WEB Windenergie Betriebsgesellschaft Deutschland GmbH	Germany
WEB Windenergie Loickenzin Betriebs-gesellschaft GmbH & Co KG	Germany
WEB Windenergie Loickenzin GmbH	Germany
C.E.P.E Bel Air Nord SAS	France
Les Gourlus Holding SAS	France
Les Gourlus Holding II SARL	France
Parc éolien de Champigneul-Pocancy SAS	France
Parc éolien des Portes du Cambresis	France
WEB Energie du Vent SAS	France
W.E.B Parc éolien des Vallées	France
W.E.B Parc éolien des Vents du Serein	France
W.E.B Parc éolien du Pays Blancourtien	France
WP France 4 SAS	France
Société d'Electricité du Nord SARL	France
Società di gestione impianti fotovoltaici S.r.l.	Italy
WEB Italia Energie Rinnovabili s.r.l.	Italy
SWEB Development Inc.[1]	Canada
SWEB Development Ontario Inc.[1]	Canada
SWEB Ownership Ontario Inc.[1]	Canada
WEB Wind Energy North America Inc.	Canada
Friendly Energy s.r.o.	Czech Republic
WEB Větrná Energie s.r.o.	Czech Republic
SWEB Development USA, LLC	USA
WEB USA Inc.	USA

> 25 % Participation

ELLA AG	Austria
WEB Photovoltaik AG & Co KG	Austria
WEB Photovoltaik GmbH	Austria
Sternwind Errichtungs- und BetriebsgmbH	Austria
Sternwind Errichtungs- und BetriebsgmbH & Co KG	Austria
Zweite Windpark Weener GmbH & Co. KG	Germany
Energie Verte Plaine d'Artois SAS	France
Scotian Web Inc.[1]	Canada
Scotian Web II Inc.[1]	Canada
Scotian Web III Inc.[1]	Canada
Pisgah Mountain LLC	USA

< 25 % Participation

oekostrom AG	Austria
Tauernwind Windkraftanlagen GmbH	Austria
Weinviertler Energie GmbH & Co. KG	Austria
Windkraft Simonsfeld AG	Austria
GESY Green Energy Systems GmbH	Germany
Società Elettrica Ligure Toscana S.r.l.	Italy

Indirect investments

Sternwind III GmbH	Austria
Windpark Weener Pooling GmbH & Co. KG	Germany

[1] including Limited Partnership Contract

Corporate Governance

W.E.B's Commitment to Corporate Governance

As a citizen participation company, W.E.B is particularly committed to responsible and optimally transparent corporate management. Since mid-2006, WEB Windenergie AG has therefore committed itself to compliance with the Austrian Code of Corporate Governance (ÖCGK), which is subject to the following explanations.

The ÖCGK has in principle been created as a set of rules for listed companies in Austria, which supplements the legal requirements of Austrian stock and capital markets law by means of additional rules of self-regulation. Non-listed stock corporations can also apply the Code by means of a voluntary decision. W.E.B. has accordingly resolved to comply with the rules of the Austrian Corporate Governance Code (ÖCGK).

The aim of the ÖCGK is to ensure a responsible and long-term value-oriented corporate management and control. This is achieved through comprehensive rules on transparency and internal organization.

For WEB Windenergie AG, the Code provides a key element in strengthening the trust shareholders, business partners, employees and the general public have in the company.

The current version of the ÖCGK can be found at http://www.corporate-governance.at/.

The ÖCGK contains a total of almost 100 rules that impose a different degree of obligation for each company that subjects itself to them:

- **L-Rule (Legal Requirement):** Rule refers to mandatory legal requirements
- **C-Rule (Comply or Explain):** Rule is to be followed; any deviation must be explained and the reasons stated
- **R-Rule (Recommendation):** The nature of this rule is a recommendation; non-compliance requires neither disclosure nor explanation.

Implementation of the Code of Corporate Governance by WEB Windenergie AG in the fiscal year 2016

The Board of Directors and the Supervisory Board constantly strive to comply with all of the rules of the Code as much as possible and to continually optimize the company's internal standards. If full compliance is not established in individual cases, the reasons for such failure are stated. As the company is not listed on the stock exchange and is in regular individual communication with its shareholders – all of which are registered shareholders – the starting point for WEB Windenergie AG is considerably different from that of other publicly listed companies. Not all L-Rules are binding for WEB Windenergie AG because several provisions are only for companies listed on the stock exchange.

WEB Windenergie AG refrains from publishing a separate Corporate Governance Report because it is not obliged to do so as an unlisted joint stock company; however, the contents of a Corporate Governance Report are mainly contained in this Business Report (particularly details on the executive body, meaning the Board of Directors and the Supervisory Board).

In keeping with the fact that WEB Windenergie AG voluntarily subjected itself to the Code of Corporate Governance, any deviations from the rules set down in the Code are briefly explained below and published on the website. Any deviations are openly discussed and decided on by the Board of Directors – and the Supervisory Board as appropriate – if such deviations are justified to be upheld from the perspective of WEB Windenergie AG. The reasons for each deviation are found in the following summary.

For the following rules of the Austrian Code of Corporate Governance, deviations were set down in the reporting year:

C-Rule 18: "Depending on the size of the enterprise, a separate staff unit is to be set up for internal auditing, which shall report to the management board, or the task of conducting internal audits may be contracted out to a competent institution. At least once a year, a report on the auditing plan and any material findings are to be presented to the audit committee."

Despite its constant growth, WEB Windenergie AG is still a medium-sized company. An internal auditing department is not considered to be cost-efficient due to the company's size.

L-Rule 20: "To prevent insider dealings, the company shall issue internal guidelines governing the passing on of information, shall monitor compliance with said guidelines and keep a list of persons who are in the company's employ under a work contract or otherwise, and regularly or on ad hoc basis have access to inside information (list of insiders). The company shall apply the provisions of the Compliance Decree for Issuers issued by the Financial Market Authority."

The group of insiders at W.E.B is well-known with respect to W.E.B shares, and there are internal guidelines in place governing the passing on of information. All employees are informed in writing, e.g. by means of 'W.E.B Intern' (employee newsletter), about when to stop trading W.E.B shares. However, there is no explicit list of insiders with respect to W.E.B shares.

C-Rule 31: "The fixed and variable performance-linked annual remunerations of each individual management board member are to be disclosed in the Corporate Governance Report for each financial year. This shall also apply if the remuneration is paid through a management company."

The compensation of the entire Board of Directors as well as the corresponding basic rates for the amount of variable compensation is disclosed in the Business Report. There will be no separate publication for the individual members of the Board of Directors in order to protect the privacy of the persons affected.

C-Rule 39 (as well as analogously C-Rules 41 and 43): "The supervisory board shall set up expert committees from among its members depending on the specific circumstances of the enterprise and the number of supervisory board members. These committees shall serve to improve the efficiency of the work of the supervisory board and shall deal with complex issues. However, the supervisory board may discuss the issues of the committees with the entire supervisory board at its discretion. Each chairperson of a committee shall report periodically to the supervisory board on the work of the committee. The supervisory board shall ensure that a committee has the authorization to take decisions in urgent cases.

The majority of the committee members shall meet the criteria for independence of the C-Rule 53.

The Corporate Governance Report shall state the names of the committee members and the name of the chairperson. The Corporate Governance Report shall disclose the number of meetings of the committees and discuss the activities of the committees.'"

In accordance with Sect. 12 of the Articles of Incorporation, the Supervisory Board of WEB Windenergie AG consists of up to nine members, although currently of only five members. Due to the small number of members, but also owing to the company's specific circumstances, only one audit committee was established; the formation of other committees is not deemed expedient, this is so that the Supervisory Board performs its tasks as a whole. Even the Code of Corporate Governance provides for the obligatory establishment of a nominating committee only starting at seven members of the Supervisory Board pursuant to Rule 41 or a compensation committee pursuant to Rule 43 and assumes a 'critical size' which WEB Windenergie AG does not have with five members of the Supervisory Board. The rules of the Supervisory Board, however, do provide for the formation of committees in addition to the audit committee so that this would be possible, if it were necessary. In selecting the members of the Supervisory Board, the company does take the distribution of the necessary competences into account (finance, law, engineering, social competence).

C-Rule 49: "The company shall disclose in the Corporate Governance Report the object and remuneration of contracts subject to approval pursuant to L-Rule 48. A summary of contracts of the same kind shall be permitted."

As there is no legal obligation of disclosure, the company does not publish a Corporate Governance Report. However, information about contracts requiring approval pursuant to L-Rule 48 is included in the Corporate Governance appendix to our Annual Financial Statements. This includes a contract of mandate with the law firm of Sattler & Schanda (Supervisory Board member Reinhard Schanda is a partner of this law firm) and the leasing of agricultural land for environmental measures in project locations of W.E.B carried out by Martin Zimmermann.

C-Rule 53: "The majority of the members of the supervisory board elected by the general meeting or delegated by shareholders in accordance with the articles of incorporation shall be independent of the company and its management board. A member of the supervisory board shall be deemed independent if said member does not have any business or personal relations to the company or its management board that constitute a material conflict of interest and is therefore suited to influence the behavior of the member.

The supervisory board shall define on the basis of this general clause the criteria that constitute independence and shall publish them in the Corporate Governance Report. The guidelines in Annex 1 shall serve as further orientation for independence. According to the criteria defined, it shall be the responsibility of every member of the supervisory board to declare its independence vis-à-vis the supervisory board. The Corporate Governance Report shall clearly explain which members are deemed independent according to this assessment."

The majority of the members of the Supervisory Board are to be seen as independent in the sense of this rule. There is an exception in the case of Stefan Bauer, who was first elected to the Supervisory Board in 2005. Stefan Bauer is a nephew of Andreas Dangl (who was still a member of the Board of Directors for the period under review) and the husband of Claudia Bauer, the company's authorized signatory. He carries out his office with the same diligence as every other member and also refers to the components under liability law. Although the Supervisory Board did not set the criteria of independence, the company of course observes the very clear legal provision. With respect to C-Rule 54, the company points out that no member of the Supervisory Board is a shareholder with a stake of more than 10% or represents such a shareholder's interests. WEB Windenergie AG is a classic citizen participation company with a free float; there are no shareholders with a stake of more than 3.31 %.

L-Rule 60: "The company shall prepare a Corporate Governance Report that contains at least the following information:

- **[...]**
- **the measures taken to promote women to the management board, supervisory board and to top management positions."**

WEB Windenergie AG does not have a woman as a member of the Board of Directors or the Supervisory Board. Currently, no special measures are carried out to increase the share of women in these top management positions. Nevertheless, several women are employed at the second management level: Claudia Bauer and Stefanie Markut (both currently on maternity leave) act as the company's authorized signatories. Four positions as heads of department and two positions as country managers are occupied by women.

C-Rule 68: "The company shall publish annual financial reports, half-yearly financial reports and any other interim reports in English and German, and shall make these available on the company's website. If the annual financial report contains consolidated financial statements, the financial statements in the annual financial report pursuant to the Business Code need only be published and made available in German."

The company makes its annual financial reports available for download in both German and English on the company website.

C-Rule 74: "A calendar of corporate financial events shall be posted at least two months before the start of the new business year on the website of the company and shall contain all dates of relevance for investors and other stakeholders such as the release of the annual and quarterly reports, annual general meetings, ex-dividend day, dividend payout day and investor relations activities."

WEB Windenergie AG publishes the important dates of the fiscal year in the financial calendar on the website www.windenergie.at. WEB Windenergie AG constantly strives to keep shareholders and other interested parties up to date. The relevant dates in this sense will be announced at the earliest possible date on the website and kept updated.

C-Rule 83: "In addition, the auditor shall make an assessment of the effectiveness of the company's risk management based on the information and documents presented and shall report the findings to the management board. This report shall also be brought to the notice of the chairperson of the supervisory board. The chairperson shall be responsible for ensuring that the report is dealt with by the audit committee and reported on to the supervisory board."

WEB Windenergie AG does not commission an explicit assessment of risk management. However, a risk assessment and its discussion are part of the statutory audit.

Report of the Supervisory Board

According to Section 96 of the Austrian Stock Corporation Act (AktG)

Dear shareholders,
Dear readers of this report,

During the fiscal year 2016, the Supervisory Board initially consisted of four persons: Josef Schweighofer (Chair), Reinhard Schanda (Deputy Chair), and the members Stefan Bauer and Martin Zimmermann. These members of the Supervisory Board are elected by shareholders at the annual general meeting.

According to Section 12 para. 2 of the Articles of the Incorporation, the shareholder FutureDriving Dangl GmbH, formerly Windkraftanlagen Errichtungs- und Betriebsgesellschaft m. b. H., headquartered in the municipality of Pfaffenschlag, near Waidhofen an der Thaya, is entitled to appoint a member to the Supervisory Board. This right was exercised during the year under review and Andreas Dangl was despatched on May 24, 2016. The Supervisory Board now comprises of five persons.

The board members Josef Schweighofer, Stefan Bauer and Martin Zimmermann were elected for another five years at the 17th Annual General Meeting on June 3, 2016, as their terms of office had expired. Reinhard Schanda's term runs until the Annual General Meeting in 2019.

Starting in the fiscal year 2016, the corporation is required to establish an audit committee from within the Supervisory Board, which is supposed to consist of at least three persons, according to Section 92 para. 4a Austrian Stock Corporation Act (AktG). As of July 13, 2016 Josef Schweighofer, Reinhard Schanda and Stefan Bauer have been appointed to the audit committee. Martin Zimmermann was furthermore also a member of the audit committee for the period up to July 13, 2016.

Josef Schweighofer was elected chairman of the audit committee. At the same time, he was also nominated as financial expert of the audit committee according to Section 92 para. 4a of the Austrian Stock Corporation Act (AktG). Reinhard Schanda was elected Deputy Chairman of the audit committee.

The tasks incumbent upon the Supervisory Board according to the law, the articles of incorporation, and rules of procedure, were performed with due care during the reporting period. On the basis of the comprehensive reporting of the Board of Directors, we provided advice in regard to the management of the company and constantly monitored the management activities. In the course of eleven meetings we discussed the operative business policy and profit situation, based on regular timely written and oral reports from the Board of Directors. Furthermore, the future strategic direction of the company, including the major subsidiaries in the corporate group, were discussed. Deviations of the actual business performance from budgeted numbers were explained to the Supervisory Board in detail and handled appropriately.

The review, performed in the context of open and constructive discussions between the Board of Directors and the Supervisory Board, revealed no reason for objections. As Chairman of the Supervisory Board, I was also in constant contact with the Board of Directors in order to be informed about the latest development on a regular basis.

In the year under review, the audit committee specifically dealt over two sessions with the annual and consolidated financial statements 2015, the report on the application of the rules of the Austrian Code of Corporate Governance, the monitoring of the accounting process, the risk assessment and the consolidated financial statements' risk assessment. In addition, the effectiveness of the internal control system (ICS) as well as risk management was reviewed and the independence of the financial auditor was monitored.

In the reporting year 2016, the management team included the Chairman of the Board of Directors, Andreas Dangl, and the two members of the Board of Directors, Michael Trcka and Frank Dumeier, all of whom have been managing the company since May 2010. In 2015, Andreas Dangl had expressed the wish to terminate his contract, which was due to expire by the end of 2017, early and exit his position on the Board of Directors. The Supervisory Board agreed to this request, and Andreas Dangl ended his work as a member of the Board of Directors on April 30, 2016.

Thus, W.E.B is now being managed by the members of the Board of Directors Frank Dumeier and Michael Trcka. Both are long-standing members of the Board of Directors and they have been vital to the positive development of the company over the past years. After the departure of Andreas Dangl, Frank Dumeier was elected Chairman of the Board of Directors. The appointment of a third member of the Board of Directors is currently not planned. Both members of the Board of Directors have long-term contracts; Frank Dumeier until 2020 and Michael Trcka until 2019.

The past fiscal year 2016 was characterized by below-average wind conditions, and the same conditions applied with regard to the availability of water and sun. As a result, the projected output as well as the previous year's output were not reached. Taking into account the fact that the wind conditions were around 10% below the previous year and lower than expected, and that in addition special write-offs were above average, the final output may be considered satisfactory. The main reasons attributable were the highly optimized operation of our plant portfolio and the seamless integration of the new plant locations into the W.E.B business model. A key factor in 2016 was again concerned with the high degree in availability of our plants, which was achieved thanks to W.E.B's 5-stage management model. Furthermore, the expansion of the last few years had a positive impact in 2016..

2016 was also the strongest growth year in W.E.B's history. As a result of its international growth strategy, W.E.B was able to build around 88 MW (W.E.B share) of new power plant projects and put them fully into operation by January 2017. During this period, W.E.B employees have successfully supervised over ten construction sites in five countries.

In Austria, three photovoltaic plants were installed and successfully connected to the grid in Laa an der Thaya at the beginning of 2016 – Laa I + II + III – with a total output of 498 kWp. The project is located on the roof surfaces of Hans Brantner Fahrzeugbau Ges.m.b.H. After the funding expires, the company

Brantner will consume the generated PV electricity on site, thereby taking advantage of a convenient self-supply and also actively contributing to the energy transition and the alleviation of the grid.

Additionally built were the wind farm Parbasdorf II, consisting of 4 Vestas V112 plants with a capacity of 12.3 MW, and the wind farm Sternwald III, consisting of two Vestas V112 plants with a total output of 5.95 MW, in which W.E.B holds a 49 % share.

As the subsidy program of the OeMAG (Österreichische Abwicklungsstelle für Ökostrom – Austrian Green Electricity Clearing & Settlement Company) for wind power is very limited and the reduction of the waiting list is only slow, it is expected that for several years there will be barely any growth opportunities in Austria for W.E.B, unless the regulatory environment changes drastically. This means that the further growth of the company will mainly take place abroad.

In the Canadian state of Nova Scotia, four Vestas V110-2.0 MW and two Vestas V100-2.0 MW wind power plants were connected to the grid at four locations (Baddock, Brenton, Hardwood Lands and Walton). It should be noted that not all facilities in Nova Scotia are exclusively owned by the W.E.B Group but are operated jointly with a citizen participation group. The W.E.B Group holds a share in the farms of around 55 %.

Despite changes in the political climate, we are still seeing the USA as a growth market for W.E.B in the next few years. Even more significant added capacity is expected. A massive deployment of renewable energy production can be witnessed in the individual federal states and the conditions to participate in this market are there for W.E.B to take advantage of. Under the leadership of the Halifax team, W.E.B registered a first success and, with a joint venture partner, realized a project in the north-eastern state of Maine in the form of the 9.075 MW Pisgah Mountain wind farm. Supported by the partnership with Vestas, further small to medium-sized projects in the North-East of the USA (New England States) are to go ahead in the coming years.

In Germany, two repowering measures were implemented in the reporting year. In Weener, the existing V66-farm was replaced by 7 Enercon E101 and 2 Enercon E92 plants with a total capacity of 26.05 MW. W.E.B has a share of 16.6% in the project and has also been commissioned with the management of the entire park. The second large W.E.B repowering site was located in Glaubitz. Four Vestas V126 3.3 MW turbines had been installed there by the end of 2016.

In France, the wind farm 'Les Gourlus' near Reims was the largest investment project in W.E.B's company history and the park was connected to the grid by the turn of the year 2016/2017. Meanwhile, the next wind farm project is being prepared in France: The construction work for the paths and foundations of the Flesquières wind farm has already begun.

In 2016 W.E.B, together with Italian joint venture partner FERA, successfully participated in the Italian bidding process for renewable energies. Together with FERA, we are now able to build the Foce del Cornia wind farm in the region of Tuscany. The plan is to build six V136 3.3 MW plants. However, an unsuccessful bidder has appealed against the award and the proceedings have not yet been resolved. Moreover, further wind energy project options are being reviewed by the Italian team.

In summary, it can be stated regarding project development that the international team is very firmly established and can now successfully complete ten to twelve construction sites more or less simultaneously in one year. With a development pipeline of around 50 international projects, the necessary capital to support the moderate growth strategy is also available.

For the purposes of financing some of the equity portion of the W.E.B projects, the Supervisory Board in 2016 approved the issuance of Green Power bonds. These consist of two conventional bonds with maturities of five and ten years respectively and a subordinated wind power hybrid bond without a maturity date. A total of EUR 20.2 million was redeemed, and thus 100 % of the bonds offered by WEB were subscribed. In detail, the following proceeds were generated:

- The conventional, bullet bond with a maturity of 5 years is subject to an interest rate of 2.5 % per annum; this has generated proceeds of EUR 6,963,000.
- The other conventional, repayable bond, which has a maturity of 10 years, is subject to an interest rate of 3.75 % per annum; this has generated proceeds of EUR 6,872,000.
- The hybrid bond has an interest rate of 6.25 % per annum and has received proceeds of EUR 6,349,000.

In regard to the strategic direction of the interest policy, the company further continued its way in 2016 to hedge the loans with a variable interest rate with interest rate derivatives. The current interest rate development is used to enter into cost-effective, long-term interest hedges. Based on this policy the company forgoes some of the advantages of the current interest rate levels; however, it counteracts an increase in interest cost in case the current trend of interest rates reverses.

Currently, almost 85 % of the financial liabilities of the W.E.B group are either based on fixed rates right from the start or are hedged with a transaction to secure a fixed rate. Furthermore, all bonds have fixed rates.

The Board of Directors presented the Financial Statements of WEB Windenergie AG dated 31 December 2016 along with the Management Report which is in line with the Financial Statements to the Supervisory Board at the Supervisory Board Meeting on April 19, 2016. The appointed auditor for the fiscal year 2016, KPMG Niederösterreich GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 2340 Mödling, audited the Financial Statements for the fiscal year 2016 along with the Management Report and issued an unlimited audit certificate. The Financial Statements were duly and extensively discussed in a joint meeting of the Board of Directors, the Supervisory Board and the financial auditor.

The Supervisory Board agreed with the result of this audit and approved the Annual Financial Statements dated 31 December 2016 that had been submitted by the Board of Directors, approved the attached Management Report of the Board of Directors, and agreed with the proposal for the appropriation of profits. Hereby, the Annual Financial Statements are determined to be compliant with Section 96 para. 4 of the Austrian Stock Corporation Act (AktG).

With respect to the appropriation of profits, the Supervisory Board approved the proposal of the Board of Directors to distribute EUR 4,326,795.00 (EUR 15.00 per share) of the total net profit amounting to EUR 4,713,594.82 and carry forward the remaining profit of EUR 386,799.82 to the new account.

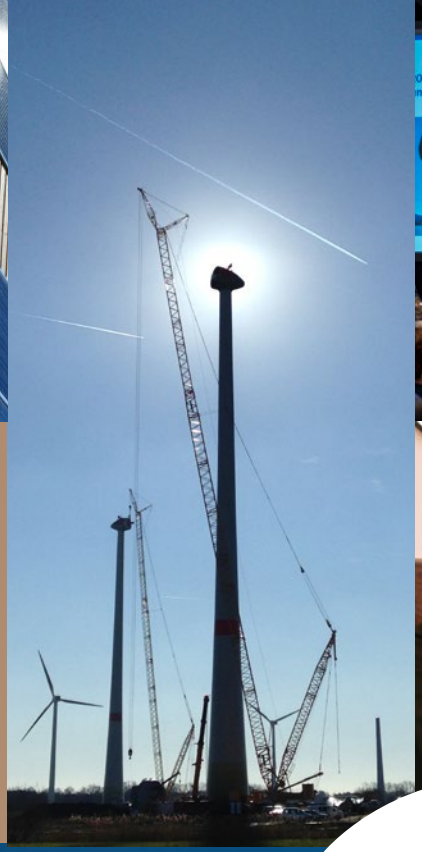
The Supervisory Board received the Consolidated Financial Statements of WEB Windenergie AG dated 31 December 2016 along with the Group Management Report which is in line with the Consolidated Financial Statements from the Board of Directors. The appointed auditor for the fiscal year 2016, KPMG Niederösterreich GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, 2340 Mödling, audited the Consolidated Financial Statements for the fiscal year 2016 along with the Group Management Report and issued an unlimited audit certificate. The Consolidated Financial Statements along with the Group Management Report were duly and extensively discussed in a joint meeting of the Board of Directors, the Supervisory Board and the financial auditor. The Supervisory Board took notice of and approved the Consolidated Financial Statements as well as the Group Management Report.

However, prior to approval of the statements, all documents pertaining to the Consolidated Financial Statements, the proposal regarding the appropriation of profits and all auditor reports, were discussed extensively with the auditors in the audit committee.

In conclusion, on behalf of the Supervisory Board, I would like to thank and express our appreciation for the successful work and dedication of the Board of Directors, the managers of the corporate group companies, and the employees, in the past fiscal year 2016. We would also like to express our gratitude to our customers, our joint venture and business partners both at home and abroad as well as our bond subscribers and shareholders for their trust in us.

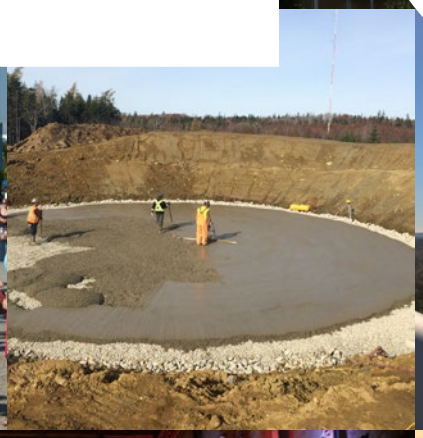
For the Supervisory Board

Mag. Josef Schweighofer
Chairman of the Supervisory Board
Pfaffenschlag, April 2017








in pictures

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16 in Figures

Group Management Report for the Fiscal Year 2016

1. General, Business Area

WEB Windenergie AG (short: W.E.B), headquartered at Davidstrasse 1, 3834 Pfaffenschlag, Lower Austria, commercial registry court: District Court of Krems an der Donau (FN 184649v), is a company with a focus on project development and operating power plants in the renewable energy sector. This includes projects and plants in the areas of wind power, photovoltaic and hydroelectric power. We operate in Austria, as well as internationally, including Germany, the Czech Republic, Italy, France, Canada and the USA. The company's international focus and technological diversification through projects forms the basis for asuccessfully dealing with the challenges of sustainable decentralized energy supply. This task is becoming increasingly important, not only due to ecological reasons, but also due to the expectations of a long-term increase in energy demands as well as decreasing fossil fuel resources. Furthermore, the marketing of renewable energy is also becoming increasingly important.

The parent company is WEB Windenergie AG, Pfaffenschlag. The consolidated companies are referred to in the Notes to the Consolidated Financial Statements.

2. Market and Industry

In 2016, the global development of renewable energy continued. Both in Europe and in North America the transformation to CO_2-free electricity production finds continued support. At the World Climate Conference in 2016, 196 countries and the European Union passed the 'Marrakech Action Proclamation'. It postulated that action against global climate change should be taken with the utmost political effort. Therefore, the countries obliged to fully implement the targets of the 2015 climate agreement of Paris.

3. General Framework

3.1 Energy-Economic Framework

Electricity prices increased slightly in 2016. The relevant electricity price on the Energy Exchange Leipzig (EEX Base) for the company's core markets of Austria and Germany increased from EUR 28.0/MWh to EUR 34.3/MWh. This represents an increase of almost 22.5 %.
It is currently not forseeable if this is a long-term trend due to a decrease in overcapacities or just a short-term fluctuation.
However, we are expecting a stabilization of the electricity price in the mid-term.

Electricity Price Development 2010–2016

Base load (EUR/MWh)

Figure 1: Development of the wholesale price of electricity in EUR/MWh – Phelix Base Year Future 2010–2015 (EEX)

Source: European Energy Exchange AG

3.2 Regulatory Framework

In November 2010, the European Commission presented the European energy strategy 'Energy 2020 – A Strategy for Competitive, Sustainable and Secure Energy'. It defines five priority action areas for reaching the energy goals for the year 2020: energy efficiency, completing the internal market, technology leadership, consumer protection and international partnerships.

The European Commission directs its main attention to achieving the energy efficiency targets set out in the 'EU Energy and Climate Package'. Among other things, energy suppliers are required to encourage their customers to save energy. Energy efficiency should also be a central assessment criterion in the approval of new generating capacity. Furthermore, the EU strives to build a pan-European integrated energy market with appropriate infrastructures and maintain and extend Europe's leadership in the development of energy technology and innovation, e.g. in terms of energy storage and 'smart grids'.

In 2010, not only the European Union but also Austria presented an energy strategy that includes the specific steps to implement the 20-20-20 targets. In accordance with the 'EU Energy and Climate Package' adopted in 2008, Austria needs to increase its share of energy from renewable sources in the country's gross final consumption of energy to 34 % by 2020. At the same time, Austria is obliged to reduce its greenhouse gas emissions of industries that are not participating in the EU emission trading scheme by at least 16 %, based on the 2005 emission values, by 2020.

In 2014, the European Union adopted new guidelines for subsidies in the environmental and energy sector which came into effect on 1 July 2014. The new guidelines are designed for the energy market to incorporate energy from renewable sources and cut related state aid to bare minimum. Feed-in tariffs will be gradually replaced by bidding processes. Nevertheless, the new guidelines only apply to state aid that has not already been approved by the Commission. As the European Commission approved the Austrian 2012 Green Electricity Act on 8 February 2012 for a period of 10 years, Austria has already realized a support

scheme for renewable energies. Existing schemes concerning operating aid in support of renewable energy only need to be adapted to the new guidelines when existing schemes are prolonged or substantially changed or when they must be re-notified after expiry of a 10-year period that started when the initial permission was granted.

In the summer of 2014, Austria implemented EU Directive 2012/27/EU (‚Energy Efficiency Directive') by enacting the federal Energy Efficiency Act (EEffG), which primarily places larger enterprises under the obligation to introduce an energy management system and requires energy suppliers to improve both their own and their customers' energy efficiency. In this context, W.E.B does not have to take any active steps but is subject to reporting obligations.

According to the Austrian Federal Ministry of Science, Research and Economy, the federal Energy Efficiency Act pursues the objective of 'improving energy efficiency by 20 % by 2020, thus strengthening security of energy supply at the same time, increasing the share of energy from renewable sources in the energy mix, and reducing greenhouse gas emission levels'.[1]

The European transmission system operators plan to split up the currently joint electricity market between Austria and Germany, starting mid-2018. This is based on the expectation that the creation of a shortage will reduce the currently unrestricted trade of mainly German wind power to the south because the electricity is actually flowing through the Czech Republic and Poland, immensely overloading the grids.

Studies concerning the impact of such a division of the electricity market expect a moderate increase in electricity prices in Austria compared to Germany. Most of the time, the new shortage will not have any impact. In times of high wind production in northern Germany, the shortage will be satisfied and no more cheaper wind power can be imported from Germany. However, this also means potentially higher costs for the balancing energy as it is not possible anymore to use the German intra-day market for short-term intra-day trading to satisfy the shortage.

From a producer point of view with fluctuating production, the division is considered cost neutral or even a slight increase in revenue is expected.

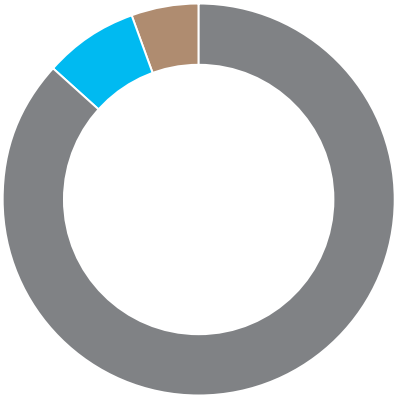
3.3 Electricity Labeling

The amendment of the Electricity Industry and Organization Act (EIWOG) from 6 August 2013, stipulates, as per article 79a, a mandatory electricity labeling of energy that is supplied to the end consumer. In 2016, the supply of 2,713,289 kWh for the Corporate Group of W.E.B-Grünstrom consisted of 86.78 % hydro-electric power, 7.88 % wind power and 5.34 % solar power. Environmental impacts of the energy mix of WEB Windenergie AG in 2016 amounted to 0.0 g/kWh CO_2-emissions and 0 mg/kWh radioactive waste.

[1] http://www.bmwfw.gv.at/EnergieUndBergbau/Energieeffizienz/Seiten/Energieeffizienzpaket.aspx (accessed on 25 January 2016)

Electricity Labeling of W.E.B-Grünstrom

Electricity labeling according to Section 78 paragraphs 1 and 2 ElWOG 2010 and according to electricity labeling regulation 2011 for the period January 1, 2016 to December 31, 2016.



Energy mix (%)	Energy source
86.78 %	Hydroelectric power
7.88 %	Wind power
5.34 %	Solar power
100.00 %	**Total**

100 % of the evidence originates in Austria

Environmental impacts

Production waste of electricity from W.E.B-Grünstrom

0.0 mg/kWh radioactive waste
0.0 g/kWh greenhouse gas carbon dioxide (CO_2emissions)

Tips on saving energy are available here: www.econtrol.at/de/konsumenten/energiesparen/energiespartipps
Information on energy consulting firms can be found here: www.econtrol.at/de/konsumenten/energiesparen/links

3.4 Financial Markets – Interest Rates

Interest rates continued to stay at a low level in 2016. Both the 3-month as well as 6-month EURIBOR remained below zero percent during the year. Thus, it was again possible to finance power plants at favourable rates in 2016. We were also able to take advantage of the low interest rate level and use it for the favourable placement of three bonds.

Development Reference Interest Rates

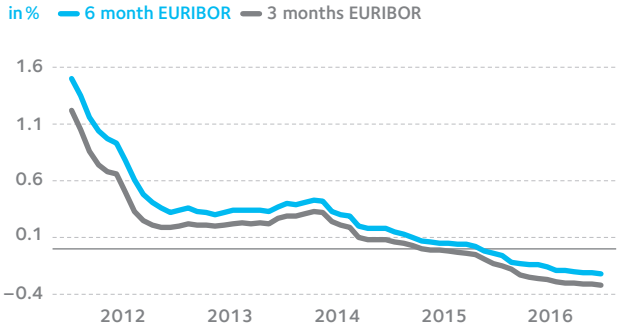


Figure 2: Development 3-month and 6-month EURIBOR

Source: Own depiction with Deutsche Bundesbank data

3.5 Development of relevant FX-rates

In 2016, the Euro lost value against the Canadian dollar. The relevant EUR/CAD rate decreased by 6 % to 1.41. The Euro also lost value against the second most important foreign currency to W.E.B , the US-dollar. The EUR/USD rate dropped from 1.09 to 1.05. In addition, the Czech Koruna also strengthened compared to the Euro, although only by 0.02 %.

Exchange Rate Development

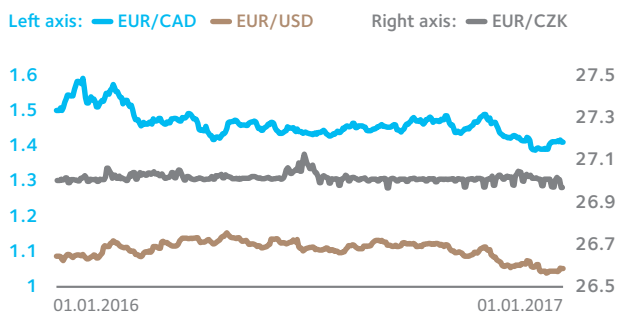


Figure 3: Relevant exchange rates

Source: Bloomberg

3.6 Country-Specific Subsidy Conditions

In Austria, both the Green Energy Act of 2012 (ÖSG 2012) and the current green energy feed-in rates are still in effect. On December 23, 2015, the green electricity feed-in tariff regulation 2016 was passed. It sets the tariffs for wind power plants at 9.04 c/kWh for complete applications submitted to the clearing and settlement agency for subsidized green electricity 'Oemag' in 2016, and 8.95 c/kWh for complete applications submitted in 2017.

Due to the link between the subsidized funding amount (annual quota equivalent to the available subsidies – see paragraph 12 Green Energy Act) and the current electricity price, only a modest expansion in capacity for wind energy is expected for Austria.

With the Renewable-Energy Act (EEG) in effect, **Germany** still offers a stable environment for the expansion of wind projects. In addition, the reference location model secures economic viability at less attractive locations, with a range that sets the maximum increase in capacity for expansion projects for wind power plants. Thus, the results and experiences of the tender process will set the course for the further development of the German wind energy market.

Due to a legislative change in the **Czech Republic** and the associated taxation of projects in renewable energy, the Czech market lost some degree of attractiveness for investors. Renewable energy sources are primarily subsidized through feed-in tariffs in this market. Instead of the required feed-in tariff, it is possible to switch to the premium tariff, if there is an acceptance contract with a participant in the electricity market (e.g. electricity trader). Operators receive a 'green bonus' for electricity from renewable sources in addition to the market price.

In **Italy**, tender processes for new projects that generate green electricity exist for quite some time. It provides a good basis for a moderate expansion of capacities for wind energy projects. However, the frequency of the tender processes varies significantly.

Although **France** is already among the largest wind energy nations in Europe, there is still great potential for new projects. Renewable energy sources are subsidized using feed-in tariffs and tax advantages. As a result of EU guidelines, France is also expected to alter its green energy subsidy scheme in 2017.

In several provinces of **Canada**, there are feed-in rules with fixed tariffs similar to European subsidy regimes for existing projects. All provinces are in the process of switching to tender processes which are somewhat similar to the EU models. The resulting predictability and economic viability of new projects continues to make this market attractive.

In the **US**, the focus is on project development in the New England states, led by the team in Halifax. Targets with regards to capacity expansions for renewable energy are regulated state by state and allow for a continuous increase. Projects are also subject to tender processes.

4. Business Performance

In 2016, wind occurrences were lower than expected and therefore electricity production was below the projected production figures. In comparison to the previous year, due to newly installed production capacities, almost the same level of revenues was able to be maintained.

2016 was the strongest growth year for W.E.B since its inception. A total of 87 MW of new power plant capacity was put in operations. Our Austrian portfolio expanded by 12.3 MW through two new wind farms. Our German portfolio expanded by 8.5 MW through two new repowering projects. Our French portfolio expanded by 38.4 MW through the largest individual project in our company's history and Canada expanded by adding six new power plants at four new locations. In addition, we entered the US market by commissioning a new wind farm with 9.075 MW of installed capacity. We continued our project development efforts to further increase the power plant capacities in all markets.

4.1 Influence Factors

For the first five months of 2016, the wind occurrence matched, for the most part, the long-term average. After that, it dropped far below the average levels. This was the case in most parts of Europe. Based on the entire portfolio for 2016, the production result decreased by -7.6% (previous year: approx. +2.0%).

With regards to project development, we reached a significant highlight in 2016 as a total of 15 individual wind and photovoltaic projects in five countries (Austria, Germany, France, Canada and the US) on two continents were commissioned. This included the market entrance into the US with the wind farm Pisgah Mountain (5 x V90/9.075 MW). The international distribution of our power plants provides overall a high degree of diversity and thus, earnings risk management, due to the reduced dependency on varying meteorological conditions. Our share in these 15 new projects accounts for 87 MW. Thus, the installed capacity increased to 412 MW in 2016.

We also reached a historic high level in 2016 with regards to the operations and supervision of power plants of our recently increased wind power plant portfolio. Besides the commissioning of new plants, we also took over operations for the wind farm Weener (Germany) with approximately 26 MW and for the wind farm Pretulalpe of the Austrian Federal Forestry Office with a capacity of 42 MW. This increases the capacity for the operations and supervision of power plants to more than 510 MW.

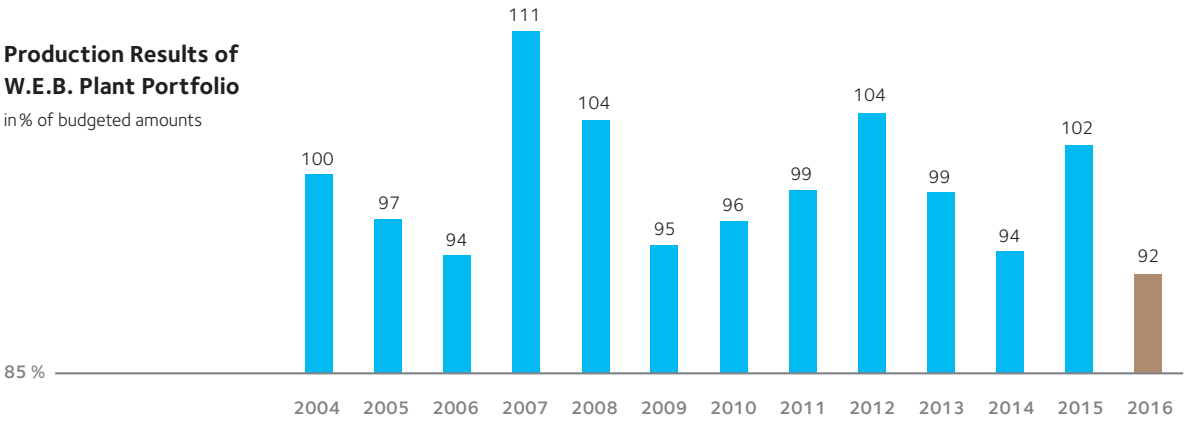
The total annual production of the Austrian power plants in 2016 was significantly below budget (-8.6%) due to weak winds in the second half of the year and extremely icy conditions in December. In the German, French and Czech plants, the yield for wind energy was also below average (-10.3%, -2.0%, and -9.2%, respectively). Public wind indices for 2016 confirm these results.

Positive results were achieved by the Canadian wind farms for the year (+8.6%), however, the delayed commissioning of the new Canadian projects impacted the result negatively for the country (-4.6%). The US wind farm Pisgah Mountain was connected to the grid ahead of schedule in mid-December, contributing positively to the corporate results. The photovoltaic plants in Italy were below expectations in 2016 (-5.1%).

Overall, the production conditions for our wind power plants were quite challenging in 2016 (-7.7 %). The photovoltaic division also missed its target slightly (-1.0 %). Dry conditions and extremely bad weather negatively impacted the hydroelectric plants (-8.4 %).

Production Results of W.E.B. Plant Portfolio

in % of budgeted amounts



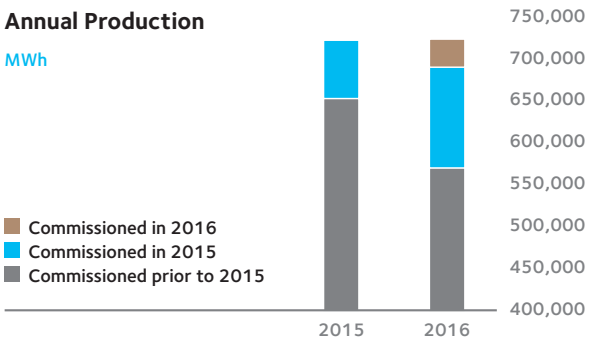
Power Generation and Installed Capacity	2016 Capacity	2016 Production	2015 Capacity	2015 Production
	kW	MWh	kW	MWh
Austria	205,413	411,243	189,849	391,834
Germany	96,885	131,055	88,360	158,209
France	63,200	52,450	24,800	57,424
Czech Republic	9,080	13,730	9,080	15,910
Italy	6,427	8,501	6,427	8,796
Canada	21,831	105,412	15,397	91,245
USA	9,075	2,056	-	-
Total	**411,911**	**724,447**	**333,913**	**723,418**

Capacity based on shareholdings at year-end.
Only the production of investments of 50 % or more shareholdings are allocated to the W.E.B group at 100 %. The capacity indicated is based on the share in these investments.
Investments that are not fully consolidated are not included in the production. The capacity indicated includes plants for investments below 50 % in shareholdings.

The figure to the right depicts existing and newly commissioned plants separately to illustrate the impact of production fluctuations in existing plants on total production:

Annual Production

MWh



4.2 Earning Position

The 2016 after tax earnings were below previous year's results by 2,710.0 TEUR or 29.1 %. This decrease was due to production levels being below budget, the expansion of the plant portfolio which resulted in higher operational expenses, as well as higher expenses for the decommissioning of plants in the German wind farms Weener and Glaubitz. At both wind farms, old plants were decommissioned and replaced by new power plants with higher performance (repowering).

Consolidated Profit and Loss Statement	**2016**	**2015**
TEUR		
Revenues	**66,342.9**	**66,596.1**
Other operating income	2,013.4	1,917.9
Operating income	**68,356.3**	**68,514.0**
Costs of material and purchased services	–3,129.0	–2,537.7
Personnel expenses	–7,370.9	–6,475.6
Depreciation	–26,352.4	–25,269.9
Other operating expenses	–14,680.9	–12,773.6
Sub-total	–51,533.3	–47,056.8
Operational result	**16,823.1**	**21,457.2**
Net financial result	**–7,306.8**	**–8,387.3**
Earnings before income taxes	**9,516.3**	**13,069.9**
Income tax expenses	–2,899.6	–3,743.3
Earnings after income taxes	**6,616.6**	**9,326.6**

4.2.1 Revenues

Despite the successful commissioning of new plants, revenues for 2016 of EUR 66.3 million were almost at the same level of the previous year (EUR 66.6 million) due to weak wind conditions.

Revenues based on categories are as follows:

Revenue Split Based on Categories	**2016**	**2015**	**+/– %**
TEUR			
Wind	60,357	61,021	–1.1 %
Photovoltaic	4,192	4,334	–3.3 %
Hydroelectric	358	336	6.5 %
Revenue from the sale of electricity and direct sales	1,436	905	58.7 %
Total	**66,343**	**66,596**	**–0.4 %**

4.2.2 Other Operating Income

Other operating income of 2,013.4 TEUR for the year 2016 remained at almost the same level as the previous year (1,917.9 TEUR).

4.2.3 Costs of Material and Purchased Services

This item records the costs for electricity, grid loss compensation, grid use fees (3,045.0 TEUR, previous year: 2,460.4 TEUR) and material costs. The total costs of the latter item increased by 591.3 TEUR or 23.3 % to 3,129.0 TEUR.

4.2.4 Personnel Expenses

Personnel expenses for 2016 amounted to 7,370.9 TEUR and were 895.3 TEUR or 13.8 % higher than in 2015 due to international expansion activities and changes to carry out more services in-house.

4.2.5 Other Operating Expenses

Other operating expenses for 2016 increased by 1,907.3 or 14.9 % to 14,680.9 TEUR compared to the previous year. This increase was mainly due to the decommissioning of plants in the German wind farm Weener and Glaubitz. At both wind farms, old plants were decommissioned and replaced by new power plants with higher performance (repowering).

4.2.6 Net Financial Result

Interest expenses for the year were higher than in the previous year, mainly due to an increase in financial obligations and the issuance of bonds in late fall of 2016. In total, the financial result was –7,306.8 TEUR (previous year: –8,387.3 TEUR).

4.3 Asset Situation

	31/12/2016		31/12/2015	
	TEUR	%	TEUR	%
Long-term assets	474,107.4	91	363,594.4	87
Short-term assets	45,813.0	9	52,234.1	13
Total Assets	**519,920.4**	**100**	**415,828.5**	**100**
Equity capital	129,314.4	25	107,405.1	26
Long-term debt	325,518.5	63	261,571.0	63
Short-term debt	65,087.5	12	46,852.4	11
Total Liabilities and Equity	**519,920.4**	**100**	**415,828.5**	**100**

The changes in the consolidation group are referenced in chapter 9.1 of the Notes to the Consolidated Financial Statements.
For a detailed description of the balance sheet items, see chapter 4 of the Notes.

4.4 Financial Situation

	2016	2015
TEUR		
Operating cash flow	38,633.6	46,376.1
Cash flow from investing activities	–118,579.8	–52,459.0
Cash flow from financing activities	68,704.6	12,930.8
Cash flow total	**–11,241.6**	**6,847.9**

For a detailed description of the cash flow statement, see chapter 8.1 of the Notes.

4.5 Dividends and Distribution Policies

A dividend of EUR 20.00 per share 5,769.1 TEUR in total) for the fiscal year 2015 was approved at the shareholders' meeting on June 3, 2016. The payout occurred on June 30, 2016. Due to the decision at the shareholders' meeting to distribute dividends for the fiscal year 2015, partial repayments in the amount of 443.8 TEUR and 672.7 TEUR and interest payments of 259.6 TEUR and 436.1 TEUR were due in late fall of 2016, according to the conditions of the hybrid bonds that were issued in 2014 and 2015.

In accordance with the strategic direction with regards to distribution policy that was first taken in 2010, the payout of a significant portion of the result as a dividend of parent company WEB Windenergie AG will be proposed at the upcoming shareholders' meeting in 2017.

4.6 Investments

	2016	2015
TEUR		
Investments in intangible assets	166.4	88.3
Investments in tangible assets	117,698.3	52,693.1
Total	**117,864.7**	**52,781.4**

Investments for the fiscal year 2016 mainly related to investments in the following wind farms: Glaubitz and Weener in Germany, Les Gourlus in France, Nova Scotia Phase III in Canada, Pisgah Mountain in the US, as well as wind parks under construction in Austria, Germany, and Canada.

4.7 Financing

In the fiscal year 2016, long-term loans were taken out for the construction of the wind farms Parbasdorf II in Austria and Glaubitz in Germany.

Furthermore, bonds were issued again in 2016. In particular, fixed-interest bullet bonds with a coupon of 2.5 % and fixed-interest bonds that are partially amortized during the term with a coupon of 3.75 % were issued. The total issuance volume amounted to EUR 13.8 million. In addition, hybrid bonds with a coupon of 6.25 % amounting to EUR 6.3 million were issued.

5. Performance Indicators

5.1 Key Figures

	2016	2015
EBIT Margin	25.36 %	32.22 %
Net Gearing	257.24 %	230.09 %
Return on Equity	5.59 %	9.00 %
Debt Repayment Period	7.70	5.29
Interest Coverage Ratio I	4.24	4.86
Interest Coverage Ratio II	1.65	2.23

5.1.1 EBIT Margin

The EBIT margin puts the EBIT in relation to revenues and, therefore, shows the profitability of the company independent of financial results, extraordinary items and taxes.

The EBIT Margin of 25.36 % in 2016 was noticeably below the high value of 32.22 % in 2015.

5.1.2 Net Gearing

Net gearing constitutes the ratio of the net debt, calculated from the long-term financial debts minus liquid assets, to the company's equity capital. This makes it a key figure for assessing the company's ability to weather a crisis.

As the net debt increased more than the equity capital in fiscal year 2016, the net gearing value of 257.24 % is higher than the prior year.

5.1.3 Return on Equity

The return on equity sets the annual earnings in comparison to the equity capital used. It indicates how high the interest was on capital provided by the equity investors minus income taxes in a given period.

In 2016, the company achieved a return on equity of 5.59 %.

5.1.4 Debt Repayment Period

The debt repayment period is based on the relation between the company's net debt and EBITDA. Compared to the previous year, this value increased to 7.70 years.

5.1.5 Interest Coverage Ratio

The interest coverage ratio is calculated using two methods: on the one hand, the ratio between EBITDA and the total interest expenses (Interest Coverage Ratio I) and, on the other hand, the ratio between EBIT and the total interest expenses (Interest Coverage Ratio II). Both indicators decreased slightly due to a decrease of EBIT and EBITDA for the fiscal year.

5.2 Employees

As a growing company, employees are an essential resource. Their commitment and know-how contribute significantly to the overall success of the company.

In accordance with the growth of the company, we are also constantly investing in the training and continuing education of our employees.

	2016	2015	2014	2013
Personnel as of 31 Dec. (head count)	119	106	94	85
Direct education expenses per employee (EUR)	1,111	450	525	1,285
Average age (years)	36	37	37	37

We use the 'ABC- Method' for organized employee evaluation and development. The objective of this system of strategic personnel development is to expand skills and prepare employees for current and future challenges facing the company. In this context, development plans are worked out in collaboration with the respective employee.

Furthermore, the company's internal newsletter, 'W.E.B intern' is sent out every 14 days. It provides all employees with up-to-date information about current developments in the company.

The number of part-time employees has increased from 9 to 21 individuals since 2012. This development is primarily based on the employment of individuals previously on leave who either take advantage of flexible working hours or prepare for re-entry as full-time employees.

Corporate organizational topics are supported by the organization team. Another company focus addressed the use of Microsoft SharePoint that provides, corporate wide, all employees not only with quick and efficient access to internal information but also with an opportunity for seamless cooperation regardless of their location.

The satisfaction and dedication of the employees have a direct impact on corporate success. We place great importance in open, respectful and responsible interpersonal interactions. Ideas and impressions from employees are collected and discussed in annual employee interviews and as part of the annual anonymous employee satisfaction survey. This allows us to discuss specific needs in more detail.

The 'W.E.B-Rose Program' includes voluntary activities, a company weekend of skiing, offers such as 'Fruits for Employees', and the organization of lunch meals. This provides for a balanced and pleasant workplace atmosphere.

6. Anticipated Development

6.1 Risks and Uncertainties

6.1.1 Opportunity and Risk Management

We consider opportunity and risk management as a crucial instrument of corporate management. The objective of opportunity and risk management is to secure the asset, financial and earnings situation of the corporate group as well as existing and future potentials for success and growth and react to changes in the business environment in a timely fashion.

As part of a formalized risk management process, the company's decision makers discuss significant risk factors and assess the probability of occurrence and their potential impacts on the corporate result.

Measures for dealing with the identified risks are developed and implemented. The measures' objective is to reduce both the possible extent of damage and the probability of occurrence.

Information concerning risks and measures are saved in a central database and updated regularly.

6.1.2 Price Risk and Political Risk

Feed-in tariffs are guaranteed on a medium and long-term basis for a majority of the power generated by our plants. Therefore, there is only marginal exposure to market price risks and economic risks.

Guarantee period for tariffs	Share of planned generation 2016	Share of planned generation 2015
No guaranteed tariff	8.2 %	4.9 %
Up to 1 year	0.7 %	8.1 %
1 to 5 years	18.0 %	21.9 %
More than 5 years	73.1 %	65.1 %

These tariffs are locked in under existing laws. A modification of these laws or the elimination of the tariff subsidies would be a significant threat to the economic viability of the generating plants. However, this is highly unlikely. In the German subsidiary, direct marketing contracts have been concluded, allowing for a higher feed-in tariff than the feed-in tariff guaranteed by law. This direct marketing framework is regulated by law, which means in the event of bankruptcy of the direct marketing partner it is still possible to switch back to the legally guaranteed tariffs. For periods after the expiration of guaranteed tariffs and for the portion of total production without a guaranteed tariff, the market price of electricity has a significant impact.

6.1.3 Technical Risks

As of December 31, 2016, W.E.B was operating a total of 244 power plants: 225 wind power plants, three hydroelectric power plants and 16 photovoltaic plants. 187 wind power plants were built by world market leader Vestas (including the plants from NEG Micon which has since merged with Vestas), 26 plants by German manufacturer Enercon, and 12 by German manufacturer Siemens. By using wind power plants from manufacturers with many years of industry experience, the technical risk are kept as low as possible.

Foundations
Some of the 2-MW class of the Vestas plants suffered damage to their foundations in the form of cracks in 2010/2011. According to an agreement that was reached with the manufacturer, Vestas assumed the responsibility for the maintenance and monitoring of the foundations, ensuring the foundations are durable and stable long-term. There have been no more noteworthy cracks since 2012.

Large Components
Based on experiences from recent years, an increase in damages to the gearboxes and generators of plants produced by Vestas can be noted. In this regard, both the internal skills in damage prevention as well as technical and logistic conditions for promptly repairing large components with the company's own resources in case of breakdown were improved.

Climatic and Meteorological Framework
Generating energy from wind power and photovoltaic plants depends to a large extent on weather conditions. Wind is subject to great seasonal and annual volatility. The W.E.B management takes this risk into consideration when selecting project locations.

Rotor Blades
No notable problems were observed with the rotor blades during the reporting period. Inspections were carried out by independent experts and environmental damages remediated by our own special team. The blades' condition is state of the art.

Operational Management
In 2016, our plants achieved 96.8 % in total plant availability (previous year: 97.5 %). Like in the previous year, substation renovations and upgrades as well as shutdowns due to energy suppliers' general grid expansion and ice built-up on power plants which resulted in deactivated wind parks, impacted the value.

In 2016, the technical availability of 98.9 % remained at the same level as the prior year. Efficient service structures and the successful implementation of the operation strategy are the foundation for this excellent value.

The first level of our operations strategy provisions is made through site guards at the wind farms, who can ensure an efficient issue analysis of the power plants due to on-site observations and quick reaction. The second level of the operation strategy ensures a good state of the power plants through high-quality manufacturer maintenance efforts, which are supported by inspections and preventive removal of defects of our own, well-trained technicians. The operation control of the third level is concerned with system monitoring and efficient incident management in case of damage. In order to avoid unexpected damage, the operating data of the plants is analyzed and the system behavior is assessed.

Should there still be events of damage, the fourth level provides consistent repair measures. In this respect, there are specialized service teams, an extensively stocked storage of spare parts and appropriate specialty tools. Partnerships with component manufacturers as well as companies for transportation, logistics and crane services provide appropriate security. In case of resource constraints, it is contractually ensured to have access to the manufacturer's service. The fifth level of the operating strategy focuses on technical

improvements, replacements and repairs of large components, as well as servicing of rotor blades. Maintaining high standards and innovative repair approaches are to secure this high technical standard in the future.

The costs for large component repairs were further reduced during the fiscal year by using an internal crane system. This faster and less complex service for large component is expected to result in a sustainable reduction in service cost in the future.

Another operational risk is related to outages in wind energy production as the result of plant downtimes caused by iced rotor blades.

Project Development
Developing new power plant locations is an essential component of our business activity. It comprises the opportunity to invest in new wind and photovoltaic power plants at profitable locations. In each phase of evaluation, from planning to obtaining construction and operating permits, there is the danger however, that a project may be cancelled and the project expenditures to-date may be lost. The status of each project is documented transparently across all countries using a standardized process through the 'W.E.B-Gate-System'. Strict cost management that is closely tied to the Gate-System and regular evaluations of project costs, project cost efficiency and the probability of receiving the construction and operation permits keep this risk as low as possible. See section 'Company Development' in terms of new risks in the context of awarding contracts for future projects.

6.1.4 Financial Risks

Currency Risk
Financing of our projects for plants in the Czech Republic is done in the national currency. This creates a natural hedge that reduces the currency risk for feed-in compensation considerably since feed-in compensation, loan interest and principal repayment are all in the same currency. The same principle applies for the financing of plants in Canada and the US.

In addition, one loan in Swiss Francs exists. The share of this loan relative to the total volume of financing is relatively small, hence there is no hedging for this financial transaction. Additional detailed information is presented in the Notes in explanation note (20) Financial Obligations and chapter 7.2 Currency Risk.

Interest Rate Risk
Loans to finance power plants are for the most part subject to variable interest rates. Due to the fixing of earnings (fixed feed-in rates) for the power plants, there is a considerable risk of interest rate changes. For around 53 % (previous year: 50 %) of the existing financial obligations subject to variable interest rates, this risk was hedged through fixed interest rate agreements (interest rate swaps). Thus, as of December 31, 2016, approximately 84 % (previous year: 81 %) of the financial obligations are subject to fixed interest rates.

An increase of the interest rate by 1 %-point would reduce our result by approximately 435.6 TEUR (previous year: 423.0 TEUR) p.a.

Financial Instruments
The main originating financial instruments are participations, securities, loans, receivables for goods and services, balances held at banks, financial obligations, bonds and trade payables. On the balance sheet date, the existing derivative financial instruments were interest rate swaps and are described in detail in the Notes, explanation note (22) Derivative Financial Instruments.

As of December 31, 2016, there were no contingent liabilities.

The amounts reported on the asset side represent the maximum credit and default risk on the balance sheet date.

Apart from the concluded interest rate swaps (see Notes, note (22) Derivative Financial Instruments) no specific hedging transactions were completed in the fiscal year 2016.

Financial Futures Transactions/Derivatives
Concerning contracts existing on the balance sheet date and their valuation/accounting treatment, see note (22) Derivative Financial Instruments in the Notes.

Default Risk
We supply the energy generated in our plants to partially nationalized and private electricity traders with the highest credit ratings as well as private customers. WEB Windenergie AG generated the majority of revenues (91 %, previous year: 95 %) from the OeMAG Abwicklungsstelle für Ökostrom AG. The rest was generated with a private company with a well-established business relationship as well as 'W.E.B-Grünstrom' customers.

The subsidiaries in Austria, the Czech Republic, France, Italy, Canada, and the US also deliver to electricity companies responsible for dealing with green energy. In addition, revenues are generated from direct marketing of the produced energy in Germany.

Counterparty Risk – Suppliers
We operate wind power plants using turbines from two main suppliers. Both companies are globally operating manufacturers which hold a considerable market share of wind power plants in the world market. For new plants, advance payments are made to the manufacturers, for existing plants, there are partial guarantee and warranty claims as well as availability guarantees from maintenance agreements. Should one of these manufacturers get into financial distress, this circumstance could have negative effects on the claims.

Liquidity Risk
All power plants are financed through long-term financing agreements with banks or by medium/long-term bonds issued by W.E.B, with the result that no liquidity risk arises from the construction or acquisition of additional power plants. For the existing financial arrangements, comprehensive liens on plants and assignments of receivables have been arranged with the financial institutions. Furthermore, we are obligated to maintain certain financial key figures. The failure to maintain these figures could entitle the financial institutions to immediately call the loans. The effects of fluctuations of operating cash flows (primarily fluctuations of electricity earnings based on the wind situation) are minimized through active liquidity management.

6.2 Company Development

The Green Energy Act currently in force in Austria continues to make building wind power plants financially viable in this market. The expansion quotas currently available however, cause long delays and therefore, projects which have already received approvals are probably not going to be implemented until 2020 or later. We are aware of these circumstances and therefore, besides our Austrian project development, we invest primarily in project development abroad in order to continue to reach our growth goal of 10 % per year.

In 2016, we focused on markets such as France, Italy, USA, Germany and Canada. WEB Windenergie AG, together with a project partner, participated in a tender process in Italy and was successfully awarded a wind farm project in Tuscany, Italy. WEB Windenergie AG owns a 50 % share in this project. However, an unsuccessful bidder appealed the decision. The respective proceedings have not yet been concluded.

In the US, we completed the construction of our first wind farm at Pisgah Mountain, Maine.

Our project 'W.E.B-Grünstrom' continues to be hugely popular and, on the one hand, helps us to provide shareholders with W.E.B. electricity, and on the other hand, is a tool to create awareness amongst potential shareholders for W.E.B.

7. Research and Development

W.E.B constantly works on minimizing the operating costs for existing plants and maximizing earnings. In this context, we have developed and tested new repair concepts in a nacelle of the 2-MW-class, installed in Pfaffenschlag. In addition, we performed our first transmission repairs in our newly constructed multi-purpose building. Major analysis and projects focused in 2016 on the implementation of service models for the new 3-MW-class.

The R&D work was applied practically by constructing a pilot battery storage system combined with a photovoltaic system that is integrated in the building façade and the supply of a company owned electric car fleet.

The work focused on opportunities to optimize using Demand-Side-Management and the adoption of energy management with regards to demand-oriented energy supply. A pilot project (thermo active building systems) was implemented in a test project.

Another R&D focus was on the concept and design of infrastructure of charging stations for electric cars.

At the hydroelectric plant in Imst, we gained some initial experiences with regards to balancing electricity markets (secondary and tertiary balancing energy).

8. Branch Offices

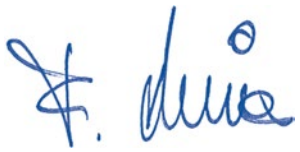
WEB Windenergie AG does not have any branch offices.

9. Events after the Reporting Date

WEB Windenergie AG, together with a project partner, participated in a tender process in Italy and was successfully awarded a wind farm project in Tuscany, Italy. WEB Windenergie AG owns a 50 % share in this project. However, an unsuccessful bidder appealed the decision. The respective proceedings have yet to be concluded.

Beyond that, there are no significant events to be reported after the balance sheet date.

The Board of Directors
Pfaffenschlag, 10 April 2017



Dr. Frank Dumeier

DI Dr. Michael Trcka

Consolidated Financial Statements (IFRS)

Consolidated Profit and Loss Statement 1/1/2016 – 31/12/2016

TEUR	Note	2016	2015
Revenues	**1**	**66,342.9**	**66,596.1**
Other operating income	2	2,013.4	1,917.9
Costs of material and purchased services	3	–3,129.0	–2,537.7
Personnel expenses	4	–7,370.9	–6,475.6
Depreciation	5	–26,352.4	–25,269.9
Other operating expenses	6	–14,680.9	–12,773.6
Operating result (EBIT)		**16,823.1**	**21,457.2**
Income from associated companies accounted for under the quity method	12	84,5	335,1
Interest income	7	1,968.5	997.4
Interest expenses	8	–10,003.1	–9,356.8
Other financial result	9	643.3	362.9
Net financial result		**–7,306.8**	**–8,387.3**
Earnings before income taxes		**9,516.3**	**13,069.9**
Income taxes	23	–2,899.6	–3,743.3
Earnings after income taxes		**6,616.6**	**9,326.6**
thereof planned share attributable to hybrid capital holders		792.3	303.2
thereof planned share attributable to hybrid capital holders		902.0	397.9
thereof attributable to owners of WEB AG		**4,922.3**	**8,625.5**
Earnings per share[1] (EUR)		**17.1**	**29.9**

[1] Diluted is the same as undiluted

Consolidated Statement of Comprehensive Income

TEUR	2016	2015
Earnings after income taxes	**6,616.6**	**9,326.6**
Items that may be reclassified to profit or loss		
Changes from currency conversions	2,832.1	–1,796.5
Changes in market values of financial instruments 'available for sale'	433.0	229.9
Changes in market values of cash flow hedges	–653.5	596.5
Income tax on other comprehensive income	77.8	–207.0
Total other comprehensive income	**2,689.4**	**–1,177.1**
Total income after income tax	**9,306.0**	**8,149.5**
thereof attributable to hybrid capital holders	792.3	303.2
thereof attributable to non-controlling interests	1,456.5	12.6
thereof attributable to owners of WEB AG	**7,057.3**	**7,833.7**

Explanations see note (18) in Notes.

Consolidated Balance Sheet as per 31/12/2016

TEUR	Note	31/12/2016	31/12/2015
Assets			
Intangible assets	10	3,124.5	3,524.2
Tangible assets	11	444,873.1	349,449.7
Shares in associated companies and joint ventures	12	2,493.8	2,547.7
Long-term financial assets	13	23,492.3	7,733.3
Deferred tax assets	23	123.8	339.4
Long-term assets		**474,107.4**	**363,594.4**
Inventories	14	3,180.1	3,134.7
Trade receivables	15	10,324.9	7,836.6
Other receivables and assets	16	7,845.7	5,834.4
Income tax receivables		1,621.0	1,870.8
Cash and cash equivalents	17	22,841.4	33,557.7
Current assets		**45,813.0**	**52,234.1**
Total assets		**519,920.4**	**415,828.5**

TEUR	Note	31/12/2016	31/12/2015
Equity and liabilities			
Registered capital	18	28,845.3	28,845.3
Capital reserves	18	23,323.8	23,323.8
Hybrid capital	18	15,754.4	10,574.0
Other reserves	18	–716.2	–2,851.1
Retained earnings	18	40,976.5	41,747.3
Share owned by WEB AG shareholders		**108,183.9**	**101,639.3**
Non-controlling interests	19	21,130.5	5,765.7
Equity		**129,314.4**	**107,405.1**
Financial obligations	20	240,880.5	193,040.7
Bonds	21	57,499.9	46,272.5
Deferred tax liabilities	23	13,223.2	12,286.0
Provisions	24	11,265.4	7,950.8
Other long-term obligations	22	2,649.5	2,020.9
Long-term liabilities		**325,518.6**	**261,571.0**
Financial obligations	20	43,013.6	26,214.5
Bonds	21	3,506.4	9,212.4
Obligations from income taxes		2,007.5	2,801.9
Trade payables and other payables	25	16,560.0	8,623.7
Short-term liabilities		**65,087.5**	**46,852.4**
Total liabilities		**390,606.0**	**308,423.5**
Total equity and liabilities		**519,920.4**	**415,828.5**
Equity (excl. hybrid capital and non-controlling interests) per share (EUR)		**319.8**	**315.4**

Consolidated Cash Flow Statement

		2016	2015
TEUR			
Earnings before income taxes		**9,516.3**	**13,069.9**
+	Depreciation/appreciation (tangible and intangible assets)	26,352.4	25,269.9
+	Interest balance	8,034.6	8,359.4
+/–	Non-cash result of associated companies accounted for using the equity method	–33.4	–310.6
+/–	Depreciation/appreciation of financial assets	0.0	–9.2
–/+	Profits/losses from disposal of financial assets and other long-term assets	–350.0	0.0
–/+	Profits/losses from disposal of fixed assets	2,083.9	709.6
+ –	Increase/ decrease of long-term provisions	–253.5	–19.1
+/–	Other non-cash changes	–626.9	–18.0
Cash flow from operating activities before working capital changes and taxes		**44,723.4**	**47,052.0**
– +	Increase/ decrease in inventories and receivables	–2,397.7	–769.8
– +	Increase/ decrease of receivables from affiliated companies	47.3	–55.5
– +	Increase/ decrease of other receivables	–1,999.5	–372.1
+ –	Increase/ decrease of trade payables and other payables	485.6	2,725.7
–	Income taxes	–2,225.5	–2,204.2
Cash flow from operating activities		**38,633.6**	**46,376.1**
+	Inflows from disposal of asset	828.5	838.5
+	Inflows from disposal of financial assets and other long-term assets	804.6	1,575.1
+	Interest inflows	1,631.3	311.9
+ –	Increase/ decrease of obligations due to affiliated companies	–5.0	7.8
–	Outflows due to investments in intangible and tangible assets	–107,467.8	–55,123.8
–	Outflows due to acquisitions of financial assets and other long-term assets	–14,417.6	–189.1
+	Dividends received	46.3	120.6
Cash flow from investing activities		**–118,579.8**	**–52,459.0**

+	Inflows from non-controlling shareholders	14,226.0	249.9
–	Outflows to non-controlling shareholders	–864.6	–1,999.8
–	Dividends paid (includes interest payments for hybrid capital)	–6,464.7	–4,615.3
–	Interest outflows	–10,937.6	–10,635.2
+	Inflows from the increase in financial obligations	86,968.0	44,527.1
–	Outflows due to repayments of financial obligations	–24,951.6	–25,281.0
+	Inflows from the issuance of hybrid capital	6,349.0	6,727.0
–	Outflows due to repayments of hybrid capital	–1,116.5	–443.8
+	Inflows from the issuance in bonds	13,835.0	15,586.0
–	Outflows due to repayments of bonds	–8,338.3	–11,184.1
Cash flow from financing activities		**68,704.6**	**12,930.8**
Total cash flow		**–11,241.6**	**6,847.9**
Change in funds			
Liquid assets at the beginning of the period		33,557.7	27,351.8
Currency differences		525.2	–642.0
Total cash flow		–11,241.6	6,847.9
Liquid assets at the end of the period		**22,841.4**	**33,557.7**

Explanations see chapter 8.2. in Notes

Consolidated Statement of Changes in Equity

TEUR	Registered capital	Capital reserves	Hybrid capital
Status as per 1/1/2015	**28,845.3**	**23,323.8**	**4,355.5**
Results (after taxes) directly included in equity due to...			
Currency differences			
Changes in value of securities and investments			
Changes in value of hedging transactions			
Total results (after taxes) directly included in equity			**0.0**
Result after income taxes			
Total result for the period			**0.0**
Transactions with non-controlling interests			
Derecognized non-controlling interests			
Repayment to non-controlling interests			
Repayment/distribution hybrid capital			–435.6
Issuance hybrid capital			6,654.0
Dividends (EUR 15.0 per share)			
Status as per 31/12/2015	**28,845.3**	**23,323.8**	**10,574.0**
Status as per 1/1/2016	**28,845.3**	**23,323.8**	**10,574.0**
Results (after taxes) directly included in equity due to...			
Currency differences			
Changes in value of securities and investments			
Changes in value of hedging transactions			
Total results (after taxes) directly included in equity			**0.0**
Result after income taxes			
Total result for the period			**0.0**
Capital increase			
Repayment to non-controlling interests			
Repayment/distribution hybrid capital			–1,101.0
Issuance hybrid capital			6,281.4
Dividends (EUR 20.0 per share)			
Status as per 31/12/2016	**28,845.3**	**23,323.8**	**15,754.4**

Other reserves						
Bonds and investments	Hedging transactions	Currency translation	Retained earnings	Share of WEB AG shareholders	Non-controlling interests	Total Equity
224.4	**–1,940.9**	**–342.7**	**38,674.7**	**93,140.1**	**6,761.6**	**99,901.7**
		–1,411.2		–1,411.2	–385.3	–1,796.5
172.3				172.3		172.3
	447.1			447.1		447.1
172.3	**447.1**	**–1,411.2**		**–791.8**	**–385.3**	**–1,177.1**
			8,928.7	8,928.7	397.9	9,326.6
172.3	**447.1**	**–1,411.2**	**8,928.7**	**8,136.9**	**12.6**	**8,149.5**
			–1,229.9	–1,229.9	1,060.4	–169.5
					–69.0	–69.0
					–1,999.8	–1,999.8
			–299.5	–735.0		–735.0
				6,654.0		6,654.0
			–4,326.8	–4,326.8		–4,326.8
396.6	**–1,493.8**	**–1,753.9**	**41,747.3**	**101,639.3**	**5,765.7**	**107,405.1**
396.6	**–1,493.8**	**–1,753.9**	**41,747.3**	**101,639.3**	**5,765.7**	**107,405.1**
		2,277.7		2,277.7	554.4	2,832.1
326.6				326.6		326.6
	–469.4			–469.4		–469.4
326.6	**–469.4**	**2,277.7**		**2,134.9**	**554.4**	**2,689.4**
			5,714.6	5,714.6	902.0	6,616.7
326.6	**–469.4**	**2,277.7**	**5,714.6**	**7,849.6**	**1,456.5**	**9,306.0**
					14,773.0	14,773.0
					–864.6	–864.6
			–716.4	–1,817.4		–1,817.4
				6,281.4		6,281.4
			–5,769.1	–5,769.1		–5,769.1
723.2	**–1,963.2**	**523.8**	**40,976.5**	**108,183.8**	**21,130.5**	**129,314.4**

Notes to the Consolidated Financial Statements for the Fiscal Year 2016

The following Notes

- provide information about our company, basics about the preparation of the Consolidated Financial Statements and the applied accounting methodologies,
- include breakdowns and explanations for individual items of the balance sheet and the income statement,
- show the areas where discretionary decisions and estimates were necessary and where risks are involved, and
- include other relevant information improving the understanding of our activities and our results.

The information provided is in accordance with the International Financial Reporting Standards (IFRS) and is subject to a specific layout. We made an effort to display the information as concise and reader-friendly as possible. We are always open to suggestions to further improve the understandability.

Contents

1. About Us

WEB Windenergie AG (short: W.E.B), headquartered at Davidstrasse 1, 3834 Pfaffenschlag, Lower Austria, commercial registry court: District Court of Krems an der Donau (FN 184649v), is a company with a focus on project development and operating power plants in the renewable energy sector. This includes projects and plants in the areas of wind power, photovoltaic and hydroelectric power. We operate in Austria, as well as internationally, including Germany, the Czech Republic, Italy, France, Canada and the USA. The company's international focus and technological diversification through projects forms the basis for successfully dealing with the challenges of sustainable energy supply. This task is becoming increasingly important, not only due to ecological reasons, but also due to the expectations of a long-term increase in energy demands as well as decreasing fossil fuel resources. Furthermore, the marketing of renewable energy is also becoming increasingly important.

2. Accounting Principles We Applied When Preparing the Consolidated Financial Statements

We have prepared the Corporate Group Financial Statements in accordance with the International Financial Reporting Standards (IFRS), as they apply in the EU, and the supplemental, applicable regulations of corporate laws in Austria.

Valuation of the financial assets are based on the accounting principles of acquisition cost less depreciation and impairments. Exceptions are made for certain financial assets that are carried at fair value. Further explanations of the accounting principles are provided in chapter 9. Information regarding discretionary decisions and estimates that were deemed necessary for the preparation of the financial statements are provided in chapter 6.

Sections of the IFRS are revised on a regular basis. A portion of the revised standards was applied in fiscal year 2016. The application of the remaining standards is not required until 2017 to 2019. The newly implemented principles in fiscal year 2016 had no impact on the Consolidated Financial Statements. The new standards that will be applicable in the coming years are further explained in chapter 9.4.

All values in the Consolidated Financial Statements are, if not stated otherwise, presented in thousand Euro (TEUR) and rounded.

3. Detailed Information on the Profit and Loss Statement

(1) Sales Revenue

TEUR	2016	2015
Revenue from the generation of electricity at		
Wind power plants	60,356.7	61,020.9
Photovoltaic power plants	4,191.9	4,333.8
Hydroelectric power plants	357.8	336.0
Revenue from the sale of electricity and direct sales to end customer	1,436.5	905.4
	66,342.9	**66,596.1**

We sell generated power mostly to large state-owned organizations or organizations close to the state. 75.7 % (previous year: 74.2 %) of revenues from the generation of electricity result from legally regulated subsidy rates.

(2) Other Operating Income

TEUR	2016	2015
Income from the reversal of provisions	288.4	121.4
Revenues from invoice forwarding	277.3	349.1
Insurance compensation	160.3	76.2
Revenues from operations management	151.5	66.2
Revenues from services	120.1	39.0
Rental income	39.0	37.1
Revenues from trading goods	28.9	24.0
Reimbursements, subsidies	2.1	1.6
Income from prior years	0.0	1,036.6
Others	945.8	166.7
	2,013.4	**1,917.9**

Income from prior years, booked in fiscal year 2015, results from grid loss charges and a settlement in a lawsuit regarding charges for ancillary services. The position 'Revenues from invoice forwarding' includes revenues from the invoice forwarding for expenses that were paid for third parties.

Under 'Others', the increase is mainly attributed to one-time income from the transfer of grid access rights.

(3) Cost of Material and Purchased Services

TEUR	2016	2015
Grid loss charges	1,245.8	1,167.1
Energy consumption power plants	866.6	711.3
Marketing of electricity purchases	932.6	582.0
Cost of sales	84.0	77.3
	3,129.0	**2,537.7**

Cost of sales includes impairment of inventory in the amount of 1.3 TEUR (previous year: 2.6 TEUR).

(4) Personnel Expenses

TEUR	2016	2015
Salaries and wages	5,904.9	5,192.3
Expenses for legally mandated fees and contributions	1,295.6	1,174.6
Contributions to staff provision fund	89.9	57.5
Other personnel expenses	80.5	51.2
	7,370.9	**6,475.6**

For each fiscal year, we employed on average (part-time employees are taken into account on a full-time equivalent [FTE] basis):

TEUR	2016	2015
Office staff	90	76
Field staff	16	15
Apprentices	0	1
Average (FTE)	**106**	**92**

(5) Depreciation/Amortization

The depreciation and amortization of tangible assets and intangible assets also include impairment losses for wind power plants in Austria in the amount of 582.7 TEUR (previous year: 1,662.1 TEUR). Further explanation is provided in chapter 6.

(6) Other Operating Expenses

TEUR	2016	2015
Maintenance and operating costs power plants	5,452.3	5,596.1
Rental expenses power plants	1,745.2	1,582.3
Consulting expenses	1,011.4	1,022.9
Travel expenses, vehicle expenses	1,004.6	876.6
Insurance expenses power plants	625.6	610.7
Advertising expenses	473.0	438.1
Maintenance expenses for operations	358.9	324.6
External business services	240.0	298.6
Project development expenses	247.0	208.1
Compensation for supervisory board	99.0	87.0
Others	3,423.9	1,728.6
	14,680.9	**12,773.6**

Rental expenses of 680.3 TEUR (previous year: 428.2 TEUR) represent the amount that is dependent on the amount of revenue generated by the wind power plants.

The increase in other operating expenses is mainly attributable to the expenses for the decommissioning of plants in the German wind farms Weener and Glaubitz. At both wind farms, old plants were decommissioned and replaced by new power plants with higher performance (repowering). This measure allowed us to increase the production by two to four times based on an average year's winds.

The expenses for the audit of the financial statements in the fiscal year by KPMG Niederösterreich GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft and its domestic network of companies amounted in total to 74.9 TEUR (previous year: 75.9 TEUR), of which 24.4 TEUR (previous year: 23.9 TEUR) were attributable to the audit of the individual financial statements, 33.5 TEUR (previous year: 29.5 TEUR) to the audit of the Consolidated Financial Statements, and 17.0 TEUR (previous year: 22.5 TEUR) to other services.

(7) Interest Income

	2016	2015
TEUR		
Clearing accounts	1,896.7	961.0
Time deposits/ bank balance	49.7	12.2
Default interest	22.1	24.2
	1,968.5	**997.4**

The increase in interest income from clearing accounts is due to the increase in loans against our partners in Canada and the US.

(8) Interest Expenses

	2016	2015
TEUR		
Interest expenses for bank loans	6,492.8	6,118.3
Interest expenses for bonds	2,385.2	2,309.7
Expenses for interest rate hedging	719.9	719.6
Others	405.2	209.2
	10,003.1	**9,356.8**

(9) Other Financial Results

	2016	2015
TEUR		
Gain on changes in exchange rate	600.5	5.4
Results from investments	104.9	5.3
Interest demolition cost provisions	–191.4	–257.0
Others	129.3	–116.6
	643.3	**–362.9**

4. Notes to the Balance Sheet

(10) Intangible Assets

TEUR	Software	Rights of use	Total
2016			
Historical cost as per 1/1/2016	**771.4**	**7,154.7**	**7,926.1**
Currency effects	1.4	0.0	1.4
Additions	102.0	64.4	166.4
Disposals	–0.1	–2.6	–2.7
Account transfers	5.7	–188.1	–182.4
Historical cost as per 31/12/2016	**880.4**	**7,028.4**	**7,908.8**
Cumulative changes in value as per 1/1/2016	**610.7**	**3,791.2**	**4,401.9**
Currency effects	0.6	0.0	0.6
Depreciation	93.3	282.9	376.2
Disposals	–0.1	0.0	–0.1
Account transfers	5.7	0.0	5.7
Cumulative changes in value as per 31/12/2016	**710.2**	**4,074.1**	**4,784.3**
Net book value as per 31/12/2016	**170.2**	**2,954.4**	**3,124.5**
2015			
Historical cost as per 1/1/2015	**730.1**	**7,059.5**	**7,789.6**
Currency effects	–0.8	0.0	–0.8
Additions	47.2	41.1	88.3
Disposals	–1.0	–0.1	–1.1
Deconsolidation ELLA AG	–4.1	–26.4	–30.5
Account transfers	0.0	80.6	80.6
Historical cost as per 31/12/2015	**771.4**	**7,154.7**	**7,926.1**
Cumulative changes in value as per 1/1/2015	**513.9**	**3,510.1**	**4,024.0**
Currency effects	–0.6	0.0	–0.6
Depreciation	97.8	283.5	381.3
Disposals	0.0	0.0	0.0
Deconsolidation ELLA AG	–0.4	–2.4	–2.8
Cumulative changes in value as per 31/12/2015	**610.7**	**3,791.2**	**4,401.9**
Net book value as per 31/12/2015	**160.7**	**3,363.5**	**3,524.2**

The book values for rights of use include water rights in Imst, Austria with 940.0 TEUR (previous year: 971.5 TEUR) and license agreements with Wörbzig, Germany, with 516.8 TEUR (previous year: 644.3 TEUR). The remaining amortization period for water rights in Imst was 29.5 years and 3.0 years for the licensing agreements with Wörbzig on the balance sheet date. In December 2016, WEB Windenergie Betriebsgesellschaft Deutschland GmbH received approval of water rights for the hydroelectric plant in Eberbach, subject to the commitment to erect a fish ladder. The approval to construct the fish-ladder is expected to be granted in the third quarter in 2017.

(11) Tangible Assets

TEUR	Land and buildings	Technical plants and machines	Other equipment, operating and office equipment	Advance payments, plants under construction	Total
2016					
Acquisition/Production costsStand as per 1/1/2016	**13,212.0**	**467,072.1**	**3,551.2**	**38,337.4**	**522,172.7**
Currency effects	11.7	4,485.7	9.2	934.3	5,441.0
Additions	1,025.9	10,472.1	1,113.3	105,086.9	117,698.3
Reduction of acquisition costs	–0.2	–695.2	–51.4	–986.9	–1,733.7
Disposals	0.0	–11,212.1	–72.9	–293.6	–11,578.5
Initial consolidation Pisgah	0.0	0.0	0.0	3,304.1	3,304.1
Account transfers	229.5	117,367.1	37.2	–117,451.4	182.4
Acquisition/Production costs as per 31/12/2016	**14,478.9**	**587,489.7**	**4,586.7**	**28,930.9**	**635,486.2**
Cumulative depreciation as per 1/1/2016	**2,506.6**	**168,345.4**	**1,871.0**	**0.0**	**172,723.0**
Depreciation	252.1	24,586.7	549.7	0.0	25,388.4
Impairments	0.0	582.7	0.0	0.0	582.7
Currency effects	0.0	259.7	8.6	0.0	268.4
Disposals	0.0	–8,300.4	–43.2	0.0	–8,343.6
Account transfers	0.0	0.0	–5.7	0.0	–5.7
Cumulative depreciation as per 31/12/2016	**2,758.7**	**185,474.1**	**2,380.3**	**0.0**	**190,613.2**
Net book value as per 31/12/2016	**11,720.3**	**402,015.6**	**2,206.3**	**28,930.9**	**444,873.1**
2015					
Acquisition/Production costs Stand 1/1/2015	**11,356.1**	**404,653.2**	**3,272.1**	**57,290.0**	**476,571.4**
Currency effects	–3.5	–2,605.7	–20.2	–928.5	–3,557.9
Additions	339.4	4,535.3	1,041.3	46,777.1	52,693.1
Disposals	–2.9	–1,969.7	–149.1	–645.4	–2,767.1
Deconsolidation ELLA AG	0.0	0.0	–642.9	–43.3	–686.2
Account transfers	1,522.9	62,459.0	50.0	–64,112.5	80.6
Acquisition/Production costs as per 31/12/2015	**13,212.0**	**467,072.1**	**3,551.2**	**38,337.4**	**522,172.7**
Cumulative depreciation as per 1/1/2015	**2,336.6**	**144,683.8**	**1,597.0**	**0.0**	**148,617.4**
Depreciation	170.3	22,650.4	418.5	0.0	23,239.2
Impairments	0.0	1,662.1	0.0	0.0	1,662.1
Currency effects	0.0	–32.9	–14.1	0.0	–47.0
Disposals	–0.3	–618.0	–95.2	0.0	–713.5
Deconsolidation ELLA AG	0.0	0	–35.2	0.0	35.2
Cumulative depreciation as per 31/12/2015	**2,506.6**	**168,345.4**	**1,871.0**	**0.0**	**172,723.0**
Net book value as per 1/12/2015	**10,705.4**	**298,726.7**	**1,680.2**	**38,337.4**	**349,449.7**

The position 'Advance Payments, Plant under Construction' includes mainly the projects Dürnkrut-Götzendorf II in Austria, the projects Ontario, Baddeck, Brenton, and Hardwood Lands in Canada.

The acquisition costs for 'Technical Plants and Machines', acquired during the fiscal year, include interests in the amount of 227.2 TEUR (previous year: 337.0 TEUR) that relate directly to projects. This includes wind power plants in Austria and Germany. The financing rate is on average 1.96 % (previous year: 0.79 %) in Austria and 1.37 % in Germany

Information on Leased Assets

As of December 31, 2016, the book value of the position 'Technical Plants and Machines' includes 29,131.6 TEUR (previous year: 31,724.4 TEUR) which can be attributed to power plants leased by means of capital leasing. These relate to the wind power plants for the wind farms Langmannersdorf, Neuhof and Statterndorf in Austria, as well the photovoltaic power plants Montenero I and Montenero II of WEB Italia.

Obligations from these contracts have the following maturities after being offset with advance payments in the amount of 7,219.9 TEUR (previous year: 7,219.9 TEUR):

Obligations from capital lease contracts

	Maturities of the minimum lease payments					
	31.12.2016			31.12.2015		
TEUR	Nominal value	Discounted amount	Cash value = book value	Nominal value	Discounted amount	Cash value = book value
Due within 1 year	4,022.2	660.8	3,361.4	4,253.9	791.0	3,462.9
Due in 1 to 5 years	10,394.3	1,038.9	9,355.4	12,913.0	1,957.3	10,955.7
Due in more than 5 years	5,470.0	623.3	4,846.7	7,429.7	853.9	6,575.8
	19,886.5	**2,323.0**	**17,563.5**	**24,596.6**	**3,602.2**	**20,994.4**

The residual periods of the lease contracts are up to twelve years. The cash values include amounts for the acquisition of plants at the end of the contract (purchase option).

(12) Shares in Associated Companies and Joint Ventures

	Share						Total			
Company	31/12/ 2016	31/12/ 2015	Book value 31/12/ 2015	Share of annual result	Distri- bution	Book value 31/12/ 2016	Assets	Liabilities	Revenue	Profit/Loss
TEUR										
Tauernwind Windkraftanlagen GmbH	20.0%	20.0%	459.2	106.2	0.0	565.3	7,684.4	4,821.4	2,619.9	531.1
Sternwind Errichtungs- und Betriebs- gmbH	49.0%	49.0%	372.2	48	–24.5	395.7	1,110.4	302.9	343.1	76.4
Sternwind Errichtungs- und Betriebs- gmbH & Co KG	49.0%	49.0%	1,113.9	110.2	–87.4	1,136.7	3,608.3	140.5	1,656.8	324.9
SASU Energie Verte Plaine d'Artois	33.3%	33.3%	312.3	3.5	–26.5	289.3	3,176.3	2,480.4	409.0	10.4
ELLA AG	38.7%	38.7%	287.3	–180.6	0.0	106.7	895.4	619.8	20.8	–446.6
Zweite WP Weener GmbH & Co KG	50.0%	50.0%	2.8	–2.8	0.0	0.0	13,152.7	13,111.1	1,034.6	–48.8
Total			**2,547.7**	**84.5**	**–138.4**	**2,493.8**				

The companies operate wind farms and conduct project development. They are exposed to similar business opportunities and risks as we are. ELLA AG constructs and operates charging stations for electric cars in Austria.

(13) Long-term Financial Assets

TEUR	Shares in affiliated companies	Securities	Invest-ments	Long-term credit	Loans	Derivaties	Total
2016							
Historical costs							
As per 1/1/2016	38.6	886.4	1,497.3	294.0	3,889.8	19.9	6,626.0
Currency effects	0.0	0.0	0.0	0.0	926.6	0.0	926.6
Additions	3.5	113.8	80.0	–73.5	14,262.8	0.0	14,386.6
Disposals	0.0	–345.5	–42.3	0.0	0.0	–19.9	–407.7
As per 31/12/2016	42.1	654.8	1,535.0	220.5	19,079.1	0.0	21,531.5
Cumulative changes in value							
As per 1/1/2016	0.0	189.2	–297.4	–16.7	1,232.2	0.0	1,107.3
Currency effects	0.0	0.0	0.0	0.0	102.4	0.0	102.4
Fair value changes	0.0	17.8	601.6	0.0	0.0	0.0	619.4
Impairments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Appreciations	0.0	0.0	0.0	0.0	1,868.8	0.0	1,868.8
Disposals	0.0	–185.1	0.0	0.0	–1,552.2	0.0	–1,737.2
As per 31/12/2016	0.0	21.9	304.2	16.7	1,651.3	0.0	1,960.7
Book value as per 31/12/2016	**42.1**	**676.7**	**1,839.22**	**203.8**	**20,730.5**	**0.0**	**23,492.2**
2015							
Historical costs							
As per 1/1/2015	37.6	836.8	1,371.3	367.5	6,055.6	0.0	8,668.8
Reclassification	0.0	0	0.0	0.0	0.0	0.0	0.0
Additions	1.0	55.1	126.0	0.0	0.0	19.9	202.0
Disposals	0.0	–5.5	0.0	–73.5	–2,165.8	0.0	2,244.8
As per 31/12/2015	38.6	886.4	1,497.3	294.0	3,889.8	19.9	6,626.0
Cumulative changes in value							
As per 1/1/2015	0.0	–40.7	–297.4	25.9	696.4	0.0	332.4
Fair value changes	0.0	229.9	0.0	0.0	0.0	0.0	229.9
Impairments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Appreciations	0.0	0.0	0.0	9.2	536.3	0.0	545.5
Disposals	0.0	0.0	0.0	0.0	–0.5	0.0	–0.5
As per 31/12/2015	0.0	189.2	–297.4	16.7	1,232.2	0.0	1,107.3
Book value as per 31/12/2015	**38.6**	**1,075.6**	**1,199.9**	**277.3**	**5,122.0**	**19.9**	**7,733.3**

Securities are available for sale.

The investments are composed as follows:

	Share	31/12/2016	31/12/2015
TEUR			
oekostrom AG für Energieerzeugung und -handel	5.50 %	622.5	622.5
Windkraft Simonsfeld AG	1.78 %	845.5	286.2
Weinviertler Energie GmbH & Co KG	17.56 %	150.0	150.0
Societa Elettrica Lingure Toscana srl	5.00 %	206.0	126.0
GESY Green Energy Systems GmbH	1.00 %	15.2	15.2
		1.839,2	**1.199,9**

On balance sheet date, a reciprocal shareholding situation existed with Windkraft Simonsfeld AG, where we held a share of 1.78 % (previous year: 2.09%); it held 1,095 shares (0.38 %) of our company (previous year: 1,095 shares, 0.38 %).

The loans include a loan to Windpark Eschenau GmbH in the amount of 2.9 TEUR (previous year: 2.4 TEUR), a loan to Scotian WindFields Inc., Canada in the amount of 3,757.4 TEUR (previous year: 2,266.0 TEUR), a loan to Scotian Wind Inc., Canada in the amount of 3,817.1 TEUR (previous year: 2,853.6 TEUR), as well as a loan to Pisgah Holdings LLC, USA in the amount of 13,153.1 TEUR.

The loans made to Scotian WindFields Inc. and Scotian Wind Inc. were granted to the Canadian partners for financing their equity share in ScotianWEB Limited Partnership and Scotian WEB II Limited Partnership. It is secured by the partners' share as collateral. The loans have an annual interest rate of 14 %. Repayment for the loan is due on April 1, 2018.

The loan made to Pisgah Holdings LLC, Maine, was granted to the partner for financing their equity share in Pisgah Mountain LLC. It is secured by the partners' share as collateral. The loan has an annual interest rate of 14 %. The loan is to be repaid through cash flows from the project, any remaining amount is due at the end of the feed-in tariff.

(14) Inventory

	31/12/2016	31/12/2015
TEUR		
Consumables and replacement parts	3,180.1	3,134.7

(15) Trade Receivables

	31/12/2016	31/12/2015
TEUR		
Receivables from delivery of electricity	9,813.5	7,836.6
Other receivables	511.4	0.0
	10,324.9	**7,836.6**

(16) Other Receivables and Assets

TEUR	31/12/2016	31/12/2015
Financial Assets		
Receivables from finance authorities	5,061.1	2,237.7
Clearing accounts	619.6	289.3
Clearing accounts third parties	162.0	1,625.2
Others	685.8	469.7
	6,528.5	**4,621.9**
Non-financial Assets		
Pre-paid fees	1,317.2	1,212.5
	1,317.2	**1,212.5**
Total	**7,845.7**	**5,834.4**

Analysis of Impaired Financial Assets

TEUR	31/12/2016	31/12/2015
Gross receivables	412.0	437.0
Individual value adjustment	412.0	437.0
Book value	**0.0**	**0.0**

There are no significant receivables that are overdue but have not been adjusted in value.

(17) Cash and Cash Equivalents

TEUR	31/12/2016	31/12/2015
Short-term deposits with financial institutions	22,834.9	33,545.6
Cash	6.4	12.1
	22,841.3	**33,557.7**

2,890.1 TEUR (previous year: 2,718.9 TEUR) of the short-term deposits with financial institutions are available for specific purposes. It serves as collateral for creditors in Canada.

(18) Equity

The capital stock of WEB Windenergie AG is EUR 28,845,300.00 (previous year: EUR 28,845,300.00) and is composed of 288,453 shares (previous year: 288,453).

The shares consist of registered shares with restricted transferability. Their transfer is generally subject to the company's approval according to the articles of association. This approval is granted by the Board of Directors in consultation with the Supervisory Board.

The capital reserve results from shareholders' contributions and assets in-kind less allocated transaction costs.

The hybrid capital consists of a hybrid bond ('wind power bond') in the amount of 4,438.0 TEUR, issued in 2014, a hybrid bond in the amount of 6,727.0 TEUR, issued in 2015, and a hybrid bond in the amount of 6,349.0 TEUR, issued in 2016, less respective issuance costs. In 2016, partial repayments were made for the hybrid bond from 2014 (443.8 TEUR, previous year: 443.8 TEUR) and 2015 (672.7 TEUR, previous year: nil). The bonds are listed on the third market of the Vienna stock exchange and are registered as a collective certificate with the Austrian Volksbanken-Aktiengesellschaft.

The hybrid bonds have infinite terms. The interest is fixed at 6.5 % p.a. of the nominal value for the hybrid bonds 2014 and 2015, and fixed at 6.25 % p.a. of the nominal value for the hybrid bond 2016. Interest payments may be suspended in years when there is no dividend distributed for the previous fiscal year. Suspended payments are remedied including compounded interest. According to the conditions of the bonds, the pro-rated repayment is one tenth of its nominal value in years when WEB Windenergie AG distributes a dividend for the prior fiscal year.

A partial repayment of the hybrid bond 2014 and 2015 at one tenth of its nominal value (1,116.5 TEUR) as well as an interest payment of 695.7 TEUR was payable in 2016, due to the decision at the shareholders' meeting to distribute a dividend for the fiscal year 2015. There is no repayment or interest payment obligation in effect on the balance sheet date because the earliest date for such obligation to enter into effect is the date on which the decision on dividend distribution for the fiscal year 2016 is made at the shareholders' meeting 2017. A distribution of dividends for the fiscal year 2016 is to be recommended at the shareholder's meeting. Therefore, we expect that there will be interest payments and repayment of the hybrid bond in 2017.

The other reserves contain results that are not included in the profit and loss statement. It results from the changes in foreign currencies of subsidiaries in other currency zones (currency translation), the change in fair value of financial assets classified as 'available for sale' (bonds and investments) and from changes in value of interest rate swaps, held for interest rate hedging purposes (hedging). We include these items in the profit and loss statement when they are realized.

	31/12/2016			31/12/2015		
TEUR	Amount before taxes	Income taxes	Amount after taxes	Amount before taxes	Income taxes	Amount after taxes
Currency translation	2,832.1	0.0	2,832.1	–1,796.5	0.0	–1,796.5
Bonds and investments	433.0	–106.4	326.6	229.9	–57.6	172.3
Hedging	–653.4	184.2	–469.2	596.4	–149.3	447.1
	2,611.7	**77.8**	**2,689.5**	**–970.2**	**–206.9**	**–1,177.1**

The retained earnings encompass the profits earned in the corporate group less profit distributions. The amount that we are allowed to distribute to the shareholders from these results is the item 'Balance Sheet Profit' in the individual financial statements of WEB Windenergie AG.

(19) Non-controlling Interests

The following companies in which we have a controlling interest, also have other shareholders. The values are based on financial statements, in accordance with local laws.

2016	Scotian WEB Limited Partnership	Scotian WEB II Limited Partnership	Pisgah Mountain LLC	WEB Photovoltaik AG & Co KG
TEUR				
Headquarters	New Brunswick, Canada	New Brunswick, Canada	Maine, USA	Pfaffenschlag, Österreich
Share of minority shareholders	67.00%	67.00%	51.00%	30.00%
Voting rights of minority shareholders	45.00%	45.00%	33.33%	30.00%
Share of equity	5,953.2	2,513.2	12,363.3	21
Allocated profit or loss	913.2	–16.2	–32.8	0

2015	Scotian WEB Limited Partnership	Scotian WEB II Limited Partnership
TEUR		
Headquarters	New Brunswick, Canada	New Brunswick, Canada
Share of minority shareholders	67.00%	67.00%
Voting rights of minority shareholders	45.00%	45.00%
Share of equity	5,556.5	–6.9
Allocated profit or loss	754.0	–7.3

Key financial figures for these companies are:

2016	Scotian WEB Limited Partnership	Scotian WEB II Limited Partnership	Pisgah Mountain LLC	WEB Photovoltaik AG & Co KG
TEUR				
Revenues	8,853.0	90.8	153.9	31.2
Earnings after income taxes	2,029.3	–36.1	–64.3	0.1
Non-current assets	48,871.7	26,511.7	25,858.5	337.3
Current assets	6,074.2	831.3	331.1	45.9
Short-term liabilities	2,309.0	21,699.0	1,548.2	4.9
Long-term liabilities	39,407.6	59.1	399.7	308.2
Equity	13,229.4	5,585.0	24,241.7	70.0
Operating cash flow	7,246.0	–0.2	–180.7	25.8
Cash flow from investing activities	–5,943.2	–24,216.9	–22,899.2	–351.8
Cash flow from financing activities	–156.4	24,216.7	23,157.0	370.6
Distribution to minority shareholders	864.6	0.0	0.0	0.0

2015	Scotian WEB Limited Partnership	Scotian WEB II Limited Partnership
TEUR		
Revenues	7,924.5	0
Earnings after income taxes	1,675.6	–16.3
Non-current assets	4,605.2	655.8
Current assets	48,384.1	6,525.6
Short-term liabilities	2,378.5	7,196.8
Long-term liabilities	38,263.0	0
Equity	12,347.9	–15.3
Operating cash flow	5,664.3	0
Cash flow from investing activities	–7,352.3	0
Cash flow from financing activities	–8,990.4	0
Distribution to minority shareholders	1,999.8	0

Pisgah Mountain LLC (USA) was acquired on Febuary 23, 2016, and consolidated as of March 1, 2016. Although, we only own 49 % of the shares in Pisgah Mountain LLC (USA), the company is fully consolidated due to contractual agreements establishing us with the majority of voting rights and the majority of the board of directors can be, and were appointed by us.

(20) Financial Obligations

	31/12/2016			31/12/2015		
	Short-term	Long-term	Total	Short-term	Long-term	Total
TEUR						
Bank financing	39,652.2	226,678.3	266,330.6	22,751.6	175,509.2	198,260.8
Capital leasing	3,361.4	14,202.1	17,563.5	3,462.9	17,531.5	20,994.4
Total	**43,013.6**	**240,880.5**	**283,894.1**	**26,214.5**	**193,040.7**	**219,255.2**

The due dates of obligations from capital lease contracts can be found under note (11).

Liabilities to Banks

			Book value 31/12/2016	Book value 31/12/2015
Laufzeit	Interest	Currency	TEUR	TEUR
2016	from EURIBOR +1.25 % to EURIBOR +1.55 %	EUR	0.0	972.0
2017	from EURIBOR +1.00 % to EURIBOR +1.50 %	EUR	13,468.6	3,115.4
2018	from EURIBOR +1.00 % to EURIBOR +1.35 %	EUR	1,933.3	3,536.5
2018	EURIBOR +2.10 %	EUR	3,359.1	5,014.5
2019	LIBOR +1.00 %	CHF	256.6	321.7
2019	from EURIBOR +0.90 % to EURIBOR +1.00 %	EUR	4,873.4	6,698.8
2020	EURIBOR +1.38 %	EUR	3,289.8	4,281.7
2020	from PRIBOR +1.20 %	CZK	1,107.5	1,314.9
2021	EURIBOR +0.90 %	EUR	900.0	1,090.0
2024	EURIBOR +1.30 %	EUR	8,615.7	9,405.7
2025	from EURIBOR +1.625 % to EURIBOR +1.65 %	EUR	12,776.9	14,314.0
2025	EURIBOR +2.125 %	EUR	820.2	911.3
2025	PRIBOR + 1.85 %	CZK	1,490.5	1,654.4
2026	PRIBOR +3.00 %	CZK	1,535.1	1,647.8
2027	from EURIBOR +2.00 % to EURIBOR +2.30 %	EUR	34,324.4	37,505.5
2029	EURIBOR +1.80 %	EUR	543.0	583.2
2031	EURIBOR +0.90 %	EUR	1,506.2	167.2
2031	EURIBOR +1.75 %	EUR	7,063.7	5,920.5
2035	EURIBOR +1.85 %	EUR	2,343.8	2,468.8
Total variable interest			**100,207.9**	**100,923.9**
2017	2.35 % fixed	EUR	175.0	350.0
2017	2.60 % fixed	EUR	470.7	1.412.4
2018	2.60 % fixed	EUR	381.2	635.4
2021	4.05 % fixed	EUR	2,446.4	3,043.5
2022	5.99 % fixed	CZK	2,017.2	2,179.5
2026	3.55 % fixed	EUR	10,739.6	11,576.0
2028	2.00 % fixed	EUR	39,531.7	22,368.0
2029	2.75 % fixed	EUR	310.6	0.0
2030	2.89 % fixed	EUR	7,734.1	8,285.0
2031	1.85 % fixed	EUR	44,034.1	8,361.9
2033	6.22 % fixed	CAD	40,182.1	39,125.3
2034	1.35 % fixed	EUR	18,100.0	0.0
Total fixed interest			**166,122.6**	**97,337.0**
			266,330.5	**198,260.9**

The obligations are repaid on a continuous basis (not as bullet payments).

Obligations from Capital Leases

Term	Interest	Currency	Book value 31/12/2016 TEUR	Book value 31/12/2015 TEUR
2017	from EURIBOR +1.81 % to EURIBOR +1.91 %	EUR	640.6	1,451.0
2028	EURIBOR +2.40 %	EUR	4,991.1	8,352.3
Total variable interest			**5,631.7**	**9,803.3**
2019	3.35 % fixed	EUR	4,110.6	5,367.3
2018	5.92 % fixed	EUR	7,821.3	5,823.8
Total fixed interest			**11,931.9**	**11,191.1**
			17,563.5	**20,994.4**

In the reporting year, the average effective interest rate for all financial obligations amounted to 2.87 % (previous year: 3.23 %).

The following collateral is in place for the financial obligations:

- Chattel mortgages of the power plants
- Rights to enter into electrical supply contracts, purchasing agreements, rights of use contracts and leasing contracts
- Assignment of claims from the feed-in contracts with energy utilities
- Assignment of claims from business interruption insurances and machinery breakdown insurances
- Limited personal easements to the operating properties
- Cadastral registration of ownership

(21) Bonds

Bond	ISIN-No.	Interest	Term	Nominal amount TEUR	Effective interest rate	Book value 31/12/ 2016 TEUR	Thereof short-term TEUR	Book value 31/12/ 2015 TEUR	Thereof short-term TEUR
Wind power bonds									
Bond 2011–2016	AT0000A0QZH8	5.00 % fixed	2016	6,464.0	5.00 %	0.0	0.0	6,440.4	6,440.4
Bond 2013–2018	AT0000A0Z7A0	4.00 % fixed	2018	7,954.0	4.00 %	7,931.3	0.0	7,913.1	0.0
Bond 2013–2023	AT0000A0Z785	5.50 % fixed	2023	6,391.0	5.51 %	6,345.4	0.0	6,338.1	0.0
Bond 2013–2023	AT0000A0Z793	5.25 % fixed	2023	10,211.0	5.25 %	7,096.4	1,007.6	8,102.3	1,005.8
Bond 2014–2019	AT0000A191B7	3.50 % fixed	2019	10,566.0	3.50 %	10,439.1	0.0	10,393.0	0.0
Bond 2015–2020	AT0000A1GTN8	2.75 % fixed	2020	7,054.0	2.75 %	6,953.1	0.0	6,953.7	0.0
Bond 2015–2025	AT0000A1GTP3	4.00 % fixed	2025	8,532.0	4.31 %	7,598.9	833.8	8,410.0	831.9
Bond 2016–2021	AT0000A1MC14	2.50 % fixed	2021	6,963.00	2.50 %	6,869.1	0.0	0.0	0.0
Bond 2016–2016	AT0000A1MC22	3.75 % fixed	2026	6,872.00	4.05 %	6,778.6	670.5	0.0	0.0
Accrued interest on bonds						**994.5**	**994.5**	**934.3**	**934.3**
						61,006.4	**3.506.4**	**55,484.9**	**9,212.4**

The wind power bonds are listed on the third market of the Vienna stock exchange and are registered as a collective certificate with the Oesterreichischen Kontrollbank Aktiengesellschaft. The denomination was EUR 1,000.00 each. The issuing price and the redemption price is 100 for all bonds.

(22) Other Long-term Obligations

TEUR	Book value 31/12/2016	Book value 31/12/2015
Loans	10.0	15.0
Market value derivatives	2,639.50	2,005.90
	2,649.50	**2,020.90**

Derivative Financial Instruments

Description	Currency	Volume 31/12/2016	Term	Fair Value 31/12/2016	Fair Value 31/12/2015
		TEUR		TEUR	TEUR
1) Interest swap EUR/3M Euribor >> 1,1225 % fixed (7.500 TEUR)	EUR	2,743.8	01/07/2019	–46.1	–79.3
2) Interest swap EUR/3M Euribor >> 1,60 % fixed (13.581 TEUR)	EUR	9,054.0	31/12/2024	–603.0	–588.1
3) Interest swap CZK/1M Pribor >> 1,75 % fixed (2.155,8 TEUR)	CZK	1,679.6	31/08/2026	–109.4	–44.4
4) Interest swap EUR/3M Euribor >> 1,2775 % fix (13.644,6 TEUR)	EUR	10,915.7	31/12/2026	–633.3	–510.9
5) Interest swap EUR/3M Euribor >> 1,29 % fixed (14.875 TEUR)	EUR	11,666.6	31/12/2026	–684.5	–549.6
6) Interest swap EUR/3M Euribor >> 1,24 % fixed (6.727,5 TEUR)	EUR	5,208.40	30/06/2026	–286.9	–233.6
7) Interest swap EUR/3M Euribor >> 1,01 % fixed (9.116,9 TEUR)	EUR	9,116.8	30/12/2031	–276.3	0.0
				–2,639.5	**–2,005.9**
7) Interest swap EUR/3M Euribor >> 1,01 % fixed (9.116,9 TEUR)	EUR	9.116.8	30/12/2031	**0.0**	**19.9**

Our derivative financial instruments are exclusively interest rate swaps. They transform the financial obligations with variable interest into financial obligations with fixed interest and mitigate the risk of higher interest payments when interest rates increase. All interest rate swaps, with the exception of item 1), reduce in volume equivalent to the repayment of the secured liability.

All interest rate swaps meet the requirements to be accounted for as hedging transactions (hedging of future cash flows). Therefore, the change in fair value, after taking tax impacts of -469.2 TEUR (previous year: 447.1 TEUR) into account, was recorded in 'Other Financial Results' and did not affect net income.

(23) Income Taxes

Expenses for Income Taxes

TEUR	2016	2015
Actual expenses for income taxes for current period	1,576.3	2,974.90
Actual expenses for income taxes from previous periods	87.2	434.5
Deferred income taxes for current period	1,236.1	357.80
Deferred income taxes from previous periods	0.0	–23.9
	2,899.6	**3,743.30**

Earnings before taxes in the reporting period were 9,516.3 TEUR (previous year: 13,069.9 TEUR). The application of the Austrian income tax rate of 25 % would result in a tax expense of 2,379.1 TEUR (previous year: 3,267.5 TEUR). The expense for income taxes, shown in the profit and loss statement for 2016, is 2,899.6 TEUR (previous year: 3,743.3 TEUR) and thus, is 520.5 TEUR higher (previous year: 475.8 TEUR higher). The reasons for the difference are as follows:

TEUR	2016	2015
Earnings before taxes	**9,516.3**	**13,069.9**
Corporate tax rate	25.0 %	25.0 %
Expected tax expenses	**2,379.1**	**3,267.5**
Higher income taxes due to		
Higher foreign tax rates	463.8	118.4
Non-deductible interest	204.0	328.2
Non-deductible fees	7.4	39.3
Other reasons	111.9	296.9
Lower income taxes due to		
Tax free income from investments	–179.0	–181.1
Interest hybrid capital	–198.1	–75.9
Other reasons	–32.0	–80.0
Deferred taxes attributable to minority shareholders	–269.8	–192.4
Income tax expenses from previous periods		
Actual income taxes expenses from previous periods	87.2	331.9
Deferred taxes from previous periods	325.1	–236.4
Adjustment of deferred taxes	0.0	126.9
Actual tax expenses	**2,899.6**	**3,743.3**
Effective tax rate	30.5 %	28.6 %

Deferred tax claims (deferred tax assets) and deferred tax obligations (deferred tax liabilities) resulted from differences between valuations of assets and liabilities in the tax balance sheet and the IFRS balance sheet, as well as from existing loss carry-forwards on the balance sheet date:

	31/12/2016	31/12/2015
TEUR		
Differences in valuation between tax and IFRS balance sheet items:		
Fixed assets	26,058.1	–19,916.30
Financial assets	871.2	–284.9
Other long-term assets	893.8	584.9
Other short-term assets	650.8	678.5
Financial obligations	5,123.9	5,551.60
Bonds	220.1	–144.8
Long-term provisions	858.9	606.2
Other long-term obligations	412.9	–230.1
Other short-term obligations	222.7	551.9
Loss carry-forwards	**6,332.2**	**656.5**
Net amount of deferred taxes	**–13,099.6**	**–11,946.50**
Thereof deferred tax assets	123.8	339.4
Thereof deferred tax liabilities	13,223.2	–12,285.90

The net position for deferred taxes changed as follows in the reporting period:

	2016	2015
TEUR		
Opening balance 1 Jan.	**–11,946.6**	**–11,335.00**
Foreign currency changes	22.9	433.8
Deferred taxes on 'Other Financial Results'	77.8	–207
Deferred taxes on issuing costs for hybrid capital	17.4	21.5
Deferred taxes recorded in the P&L statement	1,236.2	–859.90
Closing balance 31 Dec.	**–13,099.4**	**–11,946.60**

Deferred taxes recorded in 'Other Financial Results' refer to valuation results from financial instruments available for sale and hedging transactions.

Deferred tax liabilities of 5,572.8 TEUR (previous year: 5,946.9 TEUR), attributable to differences between the tax valuation of investments in subsidiaries and the proportional share in equity in subsidiaries, were not recorded, since we assume that these differences will not reverse in the foreseeable future or because such reversal will not be subject to income tax.

(24) Provisions

	As per 1/1/2016	Additions	Addition due to adjustment of discounting rate	Interest	Usage	Reversals	Currency changes	As per 31/12/2016
TEUR								
Demolition costs	7,930.4	1,892.1	1,550.3	191.4	0.0	245.5	–65.7	11,253.0
Severances	20.4	0.0	0.0	0.0	0.0	8.0	0.0	12.4
	7,950.8	**1,892.1**	**1,550.3**	**191.4**	**0.0**	**253.5**	**–65.7**	**11,265.4**
Thereof long-term	7,950.8		11,265.4					11,265.4

The provision for demolition costs, based on anticipated future costs, was recorded due to the contractual obligations to demolish plants at the end of their useful life. It was discounted at 2.0 %. The adjustment of the discounting rate from 3.5 % to 2.0 % in the reporting period, resulted in a capitalization of demolition costs, not affecting profit and loss, in the amount of 1,550.3 TEUR and an adjustment of the interest portion of -80.6 TEUR.

(25) Payables and Other Payables

	31/12/2016	31/12/2015
TEUR		
Payables		
Trade payables	10,121.4	5,165.4
Outstanding invoices	4,668.2	1,527.1
Claims of employees and members of the Board of Directors	1,349.0	1,296.3
Payables to tax authority	57.9	143.2
Others	363.5	491.7
	16,560.0	**8,623.7**

Claims of employees and members of the Board of Directors essentially contains a payable for unused vacation in the amount of 409.6 TEUR (previous year: 367.6 TEUR), a payable for time credit in the amount of 88.8 TEUR (previous year: 70.2 TEUR) and a payable for bonuses of 489.0 TEUR (previous year: 585.0 TEUR).

'Outstanding invoices' contains mainly outstanding invoices for construction services and consulting services.

5. Other Liabilities

5.1 Financial Obligations from Lease Agreements

The majority of power plants are located on leased land. The term of the respective lease agreement usually matches the expected useful life of each plant. Based on the agreements, we are obligated to the following lease payments:

	31/12/2016	31/12/2015
TEUR		
For the following year	1,357.1	1,034.1
For the next 2 to 5 years	5,465.8	4,234.6
Greater than 5 years	20,545.5	16,323.3
Total	**27,368.3**	**21,592.0**

The amounts provided are partially estimates, since the total amount of the lease payments is dependent on uncertain factors, such as price index increases or adjustments linked to the revenues of wind power plants. Generally, the agreements obligate us to carry out demolition and to the re-cultivation of the production locations at the end of the term of the contract – see more under note (6) and chapter 6.

There are no notable contractual obligations outstanding for assets on order at balance sheet date (previous year: 62,039.1 TEUR).

5.2 Unresolved Legal Disputes

Our subsidiary WEB Windenergie Betriebsgesellschaft Deutschland GmbH is a defendant in an administrative dispute with a neighboring wind turbine operator because of the construction of a wind farm in 2006. Since the wind farm was constructed according to plan, the likelihood that the counterparty's complaints in this action will succeed is very low. The lawsuit has yet to be concluded.

6. Discretionary Decisions and Uncertainty with Estimates

Preparation of our Consolidated Financial Statements require the following noteworthy discretionary decisions and estimates:

- A significant discretionary decision is the determination whether we have controlling interest in an affiliated company. This is particularly relevant in cases where we do not own the majority shares.
- Further discretionary decisions apply to project development costs that are capitalized upon adequate concretization. This is documented by a formalized project management assignment from the Board of Directors.

Inherent to the following estimates, there is a considerable risk that they could lead to a significant reassessment and, thus, to an adjustment of assets and liabilities in the coming fiscal years:

- The assessment of the intrinsic value of investments in wind farms, amounting to approximately 7,037.3 TEUR (previous year: 5,931.8 TEUR), that are not finally approved for realization, is performed on the basis of the likelihood of realization of the respective wind farm. A lack of acceptance by the general public or approvals that cannot be achieved may rapidly change such likelihood of realization. We derecognized project costs of 95.3 TEUR (previous year: 297.2 TEUR) as expenses in the reporting period due to unlikely project realization.
- When indicators suggest a potential impairment, we conduct an impairment test for our plants and machines. Indicators identified by W.E.B are, for example, a shorter remaining term for a tariff or unexpected construction costs during assembly.
- In order to substantiate the intrinsic value of our other plants, we calculate the recoverable amount of these plants which matches the value of future cash flows. The result of such calculations is based on several assumptions. The most significant assumptions are the future revenues from generated electricity (primarily for projects without subsidized tariffs or after expiry of the subsidized period) and the interest rate used to discount future cash flows. Tariff assumptions are based on electricity trading prices and a price increase of 4 % p.a. in the medium to long-term, which is unchanged in comparison to the prior year. The applied capitalization rate is an interest rate after taxes, representing current market expectations, the fair value of money as well as the specific risks of the asset. The interest rate after taxes was determined specifically for each assessed plant based on the remaining term and is in the range between 2.86 % and 3.38 % (previous year: 4.71 % to 4.89 %). The interest rate before taxes was calculated iteratively and is in the range between 4.55 % and 11.88 % (previous year: 5.47 % to 5.65 %).

  As a result of impairment tests, we recorded an impairment loss for wind farms in Austria in the amount of 582.7 TEUR (previous year: 1,662.1) for the fiscal year

A change in tariffs and/or interest rate would have the following additional impacts on the results for fiscal year 2016:

Electricity Price

	–20 %	–10 %	Base Case
	TEUR	TEUR	TEUR
WACC +0,5 %	–3,834.3	–1,432.8	–164.0
Base Case	–3,226.7	–1,072.7	0.0

- The valuation of provisions for demolition costs with a book value of 11,253.0 TEUR as of December 31, 2016 (previous year: 7,930.4 TEUR) is based on expert assessments and experiences concerning costs for demolition of comparable plants as well as based on the assumption that a part of the material to be disposed of can be reused. As provisions were created as part of the plants' acquisition costs, any increase or decrease of provisions has no immediate effect, but has an effect over the plants' useful life.
- A tax audit was concluded during the current fiscal year. The results of the tax audit were recorded in full. Since the circumstances of the case involve a cross-border situation, we assume that the potential additional tax claim of one tax administration is offset by a claim for restitution against the tax authority of the other state. These circumstances were included in the Consolidated Financial Statements by recording the claim for restitution against the tax authority of the other state (949.1 TEUR).

7. Additional Disclosures on Financial Instruments

7.1 The Nature of Financial Instruments

The following table shows the carrying amounts and fair values of financial instruments (financial assets and financial liabilities) on the respective balance sheet date as well as the valuation levels determining the fair value. Further information about the valuation methods and valuation levels are available in chapter 9.3.

	Book value 31/12/2016	Book value 31/12/2015	Fair value 31/12/2016	Fair value 31/12/2015	Valuation levels
TEUR					
Financial assets valued at fair value					
Hedging transactions					
Interest rate swaps with positive book values	0.0	19.9	0.0	19.9	Level 2
Financial assets 'available for sale'					
Securities	676.6	1,075.6	676.6	1,075.6	Level 1
Shares in other companies	1,881.3	1,238.5	1,881.3	1,238.5	Level 2
Financial assets not valued at fair value					
Loans and receivables					
Trade receivables	10,324.9	7,836.6	10,324.9	7,836.6	
Loans and other receivables	28,880.0	11,611.0	28,880.0	11,611.0	
Long-term credit	203.8	277.3	203.8	277.3	
Cash					
Cash and cash equivalents	22,841.4	33,557.7	22,841.4	33,557.7	
Total financial assets	**64,808.0**	**55,616.6**			
Financial liabilities valued at fair value					
Hedging transactions					
Interest rate swaps with negative book values	2,639.5	2,005.9	2,639.5	2,005.9	Level 2
Financial liabilities not valued at fair value					
Financial liabilities valued at amortized costs					
Financial obligations (incl. leasing)	283,894.1	219,255.2	282,287.4	224,248.0	
Financial obligations from bonds	61,006.3	55,484.9	66,247.4	61,157.0	
Trade payables and other financial obligations	18,467.3	8,623.7	18,467.3	8,623.7	
Total financial liabilities	**366,007.2**	**285,369.7**			

For trade receivables, loans, other receivables as well as trade payables and other financial obligations, the book values were approximately equal to their fair values as maturities are mainly short-term. No transfers between valuation categories occurred for the reporting year and the prior year.

The carrying amounts of financial assets pledged as collateral as of December 31, 2016, amounted to 4,350.1 TEUR (previous year: 4,364.2 TEUR). A portion of this amount served as security for our contractual obligations to land owners for the dismantling of wind turbines at the end of their useful lives. The other portion served as security for the obligations to credit institutions.

The financial instruments resulted in the following income and expenses:

	From subsequent valuation		From Interest
2016	**At fair value P/L neutral**	**Currency conversion**	
TEUR			
Cash	0.0	0.0	49.8
Loans and Receivables	0.0	0.0	1.896.7
Financial assets 'available for sale'	–326.6	0.0	0.0
Financial liabilities at amortized costs	0.0	–2,566.5	–9,283.3
Hedging transactions	469.4	0.0	–719.9
Total	**142.8**	**–2,566.5**	**–8,056.7**

	From subsequent valuation		From Interest
2015	**At fair value P/L neutral**	**Currency conversion**	
TEUR			
Cash	0.0	0.0	12.2
Loans and Receivables	0.0	0.0	954.3
Financial assets 'available for sale'	–172.3	0.0	0.0
Financial liabilities at amortized costs	0.0	2,734.4	–7,742.1
Hedging transactions	–447.1	0.0	–719.6
Total	**–619.4**	**2,734.4**	**–7,495.2**

7.2 Risk arising from Financial Instruments

7.2.1 Liquidity Risk

Liquidity risk describes the risk that we potentially may not be able to meet our contractual financial obligations. Our liquidity management has the objective to have sufficient liquid assets at all times in order meet our payment obligations at maturity under normal, as well as unfavourable circumstances (e.g. fluctuations in revenues due to changing wind situations).

The following contractual financial obligations exist at the balance sheet date (sorted by maturity, including interest payments, not discounted):

	Maturity		
31/12/2016	Up to 1 year	More than 1 year and up to 5 years	More than 5 years
TEUR			
Bonds	4,909.1	49,150.4	16,770.6
Obligations towards financial institutions	35,544.3	106,142.9	163,864.9
Lease obligations	4,022.2	10,394.3	5,470.0
Other obligations	16,555.0	5.0	0.0
Total	**61,030.7**	**165,692.6**	**186,105.5**

	Maturity		
31/12/2015	Up to 1 year	More than 1 year and up to 5 years	More than 5 years
TEUR			
Bonds	10,477.7	38,882.1	15,454.3
Obligations towards financial institutions	27,933.5	84,444.4	114,757.4
Lease obligations	4,229.4	12,909.7	8,202.5
Other obligations	8,628.7	10.0	0.0
Commitment for tangible assets	62,039.1	0.0	0.0
Total	**113,308.4**	**136,246.2**	**138,414.2**

To secure existing financing arrangements, comprehensive pledges of assets and assignments of receivables are in place with the financial institutions. Furthermore, we committed to meet certain financial key figures. Failure to meet these key figures could entitle the financial institutions to demand immediate repayment in full of the financing. We met all key financial figures during the reporting period.

When making investment decisions, we always consider the current liquidity situation as well as the future liquidity outlook. There are no notable contractual obligations outstanding for assets on order at the balance sheet date.

7.2.2 Market Risks

We are subject to interest rate risk and exchange rate risk with respect to our financial assets and financial liabilities. The objective of our financial risk management is to limit these market risks through ongoing operational and finance-oriented activities. For this purpose, we use selected derivative and non-derivative financial instruments depending on the assessment of risk. We use derivative financial instruments exclusively as instruments of securitization and not for trading or other speculative purposes.

A list of the derivative financial instruments is found under note (22).

Interest Rate Risk

Fluctuations in the interest rate represent a significant market risk for us. An increase in interest rates results in higher interest expenses and cash outflows for financial obligations with variable rates. For financial obligations with fixed rates, the fair value of the liability increases with decreasing interest rates.

As of December 31, 2016, the share of financial obligations subject to variable interest rates (taking into consideration concluded interest rate swaps) was 15.8 % (previous year: 19.1 %). An increase of one percentage point in interest would have reduced the annual result (before income taxes) by 435.6 TEUR p.a. (previous year: 423.0 TEUR p.a.), based on the credit portfolio as of the balance sheet date and otherwise unchanged factors.

As of December 31, 2016, we were a contractual party of interest rate swaps at a nominal amount of 50,384.9 TEUR (previous year: 55,433.5 TEUR). These interest rate swaps serve the exclusive purpose of substituting variable interest with fixed interest. They are designated as hedging transactions (hedging of future cash flows) pursuant to IAS 39. A detailed presentation of the derivative financial obligations, including fair values, can be found in the table under note (22). The average residual term of the derivatives is 9.2 years (previous year: 10.2 years). Interest rate changes affect the valuation of interest rate swaps and, by recognizing the valuation results in 'Other Financial Results', also the equity capital.

Currency Risk

Our currency risks result from investments and operative activities in non-Euro countries. Currently, this concerns activities in the Czech Republic, Canada and the USA. These investments were partially financed through equity but primarily through financing loans in the respective national currency.

There is no collateral for the equity financing. The equity risk related to Canada amounts to 15,989.3 TEUR (previous year: 7,622.2 TEUR), the Czech Republic 884.5 TEUR (previous year: 884.3 TEUR) and to the USA 10,753.6 TEUR (previous year: 0.9 TEUR). We record the resulting conversion differences in 'Other Financial Results'. In the fiscal year 2016, it amounted to –114.4 TEUR (previous year: –115.3 TEUR) for subsidiaries in the Czech Republic, –58.0 TEUR (previous year: –633.1 TEUR) for Canada, and 696.2 TEUR (previous year: –0.7 TEUR) for the USA.

Foreign currency financial obligations are composed as follows as on the balance sheet date:

Financial obligations

	31/12/2016	31/12/2015
TEUR		
Bank loan CHF	256.6	321.6
Bank loan CAD	40,199.2	39,153.80
Loan WEB AG – WEB NA CAD (company internal)	18,189.4	13,800.20
Loan WEB AG – USA USD (company internal)	12,785.5	0.00
Bank loan CZK	6,150.2	6,796.50

We took out a loan in Canadian Dollars in the 2014 reporting period to finance activities in Canada. As such, financing occurs in the same currency as the return cash flows from the investment. As the expected return cash flows cover these financing arrangements in any case, no significant currency risk arises from these financial obligations. In addition, there is a EURO-loan in the amount of 18,189.4 TEUR (previous year: 13,809.4 TEUR) granted by the parent company WEB Windenergie AG. This resulted in a currency risk for the fiscal year of 44.1 TEUR (previous year: loss of -1,004.9TEUR) which was recognized as profit in 'Other Financial Results'.

In addition, the parent company WEB Windenergie AG granted a Euro-loan to the subsidiary WEB USA Inc. as short-term financing for construction activities in the US. As of December 31, 2016, the amount of 12,785.5 TEUR is outstanding. This results in a currency risk of 607.7 TEUR which was recognized as profit for the fiscal year.

In the context of operative activities, the billing was performed in the functional currency of the respective group company. Receivables and payables from goods and services exist mainly in the functional currency of the respective group company.

An increase or decrease of the Euro by 10 % compared to the following major currencies for financial liabilities would have affected earnings before tax and equity as follows:

2016	10 % increase	10 % decrease
TEUR	result	result
CHF	23.3	–28.5
USD	–1,278.5	1,162.3
Total	**–1,255.2**	**1,133.8**

An increase or decrease of the Euro by 10 % compared to the following major currencies for financial liabilities would have affected earnings before tax and equity as follows:

2016	10 % increase	10 % decrease
TEUR	result	result
CAD	–3,224.5	3,738.9
CZK	–108.3	132.3
USD	–1,102.4	1,347.4
Total	**–4,435.2**	**5,218.6**

Credit Risk

We are exposed to default risk both in our operative business and in certain investment and financing activities. In the investment and financing area, transactions are, to the extent possible, concluded with counterparties of impeccable credit rating.

The maximum risk of loss corresponds to the book value of the financial asset as well as the liabilities mentioned in chapter 6. Agreements to offset our receivables with existing payables do not exist.

The risk of loss of receivables is limited by the fact that a large portion of revenue is generated with state or state-affiliated organizations. We estimate that the credit risk from operational receivables is generally low. As of December 31, 2016, the maximum default risk in connection with receivables from goods and services was 10.324.9 TEUR (previous year: 7.836.6 TEUR) and for all receivables, loans, etc. 28,576.2 TEUR (previous year: 11,233.7 TEUR).

8. Other Disclosures

8.1 Geographic Informations

The following tables illustrate selected financial information based on geographic regions. Revenues and long-term assets are allocated based on company locations.

Revenues

	2016	2015	Change
TEUR			
Austria	35,203.4	32,634.7	8%
Germany	12,417.2	15,511.8	-20%
Canada	8,951.3	7,844.0	14%
France	4,482.1	5,049.6	-11%
Italy	3,057.1	3,236.5	-6%
Czech Republic	2,068.9	2,319.5	-11%
USA	162.7	0.0	
Total	**66,342.9**	**66,596.1**	**0%**

Long-term assets (intangible assets and fixed assets)

	2016	2015	Change
TEUR			
Austria	179,947.1	174,573.8	3%
France	80,163.1	44,615.2	80%
Canada	71,421.7	52,410.2	36%
Germany	63,032.3	51,903.7	21%
USA	25,874.7	0.0	
Italy	17,499.0	18,636.8	-6%
Czech Republic	10,059.7	10,834.3	-7%
Total	**447,997.6**	**352,973.9**	**27%**

8.2 Notes on Cash Flow Statement

The composition of cash and cash equivalents can be found under note (17).

We classify interest inflows as part of investment activities and interest outflows are classified as financing activities.

Payments of income taxes amounted to 2,225.5 TEUR (previous year: 2,204.2 TEUR) and largely stem from operating activities.

8.3 Objectives of Capital Management

The objectives of capital management are, on the one hand, securing the company's continuation and the continued expansion of renewable energy generation in Europe, Canada and the US, and, on the other hand, an adequate return on equity. Our goal is to achieve a long-term return on equity between 7 % and 10 %. To hedge against business risks while simultaneously ensuring an optimal use of the available equity capital, we aim for an equity ratio of 20 % to 30 % as a long-term goal. As of December 31, 2016, the equity ratio was 24.95 % (previous year: 25.83 %) and the return on equity 6.03 % (previous year: 9.00 %).

In the reporting period, a dividend payout of 5,769.1 TEUR (previous year: 4,326.8 TEUR) was approved at the shareholders' meeting. This corresponds to a dividend of EUR 20.00 (previous year: EUR 15.00) per share. In the long run, significant portions of the consolidated net income are to be distributed as dividends.

In 2017, the distribution of a dividend for 2016 in the amount of EUR 15.00 per share is planned.

8.4 Business Relations to Related Companies and Individuals

Included in 'related companies and persons' in our corporate group of companies are all non-consolidated affiliated companies, all associated companies and all joint ventures, as well as the Board of Directors and members of the Supervisory Board and their close family members and companies under their control. A list of companies in the corporate group is included in Appendix 1.

In the reporting year and the previous year, there were no significant business transactions with non-consolidated subsidiaries.

There are business management and maintenance contracts with Sternwind Errichtungs- und Betriebs GmbH and Sternwind Errichtungs- und Betriebs GmbH & Co KG which were concluded at usual market terms and conditions. Both investments in these companies are reported on the balance sheet according to the equity method. In the reporting year, we recorded revenues in the amount of 19.5 TEUR (previous year: 39.2 TEUR). As of December 31, 2016, there were outstanding receivables of 358.4 TEUR (previous year: 271.9 TEUR).

There is a consulting arrangement with the law office Sattler und Schanda, in which a member of the Supervisory Board, Dr. Reinhard Schanda, is a partner. Dr. Angela Heffermann, an attorney employed with the firm, is responsible for handling the legal consulting. In its meeting held on June 26, 2009, the Supervisory Board approved the continuation of the consulting arrangement. In the reporting year, expenses in the amount of 9.0 TEUR (previous year: 4.9 TEUR) were recorded. As in the previous year, there were no outstanding claims from the law office Sattler und Schanda, as of December 31, 2016.

In the reporting period, expenses amounting to 11.5 TEUR (previous year: 14.7 TEUR) from a company whose co-owner is a member of the Board of Directors were recorded for renting electric vehicles as well as other services. As of December 31, 2016, like in the previous year, there were no outstanding payables.

With a company, whose partner is a board member of an affiliated company in Canada, there are contracts for construction services for project implementation in Canada. The contract was concluded at usual market terms and conditions. In the reporting period, we made payments amounting to 1,309.3 TEUR (previous year: 650.0 TEUR). As of December 31, 2016, like in the previous year, there were no outstanding payables.

In the reporting period, we made payments in the amount of 42.4 TEUR (previous year: 721.9 TEUR) to a minority shareholder for administration, payroll accounting, and other expenses in connection with project development in Canada. As of December 31, 2016, there were no outstanding payables (previous year: 26.5 TEUR).

In the reporting period, we made payments amounting to 70.4 TEUR (previous year: 0 TEUR) to a company whose partner is a member of the Board of Directors in an affiliated company in Canada. The payments were directly related to construction work for projects in Canada. As of December 31, 2016, like in the previous year, there were no outstanding payables.

In the reporting period, we made payments amounting to 117.9 TEUR (previous year: 176.7 TEUR) to a company whose partner is a member of the Board of Directors in an affiliated company in Canada. The payments were directly related to grid infrastructure for projects in Canada. As of December 31, 2016, there were no outstanding payables (previous year: 5.5 TEUR).

Loans granted to project partners are referred to in note (13).

In the reporting period, we made payments for consulting services amounting to 117.9 TEUR (previous year: 0 TEUR) to a company whose partner is a member of the Board of Directors in an affiliated company in Canada. As of December 31, 2016, there were payables of 16.3 TEUR (previous year: 37.6 TEUR).

A contract exists with the Supervisory Board member Martin Zimmermann for the creation and maintenance of fallow land related to wind power plants in Austria. In the reporting period, we recognized expenses of 7.4 TEUR (previous year: 7.2 TEUR). As of December 31, 2016, there were payables of 0.1 EUR (previous year: 0.0 TEUR).

8.4.1 Executive Body

a) Board of Directors

In the fiscal year 2016, the Board of Directors consisted of the following members:

Dr. Frank Dumeier, born March, 19 1962, Chair of the Board of Directors since April 30, 2016, collective representation

DI Dr. Michael Trcka, born November 10, 1970, CFO since May 1, 2009, collective representation

Andreas Dangl, born November 2, 1962, Chair of the Board of Directors since July 6, 1999, collective representation, mandate ended April 30, 2016

b) Supervisory Board

In the fiscal year 2016, the Supervisory Board consisted of the following members:

Mag. Josef Schweighofer, born August, 26 1964, Member of the Supervisory Board since July 5, 2002, Chair of the Supervisory Board since January 17, 2009, holding that function until the shareholders' meeting in 2021

Dr. Reinhard Schanda, born January 16, 1965, Member of the Supervisory Board since June 19, 2009, Deputy Chair of the Supervisory Board since June 17, 2011, holding that function until the shareholders' meeting in 2019

DI (FH) Stefan Bauer, born September 20, 1977, Member of the Supervisory Board since May 1, 2005, holding that function until the shareholders' meeting in 2021

Martin Zimmermann, born December 23, 1968, Member of the Supervisory Board since June 17, 2011, holding that function until the shareholders' meeting in 2021

Andreas Dangl, born November 2, 1962, delegated Member since May 24, 2016.

c) Authorized Signatory

Claudia Bauer, born February 1, 1983, was appointed as authorized signatory on September 15, 2008, Mag. Stefanie Markut, born September 1, 1977, and DI (FH) Roman Prager, born January 29, 1976, were appointed as authorized signatory on August 1, 2016. They represent the company with a member of the Board of Directors.

8.4.2 Officer Remuneration

The members of the Board of Directors received remuneration in the amount of 626.1 TEUR in 2016 (previous year: 676.3 TEUR). Thereof, 258.3 TEUR were variable components relating to the corporate result of 2015 (previous year: 197.1 TEUR relating to the corporate result 2014). Criteria for the performance-related components (variable remuneration) are based on the number of installed MW of power plant capacity in the respective fiscal year as well as reaching or exceeding a predefined return on equity. Ceilings for variable remuneration are fixed. We did not pay compensation to former members of the Board of Directors in the fiscal year (previous year: 0.0 TEUR).

We did not grant advanced payments to legal representatives of the company in 2016 (previous year: 0.0 TEUR).

There are contribution-driven pension commitments to legal representatives. In the fiscal year, we paid contributions of 78.0 TEUR (previous year: 48.0 TEUR) into the pension fund. There are no other benefit plans.

In the reporting period, payments to the Supervisory Board amounted to 99.0 TEUR (previous year: 87.0 TEUR).

TEUR	
Josef Schweighofer	25.000,00
Reinhard Schanda	22.000,00
Stefan Bauer	20.000,00
Martin Zimmermann	20.000,00
Andreas Dangl	12.021,86
	99.021,86

We have concluded a directors' and officers' liability insurance policy (D&O-insurance) which covers certain personal liability risks of persons acting responsibly on behalf of WEB Windenergie AG and its subsidiaries. The costs (14.2 TEUR) are borne by the company.

9. Accounting and Valuation Methods

9.1 Companies Included in the Consolidated Financial Statements

Our Consolidated Financial Statements include WEB Windenergie AG and its subsidiaries.

Subsidiaries are companies under our control. A controlling influence exists, when we

a) are able to execute decision-making power over the company and, thus, are able to dictate activities of the company, impacting its commercial success,
b) participate in the commercial success of the subsidiary and
c) have the opportunity, by executing our decision-making power, to influence our commercial success from the investments in subsidiaries.

Rebuttable indication for control is a capital ownership percentage of over 50 %. However, control can also exist based on contractual agreements. A list of all our subsidiaries is included in appendix 1.

We include all subsidiaries in our Consolidated Financial Statements. This means all assets and liabilities and revenue and expenses are included in the consolidated balance sheet and the consolidated income statement. This also applies when we own less than 100 % of the shares in a subsidiary. In that case, the (non-controlling) shares attributable to other shareholders in the subsidiary are disclosed on the balance sheet under the position 'non-controlling interests'. Intercompany transactions, receivables, payables and significant unrealized profits (interim profits) are eliminated.

In case we lose control over a subsidiary, the assets and liabilities of the subsidiary and any related non-controlling interests are booked out. Any resulting gain or loss is recognized in the profit and loss statement.

Our Consolidated Financial Statements also include associated companies and joint ventures. Associated companies are entities where we have significant influence but do not have control over them. Rebuttable indication for significant influence is a capital ownership percentage of 20 % to 50 %. A joint venture is a company which we have joint control over with one or several partners. Associated companies, as well as joint ventures, are accounted for according to the equity method. This means, when acquired, we account for shares with the acquisition costs on the balance sheet. We adjust the value in subsequent periods based on our proportional share of the profit or loss and other results, as well as on other changes of equity of the associated company (e.g. dividend distribution). We only account for a deficit as long as the remaining value of the shares is positive.

The number of companies included in the Consolidated Financial Statements has changed during the reporting period as follows:

	Subsidiaries	Associated companies and joint ventures
As of 1/1/2015	**26**	**4**
Newly established companies	4	1
Deconsolidation ELLA AG	–1	1
As of 31/12/2015	**29**	**6**
Newly established companies	5	0
Acquired companies	1	0
Dissolution of companies	–8	0
As of 31/12/2016	**27**	**6**

Pisgah Mountain LLC (USA) was acquired on February 23, 2016 and consolidated as of March 1, 2016. Although, we only own 49 % of the shares in Pisgah Mountain LLC (USA), the company is fully consolidated due to contractual agreements establishing us with the majority of voting rightsand the majority of the board of directors can be, and are, appointed by us.

WEB Photovoltaik AG & Co KG was founded on February 15, 2016 and added as a fully consolidated company. The purpose of the company is to build and operate photovoltaic plants.

On October 25, 2016, we founded WEB PV GmbH. However, due to its insignificance it is not consolidated.

In addition, the following companies were founded in France and fully consolidated:

- C.E.P.E Bel Air Nord SAS, Paris (Founded: 4 March 2016)
- W.E.B Parc éolien des Vallées, Paris (Founded: 25 October 2016)
- W.E.B Parc éolien des Ventes du Serein (Founded: 25 October 2016)
- W.E.B Parc éolien du Pays Blancourtien (Founded: 25 October 2016)

As part of an internal corporate restructuring, the assets and liabilities of the following Canadian companies were transferred internally as of June 30, 2016. The companies were subsequently dissolved on June 30, 2016.

- WEB Duart North Community Wind Farm GP Corp. (including LimitedPartnership-Contract)
- WEB Wheatley Community Wind Farm GP Corp. (including LimitedPartnership-Contract)
- WEB Duart South Community Wind Farm GP Corp. (including LimitedPartnership-Contract)
- WEB Wallaceburg Community Wind Farm GP Corp. (including LimitedPartnership-Contract)
- WEB Centralia Community Wind Farm GP Corp. (including LimitedPartnership-Contract)
- WEB Zurich Community Wind Farm GP Corp. (including LimitedPartnership-Contract)
- WEB Constance Community Windfarm GP Corp. (including LimitedPartnership-Contract)

The remaining companies, recorded at equity, are associated companies over which we exercise significant influence but not control or joint control.

9.2 Currency Conversion

Our Consolidated Financial Statements are prepared in Euro. The Consolidated Financial Statements include business transactions which were concluded in a different currency. In addition, the Consolidated Financial Statements include subsidiaries whose currency is different from the Euro, namely the Czech Koruna (CZK), the Swiss Franc (CHF), the US Dollar (USD) and the Canadian Dollar (CAD).

We convert business transactions in foreign currencies with the median currency exchange rate on the date of the specific transaction. On the balance sheet date, we convert existing monetary assets and liabilities that exist in foreign currencies, such as cash, receivables and payables, into Euro using the currency exchange rates (bid/ offer rates) valid on that day. We record foreign currency profits and losses resulting from this in the profit and loss statement under financial results.

The conversion of assets and liabilities of subsidiaries, which use a foreign currency for accounting purposes, are carried out with the currency exchange rate on the balance sheet date. We convert the positions of the profit and loss statement using the average exchange rate for the fiscal year. We record any resulting foreign currency profits or losses in 'Other Financial Results'.

We used the following exchange rates for the Consolidated Financial Statements as of December 31, 2016 and 2015:

	Valuation rate 31/1272016	Average rate 2016	Valuation rate 31/12/2015	Average rate 2015
CZK	27.0210	27.0271	27.027	27.3200
CHF	1.0739		1.0827	
USD	1.0541	1.1065	1.0887	1.1045
CAD	1.4188	1.4678	1.5116	1.4262

9.3 Other Accounting and Valuation Methods

9.3.1 Intangible Assets

Our intangible assets consist primarily of water rights and IT-software. The acquisition costs are amortized using the straight-line method over the expected useful life. We estimate them as follows:

	Useful life
Rights of use, water rights	16–40 years
Software	2–3 years

The intangible assets consist exclusively of assets acquired from third parties. To date, no intangible assets generated in-house were capitalized because the criteria according to IAS 38 were not met. Expenditures for research activities are recorded in the profit and loss statement as incurred.

9.3.2 Tangible Assets

Our tangible assets are recorded using acquisition or manufacturing costs. This also includes costs of project development for each plant that are capitalized upon adequate progress of a project. The costs of the general project development phase are recognized immediately as expenses in the profit and loss statement when incurred. Likewise, we record costs that arise due to significant deviations from the original project plan in expenses. If the construction phase for fixed assets extends over a longer period of time, we capitalize the accumulating interest on borrowed capital as a component of the manufacturing costs. In case public grants are received for the construction, we deduct them in the respective amount from the acquisition costs of the tangible assets.

The lease and rental agreements with the property owners include contractual obligations to carry out demolition and/or re-cultivation of the production locations. We estimate the expected costs based on total investment and recommendation of the German Federal Association for Wind Energy (Bundesverband WindEnergie e.V.). This results in a provision of 30.0 TEUR per megawatt installed capacity, which is unchanged compared to the previous year, and capitalize them as part of the acquisition costs.

We lease wind and photovoltaic power plants by means of a capital lease. We recognize them as fixed assets on the balance sheet at the lower of either the fair value or the cash value of the minimum leasing rates. The payment obligations resulting from the leasing contracts are classified as liabilities under financial obligations.

Depreciation expenses are recognized using the straight-line method over the expected useful life. We estimate them as follows:

	Useful life
Wind power plants	20 years
Photovoltaic plants	20 years
Hydroelectric power plants	20–30 years
Office buildings	50 years
Hydroelectric power plants (building), operating warehouse	33 years
Property facilities	10–15 years
Other equipment, operating and office equipment	2–20 years

9.3.3 Impairment of Non-Financial Assets

On the balance sheet date, we test our non-financial assets (in particular the intangible assets and tangible assets) for indicators of a potential impairment. In case there are indicators existent, we conduct an impairment test. Indicators could be, for example, short residual terms of the tariffs for the electricity generated by our power plants or unexpected construction costs.

An impairment of an asset, e.g. a power plant, occurs when the book value on our balance sheet exceeds the recoverable amount for the asset. The recoverable amount is the higher of the value in use of the asset and the fair value less disposal costs.

We determine the value in use based on the discounted value of future expected cash flows, which are generated from the continuous and unchanged use of the asset and based on existing forecasts. The starting point for this planning exercise are published forecasts from renowned institutions regarding the development of electricity prices, information from plant manufacturers, as well as expert and industry experience that are supplemented by estimates derived from our experiences. The capitalization rate is the interest rate after taxes that reflects the current market estimates of the fair value and the specific risks of the respective asset. The interest rates that were used are displayed under chapter 6.

The fair value is based on sales prices of comparable non-financial assets, less a percentage for disposal costs.

An impairment loss is recognized in the amount by which the book value of the asset exceeds the recoverable amount. If the reasons for the impairment cease to be in effect in subsequent periods, we will record an appreciation in value in the profit and loss statement up to the amount that results from the forward projection of the historical acquisition costs of the asset.

9.3.4 Financial Instruments

We record our financial instruments on the respective settlement date. This represents the day when the respective financial instrument is transferred from the buyer to us in case of an acquisition and from us to the buyer in case of a sale.

The valuation of our financial instruments depends on the valuation category:

Financial instruments	Valuation category	Valuation
Shares and investments (except in subsidiaries or associated companies)	Financial assets 'available-for sale'	At fair value, valuation changes included in 'Other Financial Results'
Securities	Financial assets 'available-for sale'	At fair value, valuation changes included in 'Other Financial Results'
Receivables, long-term credit and loans	Loans and receivables	At amortized cost
Financial liabilities from bonds and loans	Financial liabilities at amortized cost	At amortized cost
Bank liabilities and leasing obligations	Financial liabilities at amortized cost	At amortized cost
Derivative financial instruments	Hedging transactions	At fair value, in 'Other Financial Results' or profit and loss statement

The fair value is the price, one would receive on the balance sheet date when selling an asset or one would have to pay for settling debt, in the course of a normal transaction between two parties. Depending on the availability of market information (parameters) for the respective asset, we are able to

- obtain a value based on an existing price in an active market for identical assets or liabilities (e.g. publically traded securities; valuation level 1), or
- derive a value based on objective parameters which are either directly or indirectly observable for the asset or the liability (e.g. interest rates to determine the fair value of interest rate swaps; valuation level 2) or, in case such parameters do not exist,
- calculate a value using our best estimates, based on statistical data or on parameters derived from expert assessments (e.g. of the fair value for individual wind power plants in the scope of impairment tests; valuation level 3).

The amortized cost of a financial asset (e.g. long-term credit) or a financial obligation (e.g. our bonds) describes the amount this financial instrument was valued at the initial recognition, plus or minus the accumulated amortization of a possible difference between the original value and the repayable amount using the effective interest rate method and less repayments and impairments. This amount can differ significantly from the fair value.

Changes of the fair value (except for impairments – see below) of financial assets classified as 'available for sale' (shares, investments and securities) are recognized in 'Other Financial Results'. Profits or losses from financial instruments, valued at amortized costs, are not recognized until the financial liability is booked out (e.g. at disposal), and are also recognized in the income statement in the course of repayments.

Derivative financial instruments include solely interest rate swaps for our company. With interest rate swaps, we ensure that future interest payments do not exceed a certain amount when interest rates increase. We value our interest rate swaps at fair value. As long as there is a positive fair value on the balance sheet date, they are included in the position 'Receivables and Other Assets'. Negative fair values are included under position 'Other Liabilities'. Changes in value are recognized in 'Other Financial Results' not affecting net income. At maturity, the interest rate swap is valued at nil.

9.3.5 Impairment of Financial Assets

On each balance sheet date, we test if there is objective evidence for impairment of our financial assets. Examples of objective evidence are the default or delinquency of a debtor or information that a debtor or issuer is unable to service its debt obligations, the disappearing of an active market for securities or signs that indicate a noticeable reduction in expected payments or the fair value.

If such an evidence exists, we recognize an impairment for financial assets that we value at amortized costs. The impairment amount is the difference between the book value of the asset and the present value of expected future cash flows, discounted with the original effective interest rate. For financial assets that are valued at fair value, the impairment amount is the difference between the book value and the fair value of the financial asset. We recognize impairment amounts in the profit and loss statement.

A significant or prolonged decline in the fair value below its amortized cost is also objective evidence of an impairment for assets that are classified 'available for sale'. We consider a decline of 20 % as significant and a time frame of nine months as prolonged.

9.3.6 Inventory

Inventories are valued at the lower value of the acquisition costs or manufacturing costs and the net sales value on balance sheet date. Valuation is based on the moving average price.

Acquisition costs include all costs of purchasing, processing as well as other costs that are incurred in order to bring the inventories to their current location and in their current condition.

9.3.7 Provisions

Provisions are liabilities of uncertain timing and amount. We only record a provision on the balance sheet when we have an existing legal or de facto obligation to third parties, the settlement of the obligation will likely lead to a loss of resources (e.g. payments or services) in the future and whose amount can be reliably estimated. The valuation of the provision is based on the amount that represents the best estimate of future expenditures to settle the obligation. If significant, the amount is discounted to its present value on the balance sheet date. The interest rate used was 2.0 % for fiscal year 2016 (previous year 3.5 %). The subsequent required compounding interests for the provisions are recognized in 'Other Financial Results'. Provisions listed on the balance sheet are primarily due to obligations to carry out demolition and/or re-cultivation of the production locations. Further information in regard to the valuation of provisions are outlined under 'Accounting and Valuation Methods' for tangible assets.

9.3.8 Income Taxes

Income taxes include all taxes resulting from domestic and foreign income. Included in the income taxes are also tax at source which are owed to us by a subsidiary or an associated company due to dividend distributions.

The expenses or income for income taxes concerns both, the actual income taxes paid and owed as well as the deferred income taxes for the respective fiscal year, resulting from temporary differences between the IFRS and tax valuations of assets and debts and do not impact actual income taxes until future periods. Not included in the profit and loss statement (but in the 'Other Financial Results') are income taxes that are associated with transactions that are recorded under the 'Other Financial Results' (e.g. due to the valuation of securities 'available for sale').

The current income taxes for the individual companies of our corporate group are calculated based on the taxable income of the companies and the applicable tax rate for each country.

We perform the calculation of deferred taxes for all temporary differences between the book value of the respective assets and debts in the IFRS Consolidated Financial Statements and tax balance sheet. Differences in amounts resulting from goodwill that is not tax-deductible as well as shares in subsidiaries and associated companies are excluded. The latter ones are only excluded when we do not expect to realize

these differences in the foreseeable future and are able to determine the realization on our own. For temporary differences resulting in a future tax obligation, we record deferred tax liabilities. For temporary differences resulting in a future tax relief or credit, we record deferred tax assets. Furthermore, we record deferred tax assets for existing tax losses carried forward. In all cases, we record deferred taxes only up to an amount that can be realized with sufficient probability within the next years.

The valuation of deferred taxes is based on the applicable domestic tax rate. A discount is not intended. The tax rates in each country are unchanged compared to the previous year and are as follows:

- Austria: 25 %
- Germany: 30 %
- France: 33,33 %
- Canada: 31 %
- USA: 39,89 %
- Italy: 30,28 %
- Czech Republic: 19 %

9.3.9 Revenue Recognition

We recognize revenues from the sale of electricity generated with our own wind farms, photovoltaic facilities and hydroelectric power plants at the time the electricity is delivered to the grid, according to the respective feed-in tariff.

We recognize revenues from operations management and other commercial and technical services at the date of complete fulfillment of the service.

9.3.10 Interest and Income from Investments

The interest expenses encompass the interest on any external financing arrangements and capital lease transactions as well as expenses of an interest-like nature, with the exception of the portion that is capitalized as part of the acquisition cost for the respective asset. We record the interest according to the effective interest method. We distribute discounts, surcharges, transaction fees, cost of procuring money and similar expenses related to the financing transaction over the fixed term of the respective financing.

The recognition of investment income from non-consolidated or associated companies occurs on the date on which the decision on dividend distribution is made.

9.4 New Standards to be Adopted in the Future

The following standards need to be applied in the coming years:

Standard/ Interpretation	Title of Standard/ Interpretation	Fiscal year of first-time adoption	Type of change
IFRS 15	Revenue from contracts with customers	1/1/2018	Amendment of regulations regarding recognition of revenues
IAS 12	Recognition of deferred tax assets for unrealized losses	1/1/2017	The amendment clarifies the accounting of deferred tax assets for unrealized losses for debt instruments valued at fair value.
IAS 7	Disclosure initiative	1/1/2017	The amendment requires entities to provide disclosures, enabling users to evaluate changes in liabilities arising from financing activities, including cash and non-cash changes.
IFRS 9	Financial instruments	1/1/2018	New regulations regarding categorization and valuation of financial instruments and hedging transactions
IFRS 16	Leasing	1/1/2018	New regulations for lessee or renter regarding recognition of rights and financial liabilities from leasing, rental or other comparable contracts

As a result of an initial analysis regarding the impacts due to the adoption of the new standards, we expect with the adoption of IFRS 16 Leasing an increase in the balance sheet total of 5 % to 10 % which will subsequently reduce the equity ratio by 5 % to 10 %. We do not expect any significant implications on our Consolidated Financial Statements as a result of the adoption of the other new standards.

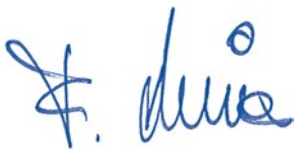
10. Events After the Balance Sheet Date

WEB Windenergie AG, together with a project partner, participated in a tender process in Italy and was successfully awarded a wind farm project in Tuscany, Italy. WEB Windenergie AG owns a 50 % share in this project. However, an unsuccessful bidder appealed the decision. The respective proceedings have not been concluded yet.

The present Consolidated Financial Statements were approved by the Board of Directors on 10 April 2017.

The individual financial statements of the parent company, which after reconciliation with the International Financial Reporting Standards were also included in the Consolidated Financial Statement, were presented to the Supervisory Board for review on 10 April 2017. The Supervisory Board may approve the annual financial statements or delegate their approval to the shareholders' meeting.

The Board of Directors
Pfaffenschlag, 10 April 2017



Dr. Frank Dumeier
Chairman of the Board of Directors

DI Dr. Michael Trcka
Chief Financial Officer

Appendix 1

Corporate Group Companies

Information on affiliated companies according to Section 238 (2) UGB (Austrian Commercial Code)

Company	Headquarters	Country	Consolidation type
WEB Windenergie AG	Pfaffenschlag	Austria	FC
WEB Windpark GmbH & Co KG (vormals: WEB Windpark GmbH & Co OG)	Pfaffenschlag	Austria	FC
WEB Photovoltaik AG & Co KG	Pfaffenschlag	Austria	FC
WEB Photovoltaik GmbH	Pfaffenschlag	Austria	NC
WEB Windenergie Betriebsgesellschaft Deutschland GmbH	Hamburg	Germany	FC
WEB Windenergie Loickenzin GmbH	Tützpatz	Germany	FC
WEB Energie du Vent SAS	Paris	France	FC
Parc éolien de Champigneul Pocancy SAS	Paris	France	FC
WEB Větrná Energie s.r.o.	Brno	Czech Republic	FC
Friendly Energy s.r.o.	Brno	Czech Republic	FC
WEB Italia Energie Rinnovabili s.r.l.	Bolzano	Italy	FC
WEB Wind Energy North America Inc.	New Brunswick	Canada	FC
ELLA AG	Pfaffenschlag	Austria	EQ
Les Gourlus Holding SAS	Paris	France	FC
Parc éloién des Portes du Cambresis	Paris	France	FC
C.E.P.E Bel Air Nord SAS	Paris	France	FC
W.E.B Parc éolién des Vallees	Paris	France	FC
W.E.B Parc éolién des Vents du Serein	Paris	France	FC
W.E.B Parc éolién du Pays Blancourtien	Paris	France	FC
Les Gourlus Holding II SARL	Paris	France	NC
Regenerative Energy Bulgaria EOOD	Sofia	Bulgaria	NC
WEB USA Inc.	Delaware	USA	FC
SWEB Development USA LLC	Delaware	USA	FC
Pisgah Mountain USA LLC	Maine	USA	FC
Zweite WP Weener GmbH & Co. KG	Weener	Germany	EQ
Tauernwind Windkraftanlagen GmbH	Pottenbrunn	Austria	EQ
Sternwind Errichtungs und BetriebsgmbH	Bad Leonfelden	Austria	EQ
Sternwind Errichtungs und BetriebsgmbH & Co KG	Vorderweißenbach	Austria	EQ
WEB Windenergie Betriebs GmbH	Pfaffenschlag	Austria	NC
Società di gestione impianti fotovoltaici	Bolzano	Italy	FC
WP France 4 SAS	Paris	France	FC
WEB Windenergie Loickenzin Betriebsgesellschaft GmbH & Co KG	Tützpatz	Germany	FC
Scotian Web Inc. (samt Limited Partnership Vertrag)	Halifax	Canada	FC
Scotian Web II Inc. (samt Limited Partnership Vertrag)	Halifax	Canada	FC
Scotian Web III Inc. (samt Limited Partnership Vertrag)	Halifax	Canada	NC
SWEB Development Inc. (samt Limited Partnership Vertrag)	Halifax	Canada	FC
SWEB Ownership Ontario Inc. (samt Ltd. Partnership Vertrag)	Toronto	Canada	NC
SWEB Development Ontario Inc. (samt Ltd. Partnership Vertrag)	Toronto	Canada	NC
SASU Energie Verte Plaine d'Artois	Le Havre	France	EQ
Société d'Electricité du Nord SARL	Paris	France	FC

FC ... Full consolidation EQ ... Equity-Valuation NC ... Not consolidated

Stake	Stake previous year	Balance sheet date	Equity	Annual result	Foreign currency equity	Foreign currency annual result	Exchange rate
			TEUR	TEUR			
		31/12/16	64,850	4,492			
100%	100%	31/12/16	5,266	1,281			
70%		31/12/16	70	0			
70%		31/12/16	4	–1			
100%	100%	31/12/16	17,333	1,221			
100%	100%	31/12/16	25	1			
100%	100%	31/12/16	–4,879	–80			
100%	100%	31/12/16	–60	–22			
100%	100%	31/12/16	2,149	425	58,072,420 CZK	11,492,688 CZK	27.021
100%	100%	31/12/16	224	88	6,059,948 CZK	2,379,218 CZK	27.021
100%	100%	31/12/16	1,799	–49			
100%	100%	31/12/16	23,813	2,450	33,766,650 CAD	3,473,520 CAD	1.418
39%	39%	31/12/16	276	–467			
100%	100%	31/12/16	–471	–171			
100%	100%	31/12/16	–42	–25			
100%		31/12/16	9	–1			
100%		31/12/16	0	–1			
100%		31/12/16	0	–1			
100%		31/12/16	0	–1			
100%	100%	31/12/16	–6	–3			
100%	100%	31/12/16	–88	–13	–172,647 BGN	–26,350 BGN	1.956
100%	100%	31/12/16	24,434	741	25,756,053 USD	781,382 USD	1.054
100%	100%	31/12/2016[1]					
49%		31/12/2016[1]					
50%	50%	31/12/16	–42	–49			
20%	20%	31/12/16	2,863	531			
49%	49%	31/12/16	804	100			
49%	49%	31/12/16	3,129	325			
100%	100%	31/12/16	29	0			
100%	100%	31/12/16	37	21			
100%	100%	31/12/16	–2,951	–1,607			
100%	100%	31/12/16	697	57			
55%	55%	31/12/2016[2]		–			
55%	55%	31/12/2016[2]					
55%	55%	31/12/2016[2]					
100%	100%	31/12/2016[2]					
100%		31/12/2016[2]					
100%		31/12/2016[2]					
33%	33%	31/12/16	696	10			
100%	100%	31/12/16	–333	–306			

[1] included in the numbers of WEB USA Inc.
[2] included in the numbers of WEB Wind Energy North America Inc.

Auditor's Report

Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated Financial Statements of

WEB Windenergie AG,
Pfaffenschlag,

and its subsidiaries (the Corporate Group), which comprise the Consolidated Balance Sheet as at December 31, 2016, the Consolidated Income Statement, as well as the Consolidated Statement of Comprehensive Income, the Consolidated Cash Flow Statement, and the Consolidated Statement of Changes in Equity, for the fiscal year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of the Corporate Group as at December 31, 2016, and its consolidated financial performance and consolidated cash flows for the fiscal year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Basis for our Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISA). Our responsibilities pursuant to these rules and standards are described in the 'Auditors' Responsibility' section of our auditor's report. We are independent of the audited entity within the meaning of Austrian commercial law and professional regulations, and have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility and Responsibility of the Audit Committee for the Consolidated Financial Statements

The company's management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code). Furthermore, the company's management is responsible for internal controls, as deemed necessary, to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Corporate Group's ability to continue as a going concern, and, where appropriate, to disclose matters that are relevant to the Corporate Group's ability to continue as a going concern and to apply the going concern assumption in its financial reporting, except in circumstances in which liquidation of the Corporate Group or closure of operations is planned or cases in which such measures appear unavoidable.

The audit committee is responsible for overseeing the Corporate Group's financial reporting process.

Auditors' Responsibility

Our objective is to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free of material misstatements, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance represents a high degree of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, will always detect a material misstatement when it exists. Misstatements may result from fraud or error and are considered material if they could, individually or in the aggregate, reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the audit to be performed in accordance with ISA, we exercise professional judgment and retain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, plan and perform procedures to address such risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk that material misstatements due to fraud remain undetected is higher than that of material misstatements due to error, since fraud may include collusion, forgery, intentional omissions, misleading representation or override of internal controls.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control systems.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates as well as related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. In case we conclude that there is a material uncertainty about the entity's ability to continue as a going concern, we are required to draw attention in our audit report to the respective note in the Consolidated Financial Statements or, in case such disclosures are not appropriate, to modify our audit opinion. We conclude based on the audit evidence obtained until the date of our audit report. Future events or conditions may, however, result in the company departing from the going concern assumption.
- We evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Corporate Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with the audit committee regarding, among other matters, the planned scope and timing of our audit as well as significant findings including any significant deficiencies in internal control that we identify in the course of our audit.

Group Management Report

In accordance with the Austrian Commercial Code the group management report is to be audited as to whether it is consistent with the Consolidated Financial Statements and as to whether it has been prepared in accordance with legal requirements.

The legal representatives of the company are responsible for the preparation of the group management report in accordance with the Austrian Commercial Code.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

Opinion

In our opinion, the group management report has been prepared in accordance with legal requirements and is consistent with the Consolidated Financial Statements.

Statement

Based on our knowledge gained in the course of the audit of the Consolidated Financial Statements and the understanding of the Corporate Group and its environment, we did not note any material misstatements in the group management report.

Vienna, 10 April 2017

KPMG Niederösterreich GmbH
Wirtschaftsprüfungs und Steuerberatungsgesellschaft

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