ANNUAL REPORT 2015

LLOYD FONDS

AKTIENGESELLSCHAFT

Group figures

	2015	2014	2013
€ millions			
Sales	11.4	10.0	13.3
Recurring income	9.3	9.5	10.6
EBIT	0.6	-0.4	0.1
Consolidated net profit/loss for the period	1.6	0.8	1.1
EBIT margin (%)	5.4	-4.5	0.8
Return on sales (%)	13.7	7.5	8.5
Total assets	28.2	27.8	26.9
Equity	18.4	16.8	16.0
Equity ratio (%)	65.3	60.5	59.4
Earnings/loss per share (€)	0.17	0.03	0.04
Dividend per share (€)	0.07	0.00	0.00
Employees (as of December 31)	43	52	55
Staff costs	4.0	4.7	5.0

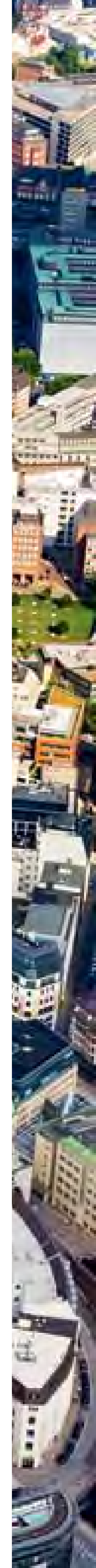
Percentages calculated using T€ figures.

Investments in alternative real assets

Alternative real assets have been playing a particular role in the portfolios of institutional and retail investors for quite some time. In fact, their importance has risen substantially over the last few years.

Lloyd Fonds AG's work revolves around identifying viable assets, structuring them to produce profitable investments, engaging in long-term value-enhancing management and implementing profitable exit strategies. In doing so, we bring assets and investors together to form the best possible structure for the individual customers. The success of the investment hinges on the professional management which we provide.

As a multi investment- and assetmanager with a track record spanning more than 20 years, we have detailed knowledge of the markets and their potential, a comprehensive network with access to assets and investors and the expertise required to structure and manage assets. We report in detail to investors. To date, we have arranged more than 100 investments in alternative real assets with a total volume of around € 5 billion primarily in the areas of shipping, real estate, aircraft, energy and private equity. Lloyd Fonds AG has been listed on the stock market since 2005 and has been included in Deutsche Börse's Entry Standard since April 2013.



Lloyd Fonds AG has its offices in Amelungstraße 8–10 in the Hamburg CBD between Lake Alster, the Port and the new Elbe Philharmonic Hall.

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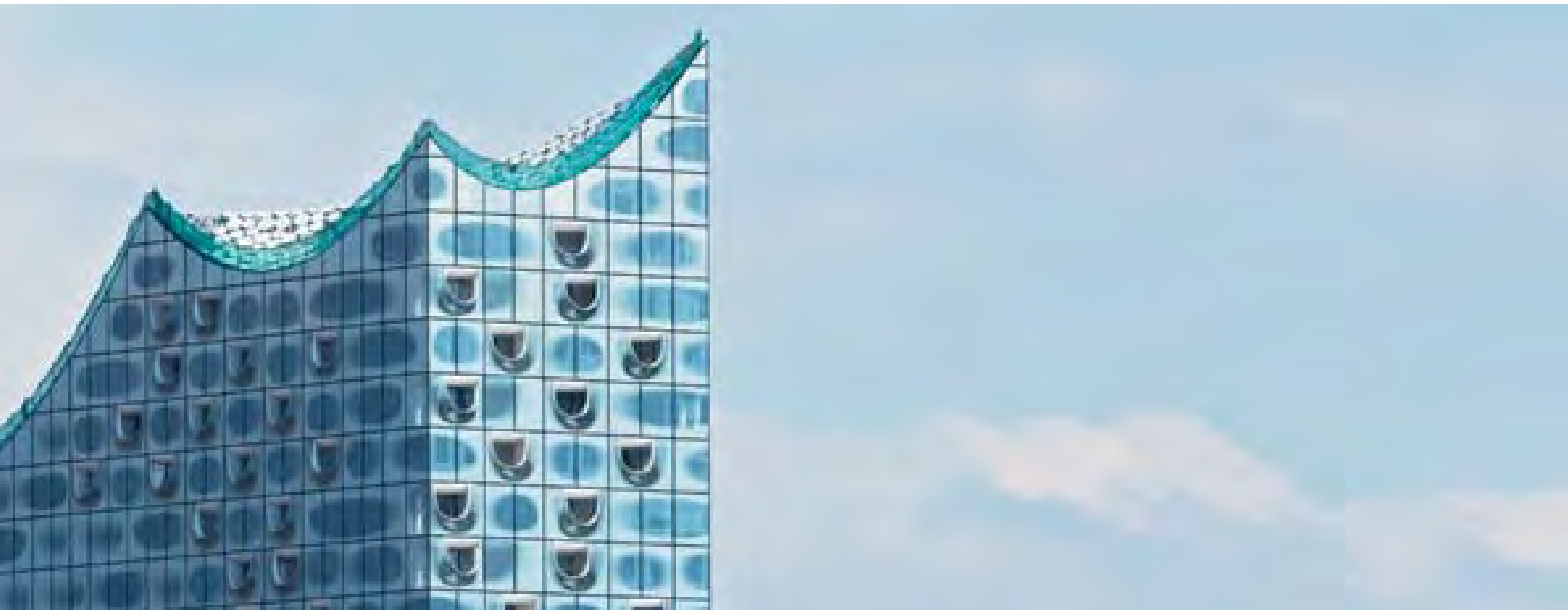

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Foreword by the Management Board

Dr. Torsten Teichert
Chief Executive Officer (CEO)
of Lloyd Fonds AG

Dr. Torsten Teichert studied literature, English and sociology in Kiel, Hamburg and Providence (United States). Thereafter, he completed his doctorate in 1986 with a thesis on the Hamburg author Hubert Fichte. From 1986 to 1988, Dr. Teichert was the personal assistant to the mayor of Hamburg at that time, Dr. Klaus von Dohnanyi. After that, he managed the Hamburg film funding board for seven years. Following five years as a real estate project developer, Dr. Teichert became managing director of Lloyd Fonds in 2000. He was appointed Chief Executive Officer of Lloyd Fonds AG in 2001.

Dear shareholders,
customers and business associates,

Lloyd Fonds AG can look back on a history of 20 years, during ten of which it has been listed on the stock market. We celebrated these two anniversaries last year. It is with some pride that we can state that, with over 100 structured investment products and an investment volume of around EUR 5 billion since 1995, Lloyd Fonds AG is today among the established investment and asset managers in the German market. Since the Company's establishment 21 years ago, the market has repeatedly undergone change, adapting to new conditions and continuing to develop particularly in times characterized by upheavals and market consolidation.

While the shipping segment, which accounts for around three-quarters of the total investment volume, is our most important asset class in historical terms, we have also used our considerable expertise to make a large number of investments in other areas: Real estate, aircraft, renewable energies, private equity and traded UK endowment policies. We are experts in structuring and placing investments in alternative real assets and in the long-term management of these investments. The figures speak for themselves. Thus, in 2015, payouts by 66 of the investments actively managed by us rose by around € 7 million over the previous year to just under € 60 million, equivalent to a return of roughly four percent of invested equity.

All in all, four percent represents quite an attractive result for our investors during this phase of a low interest rate policy. Detailed information on our funds and the overall performance of our asset management activities can be found in the "2014/2015 performance report" available at our website.

At the beginning of 2015, we submitted a proposal to eleven shipping entities under which they were given an opportunity of transferring their ships to Lloyd Fonds AG. Although more than 50 percent of the subscribers voted in favor of this innovative model, it was ultimately not possible for the project to be executed as the articles of incorporation of each of the shipping entities receiving the proposal stipulate a majority of 75 percent of the votes for the approval of such a transaction. In light of recent trends in the shipping markets, we know today that the current environment would not have been conducive to the successful development of such a listed shipping company.

We remain convinced that fleet-based asset finance under the roof of a listed company remains a promising business model for international ship finance in the long term. But if this concept is to be expanded to the existing limited partnership fleet, even greater support will be required from the banks and the present investors.

In the period under review we continued our significant expansion of institutional new business. The transactions organised and structured by Lloyd Fonds AG in this area during the year under review include the realisation of a new urban home for apprentices in Hamburg and its subsequent sale to a well-known foundation in Hamburg together with the refinancing of a hotel portfolio in Germany and Austria. All told, the total investment volume of these transactions came to around € 80 million. In the past year Lloyd Fonds AG has thus managed to position itself in the institutional business of alternative real investments-based asset finance.

All in all, our Company closed the year under review with consolidated net profit of € 1.6 million. The fact that we have generated a positive earnings figure for the third consecutive year is attributable to the current income from asset management and, above all, to the proceeds from the structuring and placement of the above-mentioned transactions for professional investors – a business segment we will continue to expand significantly in the current financial year.

The actual engine of the change we are all witnessing today is not primarily political requirements such as the Capital Investment Code (KAGB) but the changed needs of investors. Our future work will be based on three fundamental premises.

First of all, alternative real investments will continue to enjoy strong demand as long as it appears interest rates will remain low for a long time. Institutional investors, in particular, put great trust in real assets. It is becoming increasingly difficult to obtain high-quality assets. The greatest amount of expertise is required to structure the right investments for investors according to their individual requirements. Off-the-shelf products as such will cease to exist.

Secondly, the fungibility of an investment today is an investment criterion just as much as an adequate risk/return ratio.

Thirdly, we are convinced that multi investment- and assetmanagers such as Lloyd Fonds AG face a good future. Companies must have a broad footprint to address diverse investor requirements and to respond flexibly to market trends. We satisfy these conditions.

Our business model is clear: Lloyd Fonds AG is an experienced investment and asset manager for shipping and real estate, in particular. This is where we think our future lies. We used our very good liquidity basis last year to develop new innovative products which fit in with our business model and which are to be implemented in the current financial year. We are very confident of being able to achieve a sustained expansion of our market position in this way.

Our growing new business and our very active asset management provide the basis for our expectation of a further sharp rise in our earnings this year to between € 2 million and € 3 million. We are convinced that our share will record a positive performance for this very reason.

The positive performance of the past few years, our very good liquidity situation and the fact that our company has no major liabilities following the final release from liability in 2012 make it possible for us to pay a dividend this year for the first time in a while. A proposal for a resolution to that effect for 7 cents per share has been presented to the annual general meeting.

We wish to thank our staff for their work. Our gratitude also extends to our subscribers and shareholders as well as our business partners for their confidence in us. We look forward to a continuation of our successful joint activities.

Yours sincerely

Dr. Torsten Teichert

Our Company

Report of the Supervisory Board

**Ladies and gentlemen,
dear shareholders,**

The fact that Lloyd Fonds AG has posted net profit for the third consecutive year shows that it is headed in the right direction on the basis of stable cost structures towards achieving a sustained position in the growing market for investment products in alternative real assets. In times characterized by persistently low interest rates – which, like the persistent shipping crisis, have now been with us for the eighth year in a row – investors are increasingly seeking solid investments in alternative real assets.This particularly applies to institutional investors. Whereas retail business has remained muted across the entire sector, institutional business is increasingly growing in significance – not least of all for Lloyd Fonds as an investment- and assetmanager. During the period under review, Lloyd Fonds AG acted as an advisor on the construction of a new city home for apprentices in Hamburg and arranged the sale of this project to a renowned Hamburg-based foundation. In addition, it structured and organized a refinancing transaction for an Austrian hotel group. In this way, Lloyd Fonds AG was able to position itself in institutional finance for alternative real assets last year. It will now be expanding these activities and developing innovative products to strengthen its position in this market on a sustained basis.

The Supervisory Board performed its duties in accordance with the relevant statutory provisions and the Company's bylaws, advising and monitoring the Management Board in 2015. The Management Board reported on the Company's business policy, forecasts, the state of its business, risk management and its condition and outlook on a timely and comprehensive basis at all times both in writing and orally. A main aspect of the deliberations concerned the plans which the Company had pursued in the first half of 2015 to re-align itself as a listed shipping company. Despite the predominantly very favorable response, these plans were ultimately not pursued.

Main aspects of the supervisory board's deliberations
Last year, the Supervisory Board of Lloyd Fonds AG dealt with the following main matters:

- Resolution approving the annual financial statements and the consolidated financial statements for 2014
- Discussion of the interim financial report for the first half of 2015
- Analysis and discussion of Lloyd Fonds AG's strategic further development to become a listed shipping company
- Analysis and discussion of market trends including changes to the underlying regulatory framework and the strategic alternative arising from this for Lloyd Fonds AG
- Analysis and discussion of the deviations from the corporate budget
- Analysis and discussion of market trends in the asset markets of relevance for Lloyd Fonds AG also in the light of the failure of the listed shipping company proposal
- Analysis and discussion of the business performance of the companies in which Lloyd Fonds AG holds a majority share and associates, particularly KALP GmbH. Discussion of the consequences of the insolvency of KALP GmbH.

Meetings
The Supervisory Board held a total of seven meetings in 2015. The Supervisory Board convened in person on July 14 and on December 1, 2015. It held five telephone conferences on January 6, February 5, March 31, May 29 and September 2.

As well as this, the members of the Supervisory Board discussed individual matters amongst each other over the telephone. Resolutions were passed at the physical meetings, the telephone conferences and by circulation proceedings. The Management Board submitted to the Supervisory Board details of all transactions requiring the latter's approval according to statute or the Company's bylaws. In addition, the Chairman of the Supervisory Board maintained regular contact with the Management Board. The Supervisory Board of Lloyd Fonds AG has not formed any committees. It reviews its own work once a year. This results in individual proposals for improving its work, which are duly implemented at short notice.

Annual and consolidated financial statements of Lloyd Fonds AG

At the annual general meeting held on July 14, 2015 the shareholders passed a resolution appointing TPW GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Hamburg, as statutory auditors for the annual financial statements and the consolidated financial statements for the period from January 1, 2015 until December 31, 2015. The consolidated financial statements as of December 31, 2015 prepared by Lloyd Fonds AG in accordance with the International Financial Reporting Standards (IFRS), as endorsed by the EU, the Group management report and the annual financial statements as of December 31, 2015 prepared according to German GAAP (HGB) were duly audited. The annual and the consolidated financial statements were issued with an unqualified auditors' report. In addition, the statutory auditors examined the risk early detection system maintained by Lloyd Fonds AG in accordance with the Corporate Transparency Act. The audit confirmed that it complies in full with all statutory requirements.

The members of the Supervisory Board specifically examined the annual and consolidated financial statements, the Group management report and the statutory auditor's reports. All documents were made available to the Supervisory Board in good time. The Supervisory Board discussed and evaluated in detail the annual and consolidated financial statements, the Group management report and the statutory auditor's reports. The statutory auditor took part in the meeting, explaining the annual and consolidated financial statements and presenting the results of the audits. All questions asked by those attending the meeting were duly answered. The Supervisory Board approved the results of the audit following deliberations held at its meeting on June 7, 2016. On the basis of the final results of its examination, the Supervisory Board did not raise any objections and duly adopted the annual financial statements that had been prepared by the Management Board. The annual financial statements are thus final. Similarly, on the basis of the final results of its examination, the Supervisory Board did not raise any objections and adopted the consolidated financial statements and the Group management report prepared by the Management Board.

Profit allocation proposal

The Supervisory Board concurs with the Management Board's proposal and will advise the shareholders to allocate the unappropriated surplus of € 1,235,107.72 reported as of December 31, 2015 as follows:

- Dividend of € 0.07 per share on the dividend-entitled share capital of € 9,156,642.00 to be distributed to the shareholders € 640,964.94
- To be carried forward € 594,142.78

Audit of the dependent company report

In accordance with Section 312 of the German Stock Corporation Act, the Management Board is obliged to prepare a dependent company report and to have that report independently audited. The Management Board submitted its dependent company report for 2015 to the Supervisory Board within the requisite period. The auditor confirmed that the actual disclosures in the report are correct. The report confirms that no reportable transactions had arisen in the year under review between the Company and the controlling entity or another entity affiliated with the controlling entity.

Expectations for the year 2016

Lloyd Fonds AG celebrated its 20th anniversary in the year under review. This makes it one of the most established asset and investment managers for alternative real assets in Germany.

Thanks to its successful portfolio management, the Company has a solid basis, something which is clearly reflected in the consolidated net profit of € 1.6 million for 2015, marking the third profitable year in a row. The task now facing the Company is to adjust to the new market conditions. The aim is to strengthen on a sustained basis its competitive position in the market for investment products in alternative real assets, which is currently characterized by strong growth driven by rising institutional investment volumes. In this connection, Lloyd Fonds AG plans to structure products in the fully regulated AIF segment together with alternative investment vehicles. The Supervisory Board will be advising Lloyd Fonds AG on the expansion of its business activities in the interests of its ongoing development.

The Supervisory Board wishes to thank the Management Board and all employees of the Lloyd Fonds Group for their work and exemplary commitment. Mr. Gunther Bonz's position on Lloyd Fonds AG's Supervisory Board expired at the end of the annual general meeting held on July 14, 2015. The Supervisory Board wishes to thank him for his dedication and commitment over the last five years. A vote of thanks also goes out to the Company's shareholders for their continued confidence.

Hamburg, June 7, 2016

For the Supervisory Board

Prof. Dr. Eckart Kottkamp

Supervisory Board

Prof. Dr. Eckart Kottkamp, Chairman

After obtaining a degree in control technology and telecommunications ("Diplom-Ingenieur"), Prof. Dr. Kottkamp completed his doctorate in engineering ("Dr.-Ing."). The University Council of Hamburg University of Applied Sciences awarded him an honorary professorship in 1996. From 1983, Prof. Dr. Kottkamp worked for the Jungheinrich Group, where he first held the position of Chief Engineering Officer and was later appointed Chief Executive Officer in 1988. In 1996, he took over the position of Chief Executive Officer at Claas KGaA. From 2001 to 2006, he was the Sole Managing Director at Hako Holding GmbH & Co. KG. Prof. Dr. Kottkamp has been a member and also Chairman of Lloyd Fonds AG's Supervisory Board since 2006.

Dr. Thomas Duhnkrack, Deputy Chairman

After completing a bank traineeship and then graduating with a degree in business management, Dr. Thomas Duhnkrack completed his doctorate in political science in Hamburg in 1983. Thereupon he joined Deutsche Bank, where he held various management positions during his 20-year tenure there. As the head of the bank's Japanese operations, he was responsible for Deutsche Bank's Tokyo office for many years and was a member of the Asia-Pacific Board. In 1996, he was appointed to the bank's management in Hamburg and was responsible for corporate customer business in Northern Germany in his capacity as regional manager. In 1998, he was named division head in Frankfurt and was responsible in this position for German-wide corporate business and global sales finance. From 2003 until 2009, he was a member of the Management Board of DZ Bank, where he was in charge of foreign and corporate customer business and was chairman of the supervisory board of group company DVB Bank SE. Since 2010 he has been active as an entrepreneur and a member of the Lloyd Fonds AG Supervisory Board.

Paul M. Leand Jr.

Paul M. Leand, Jr. is Chief Executive Officer and Managing Director of AMA Capital Partners. After obtaining a Bachelor of Science/Bachelor of Arts from Boston University's School of Management, Mr. Leand worked at The First National Bank of Maryland where he managed the bank's Railroad Division and, later, its International Maritime Division. After joining AMA Capital Partners in 1998, he led the development of its maritime restructuring practice. Mr. Leand became AMA Capital Partners' Chief Executive Officer in 2004. Paul M. Leand Jr. has been a member of Lloyd Fonds AG's Supervisory Board since 2011.

Bote de Vries

Mr. Bote de Vries adds to Lloyd Fonds AG's Supervisory Board more than 20 years of international asset finance experience in the shipping transport industry. After obtaining a law degree at the University of Leiden, Mr. de Vries worked as a solicitor and thereafter in legal positions at Amro Bank and NIB (De Nationale Investeringsbank), where he later headed the Shipping Department of NIB Capital Bank. In 2001, Mr. de Vries joined the DVB Group, where he was responsible for the DVB Group's shipping and aviation funds. Since 2009 Bote de Vries has been the Managing Director of Finamar, a financial consultancy firm which he founded focusing on the maritime sector. He has been a member of Lloyd Fonds AG's Supervisory Board since 2015.

Jens Birkmann

Jens Birkmann is Managing Director of AMA Capital Partners. After completing a Bachelor of Arts in Economics at the University of Bremen and a Master of Arts in Finance at the Université Paris-Sorbonne, Mr. Birkmann worked as a financial analyst for the asset management division of Crédit Lyonnais in Paris. Thereafter, Mr. Birkmann obtained a Master of Business Administration from the Wharton School of Business at the University of Pennsylvania and joined the M&A division of Credit Suisse in London. Jens Birkmann joined AMA Capital Partners in 2003. He has been a member of Lloyd Fonds AG's Supervisory Board since 2011.

Stephen Seymour

Stephen Seymour is Managing Director of Värde Partners Europe. After completing a Bachelor of Arts in Political Science at Yale University, Mr. Seymour worked as a financial analyst with Deutsche Bank in New York, and subsequently as a Senior Investment Officer with Mid Europa Partners in London. Thereafter, Mr. Seymour obtained a degree in law from Columbia Law School in New York. Mr. Seymour joined the London office of Värde in 2009, after moving from Terra Firma Capital Partners. He has been a member of Lloyd Fonds AG's Supervisory Board since 2014.

The Lloyd Fonds AG:
Multi Investment- and Assetmanager

Ships

In the shipping segment, a total of 34 funds were under management at the end of 2015. The Lloyd Fonds AG fleet comprised 44 ships, including 27 container ships, 14 product and oil tankers and three multipurpose ships. The charterers of the container ships include A.P. Møller-Mærsk and CMA CGM. Many of the tankers are deployed in professionally managed pools such as the Penfield Pool. In addition, the shipping team manages three secondary-market funds which we have structured for ship investments. The portfolio of secondary-market funds is composed of investments in 129 container ships, 45 tankers, 14 bulkers and four multi-purpose ships. Performance in the shipping segments is highly disparate at the moment: Whereas the crisis is still taking its toll on container ships, the tanker ships are producing very positive results. Thus, the ten tanker ships made payouts of up to 40 percent to investors in 2015.

Real estate

In the real estate segment, Lloyd Fonds AG manages 12 funds including seven in Germany and five in the Netherlands accounting for a total investment volume of around € 420 million. Lloyd Fonds AG manages a total of 20 different real estate assets. The portfolio comprises a leased floor area of more than 165,000 square meters and 46 tenants. It primarily invests in office and hotel buildings. The four hotel funds arranged by Lloyd Fonds AG to date have been particularly successful. The six hotels together have around 1,400 rooms and a leased floor area of more than 70,000 square meters. Three of the hotels are operated by the Motel One Group, two by the TUI Group and one by Lindner AG. Lloyd Fonds was one of the first companies to structure Motel One Group hotels as fund investments.

Aircrafts

Lloyd Fonds AG has established a total of four aircraft funds since 2007 with an investment volume of around € 350 million. The most prominent asset currently under management is an Airbus A380 leased to Singapore Airlines on a long term basis. In addition to the A380, the fleet comprises an Airbus A340/600, which is leased to UK airline Virgin Atlantic, and two mid-haul Airbus A319s leased to German airline Germania. The average age of the fleet stands at seven years. The fourth fund is a broadly diversified aircraft portfolio managed by Guggenheim Aviation Partners. Last year, the final asset – a Boeing 747 – was sold following the successful sale of 45 aircraft in 2014.

Renewable energies

Lloyd Fonds AG is currently managing two wind farms with a total of 12 wind power systems in Germany and Scotland. One park with a total of nine Vestas V80 wind power systems is located close to Aachen and produced 40.67 million kilowatt hours (kWh) of electricity in 2015. In addition, the Lloyd Fonds team is managing a further farm of three Nordex wind power systems with a nominal output of 2.5 megawatts each in Lairg in the Scottish Highlands. Established in 2002, the “Windpark Coppanz” investment comprising a total of eight wind power systems was sold in 2007, a full 15 years ahead of the planned exit date in 2022, with a post-tax return of 5.3 percent p.a.

Private equity

Lloyd Fonds AG initiated a private equity fund in 2006. Known as “Global Partnership”, the fund has a total volume of around US-$ 1.5 billion and predominantly invests in shares in highly diversified US buy-outs via an umbrella fund managed by American investment company Neuberger Berman. With the investments executed to date, the umbrella fund has achieved a high degree of sector diversification. Via target funds, it currently invests in Eltel, a leading European provider of technical services for infrastructure networks, and Fazoli’s, a chain of restaurants in the United States.

Traded UK endowment policies

Lloyd Fonds AG manages eight trade UK endowment policy funds with an investment volume of around € 270 million. As of the end of 2015, the funds managed around 3,600 policies issued by some 250 insurance companies. The endowment policy sector is still feeling the effects of low interest rates, although the funds were able to make substantial payouts to investors in 2015. UK policies are able to generate higher returns than German ones in the long term as British insurance companies are permitted to invest a greater proportion of the capital in shares.

The stock

DAX subject to strong fluctuation

Whereas the equity market in Germany has been very volatile since the beginning of 2016, the German blue-chip DAX index closed 2015 with full-year gains of almost 10 percent, thus generally performing favorably despite the heavy fluctuation in the course of the year. Many factors, such as the decline in oil prices, the wars in Ukraine and Syria, the terror attacks in Paris, the crash on the Chinese equity markets, the monetary policies of the European Central Bank and the US Federal Reserve, left traces on the financial markets in the year under review, causing very strong fluctuation. This was also reflected in the performance of the DAX, which reached a new all-time high of 12,375 points on April 10, 2015. A good five months later, this euphoria was dispelled by considerable disillusionment, with the DAX temporarily slipping below 9,500 points in a decline of around 24 percent over its April high. All in all, however, the 2015 trading year was not at all bad given that the DAX climbed from 9,765 at the beginning of the year to 10,743 on December 30, 2015.

After a muted start to the year in 2016, the DAX has since recovered, exceeding 10,000 points again for the first time since the beginning of January in mid March. The Mdax, which tracks mid-cap companies, and the technology-heavy TecDax also posted gains once more.

The market thus responded to the recent monetary decision of the European Central Bank (ECB) to substantially widen the supply of liquidity to banks and markets again. However, looking forward, equity markets will take their cues from the performance of the global economy as well as macroeconomic trends in Germany. The outlook remains upbeat. Low oil prices and the euro exchange rate, which is currently spurring German exports, as well as the strong state of the services industry should additionally buoy the economy.

Peformance of Lloyd Fonds stock

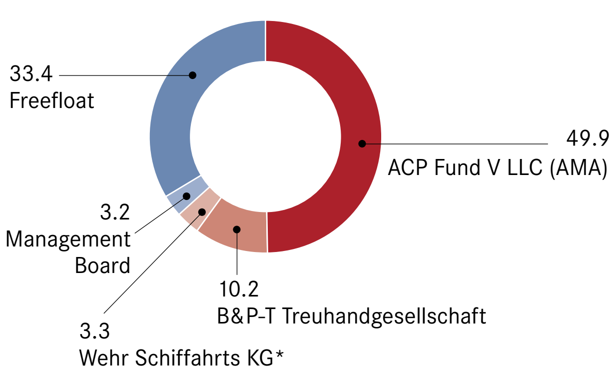
Lloyd Fonds stock closed the year under review up roughly 20 percent, standing at € 1.51 on the last day of trading in the year. In the course of 2015, a daily average of 4,221 shares were traded. Market capitalization stood at around € 13.8 million at the end of the year.

The performance of the stock was materially driven by the proposal which Lloyd Fonds AG submitted on February 6, 2015 to eleven of the single-ship entities which it had initiated to transfer their ship operations including the ships to Lloyd Fonds AG in the form of a non-cash equity issue. After the announcement of this offer, Lloyd Fonds AG stock rose to a peak of € 3.03 on March 4 in brisk trading. Although most of the subscribers were in favor of the model, the necessary 75 percent majority required to approve the proposal was reached by only one of the eleven ship entities. As a result, it was ultimately not possible to execute the plans. Consequently, the stock slipped back to € 1.85 on April 8. After this, it stabilized at an annual average of € 1.73. The performance of the stock was also driven by the announcement of consolidated net profit of € 0.8 million for 2014 and net earnings in the first half of 2015 of € 0.7 million. This was chiefly due to recurring income from active management of the investment portfolios as well as the successful completion of two real estate projects with institutional investors.

Lloyd Fonds stock parameters	
Ticker	WKN A12UP2, ISIN DE000A12UP29, Reuters L10A
Stock exchanges	OTC Frankfurt (Entry Standard), Xetra; OTC in Berlin, Düsseldorf, Hamburg, Munich, Stuttgart and Tradegate
Market segment	Entry Standard
Share capital (December 31, 2015)	Around € 9.16 million
Designated sponsor	Oddo Seydler Bank AG
First day of trading	October 28, 2005
Type	Bearer shares with a notional share of EUR 1 per share in the Company's subscribed capital
Number of shares (December 31, 2015)	9,156,642
High for 2015	3.03 €
Low for 2015	1.19 €
Average for 2015	1.73 €
Price (December 30, 2015)	1.51 €
Market capitalization (December 30, 2015)	13.8 Mio. €

Shareholder structure remains stable

Shareholder structure in %



* Founding shareholder

Shareholders in companies listed in the Entry Standard of the Frankfurt stock exchange are not required to report any changes in their voting rights in accordance with the German Securities Trading Act. Accordingly, the description of the shareholder structure is provided according to the Company's best knowledge as of May 2016.

The Company has the following unchanged shareholder structure: The principal shareholder is ACP Fund V LLC, which holds 49.9 percent. The second largest shareholder is B&P-T Treuhandgesellschaft with roughly 10.2 percent. Wehr Schiffahrts KG holds around 3.3 percent of the voting rights. The share held by Dr. Torsten Teichert, CEO, stands at around 3.2 percent. Roughly 33.4 percent of Lloyd Fonds' shares are now free float.

Annual general meeting in 2015

Lloyd Fonds welcomed around 80 shareholders to its annual general meeting on July 14, 2015 in Hamburg. 6,335,972 shares, equivalent to 69.2 percent of the Company's share capital, were represented at the meeting. Following his report on the Company's performance in 2014, Dr. Teichert was available to provide detailed answers to questions concerning Lloyd Fonds' business and its corporate strategy. The shareholders ratified the actions of the members of the Management Board and the Supervisory Board for 2014, appointed TPW GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft as the statutory auditor for the annual and consolidated financial statements for 2015 and elected Mr. Bote de Vries to the Supervisory Board. All the items of the agenda were approved with almost 100 percent of the votes cast.

Open and transparent investor relations

Lloyd Fonds AG's investor relations activities seek to address the prevailing market conditions by means of transparent, direct and continuous financial communications. Accordingly, the Management Board and the investor relations department were available in person to shareholders and the general public during the year under review for questions, comments and information, over the telephone and by e-mail to enable a realistic view of the Company's future business performance to be made.

The European Market Abuse Directive, which took effect on July 3, 2016, unifies the basic elements of Europe-wide capital market law, implementing new rules for the Entry Standard which have applied to the Prime Standard for many years. This particularly applies to insider law, ad-hoc reporting and the ban on market manipulation and directors' dealings. Prior to transferring to the Entry Standard in April 2013, Lloyd Fonds AG had been listed in the Prime Standard and therefore has many years of experience with these rules, which will be taking effect from the middle of this year.

Group Management Report

1 Fundamental principles of the group

1.1 Business activities

As an multi investment- and assetmanager, Lloyd Fonds AG has been specializing in investments in alternative real assets and investment products as well as the professional management of these investments for over 20 years. The Company has been listed since 2005 and – after eight years in the Prime Standard – joined Deutsche Börse's Entry Standard in April 2013.

With its team of experts, Lloyd Fonds AG develops, sells and manages asset investments for institutional and retail investors. Since its establishment in 1995, it has arranged 105 closed-end investment products and one open-end ship fund with a combined investment volume of around € 5 billion. The closed-end investment funds include 72 ship funds, three secondary-market ship funds, twelve real estate funds, four aircraft funds, three funds investing in renewable energies, eight funds with traded UK endowment policies, two portfolio funds and one private equity fund.

In addition to managing existing and future investments, Lloyd Fonds AG's work revolves around identifying viable assets and structuring them to produce profitable investments.

With its long history, the Company has a solid international network of partners and excellent access to the market, allowing it to identify market trends and offering first-class products for its investors.

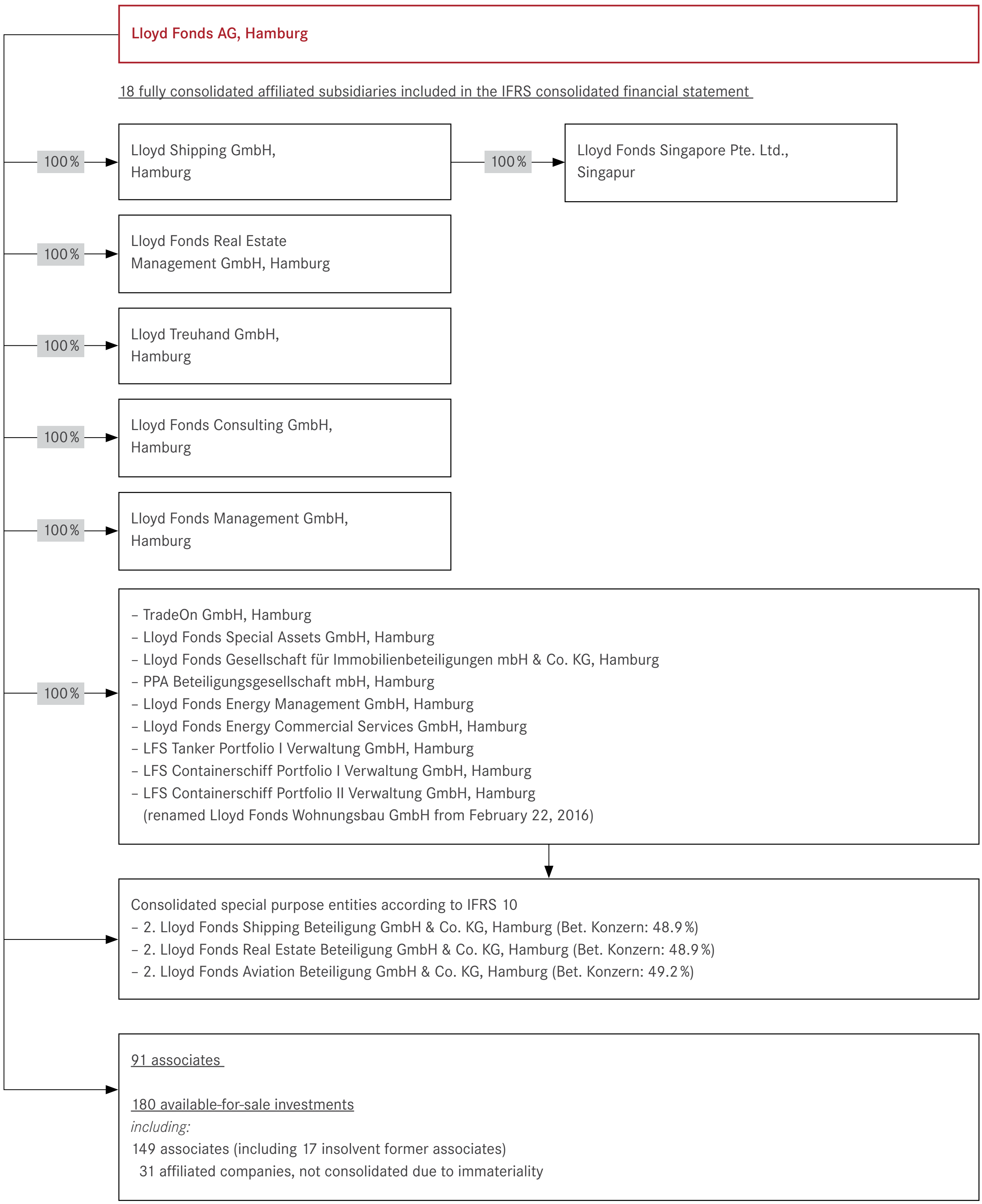
1.2 Organization and management structures

As a listed company, Lloyd Fonds AG's business activities are monitored by the Supervisory Board. In the year under review, there were changes in the composition of the six-strong Supervisory Board compared with 2014. Following the end of Mr. Gunther Bonz's five-year term of office, the shareholders elected Mr. Bote de Vries, managing director and founder of the financial services company Finamar, as a new member of the Supervisory Board at the annual general meeting on July 14, 2015. There were no other changes to the Supervisory Board.

Dr. Joachim Seeler, who had been the other member of the Management Board, responsible for real estate activities, sales and marketing and trusteeships, left the Company at the end of January 2015. Accordingly, Dr. Torsten Teichert is now the sole member of the Management Board and has assumed responsibility for the duties previously performed by Dr. Seeler in addition to overseeing shipping & other assets (aircraft, renewable energies, private equity, traded UK endowment policies), finance and administration.

Senior management positions below the Management Board are filled with experienced experts. Lloyd Fonds' corporate culture is characterized by flat hierarchies and short decision-making paths, resulting in efficient matrix structures. As of December 31, 2015, the Company had 43 (previous year: 52) employees.

Shareholder structure of Lloyd Fonds Group (as of December 31, 2015)



1.3 Legal structure

Among other things, the Lloyd Fonds Group has 18 affiliated subsidiaries which are fully consolidated in accordance with IFRS as well as 91 associates. One of the 18 fully consolidated companies is Lloyd Treuhand GmbH, which is responsible for communications with the investors. An overview of the Lloyd Fonds Group's structure can be found on page 16 of this annual report. Disclosures on consolidation accounting and a list of the Group's shareholdings in accordance with Section 313 (2) of the German Commercial Code are included on page 73 et seq.

1.4 Value management and control systems

The Company has an internal planning and control system allowing it to react swiftly and efficiently to any changes in the market and the business environment. This enables it to detect and address any deviations from strategic and operating goals. One key aspect of the internal control system entails the extensive reporting and information facilities. Multi-year roll-over corporate planning, which is adjusted to allow for any changes, forms the basis for financial planning, which integrates the income statement and a liquidity analysis. Lloyd Fonds AG's Management Board is kept informed in monthly reports of all key performance indicators. The responsible persons are immediately alerted in the event of any deviations between actual and forecast figures.

Consolidated net profit is Lloyd Fonds AG's main management parameter. In the year under review, Lloyd Fonds AG was able to post consolidated net profit for the period of € 1.6 million. Following the previous year's figure of € 0.8 million, this was the third consecutive year in which the Company generated consolidated net profit. EBIT (earnings before interest and taxes) forms a further performance indicator for Lloyd Fonds AG. In 2015, EBIT level came to € 0.6 million (previous year: loss of € 0.4 million at the EBIT level).

Other main management parameters are income from assets under management (recurring income) and the realized transaction volumes under new projects. In 2015, recurring income equaled € 9.3 million (previous year: € 9.5 million). In 2015, Lloyd Fonds AG executed transactions with a total investment volume of around € 80 million in connection with the construction of a home for apprentices and its ensuing sale to a renowned Hamburg-based foundation as well as the organization of the restructuring of the funding for a leading Austrian hotel group.

In addition, reasonable equity resources and sufficient liquidity within the Company over an appropriate forward-looking period form the basis for solid and sustainable planning. As of December 31, 2015, the Company had comfortable liquidity resources of € 10.2 million (previous year: € 7.6 million).

Lloyd Fonds AG has a software-based risk management system for detecting threats to its business performance at an early stage and allowing it to take appropriate precautions. The Company produces semi-annual risk reports, which are prepared, evaluated and verified for plausibility by the responsible risk manager. The risk reports are submitted to the Management Board, which duly examines them.

2 Business report

2.1 Macroeconomic and sector environment

2.1.1 International economy

The global economy performed less dynamically in 2015 than expected. This prompted the OECD to scale back its forecast for global economic growth by 0.2 percentage points to 2.9 % in 2015 and by 0.5 percentage points to 3.3 % in 2016. The main reason for the muted performance of the global economy was the slower expansion of the emerging markets as well as the strain on commodity-exporting countries such as Russia and Brazil in the wake of substantially lower prices for oil and raw materials. However, international organizations such as the OECD and IMF expect the economies of the emerging markets to recover again to some degree despite the normalization of growth.

By contrast, growth was relatively solid in the industrialized nations, with the United States continuing to recover. Given the further increase in employment levels, the US Fed even went as far as to raise its interest rates again in December of the year under review. In Japan, the upswing also continued at a moderate rate, with GDP expanding by 0.3 % in the third quarter of 2015. In view of the softer demand for exports from Asia, OECD expects only muted growth of 1.0 % in the industrialized nations in 2016.

The Eurozone economy also continued on its moderate growth trajectory. Of the large member states, the Spanish economy in particular expanded dynamically. The European economy should continue to strengthen thanks to low oil prices and the weak euro. The OECD projects growth of 1.5 % for the Eurozone in 2015 but expects this rate to accelerate by 0.3 percentage points to 1.8 % in 2016.

2.1.2 Economic situation in Germany

The German economy is still on a growth trajectory, expanding by 1.7 % last year despite the challenging international environment. Conditions were particularly strong in the services sector, which tended to be driven by domestic demand. Looking forward, low oil prices and the favorable euro exchange rate should continue to support the economy. Further impetus will come from the heightened demand generated by the influx of refugees particularly in connection with housing, something which should spur the construction industry. This should particularly be the case in urban regions, where affordable housing is urgently required.

2.1.3 Conditions in the shipping market

Last year, the shipping crisis continued, exerting pressure on both bulk and container shipping. The charter rate index is at a multi-year low and coming under further pressure from the growing deployment of ultra-large container ships (ULCS). The misbalance between supply and demand is feeding through to other smaller ship classes as well. In this environment, the number of laid-up container ships has risen significantly.

The tanker market painted a mixed picture. The heighted demand for crude oil, which according to the International Energy Agency (IEA) will increase by 1.8 % over the previous year, eased the pressure on the income situation in the tanker market particularly in the larger size classes. Moreover, oil companies such as Shell have chartered large tankers to store inexpensively bought oil on the high seas, thus taking tonnage off the market. This has led to higher charters particularly in the larger size classes. At the same time, however, prices of second-hand tonnage have tended to soften.

2.1.4 Conditions in the real estate market

Spurred by solid economic data and low borrowing costs, the real estate sector in Germany performed well in the year under review. In particular, institutional investors entered the German market, something which is clearly reflected in the commercial real estate segment with an investment volume of € 55.5 billion. In this connection, office buildings played a dominant role, accounting for total transactions of € 26.1 billion. Hotel buildings also continued to gain in appeal for investors, with transaction volumes reaching a new record of around € 3.5 billion in the year under review. In Germany, there is enormous demand for new social housing due to the sustained pull of urban regions and particularly large cities such as Hamburg and Berlin. According to a study by the University of Freiburg, a good 494,000 dwellings a year must be built by 2020 to cover the requirements, which have arisen from the ongoing refugee crisis among other things.

In the Netherlands, there is little evidence of any recovery in the economy. Accordingly, the office market is still suffering from the effects of the recession of the past few years. The large availability of and limited demand for office buildings caused the vacancy rate to remain at a high 16.1 % in 2015.

2.1.5 Conditions in the market for other assets (aircraft, renewable energies, private equity, traded UK endowment policies)

In addition to shipping and real estate, Lloyd Fonds AG also manages 17 fund entities investing in aircraft, renewable energies, private equity and traded UK endowment policies. The aircraft industry is expanding steadily on a long-term growth trajectory. Looking forward, market growth will be particularly underpinned by expansion in the passenger segment. Last year, a total of around 3.5 billion passengers were transported. More than 1,700 new aircraft were delivered, causing the global fleet to widen to almost 27,000 at the end of the year. According to industry estimates, onshore wind energy achieved substantial global market growth of at least 55,000 megawatts in 2015, translating into growth of more than 10 % over the previous year. In Germany, new capacity of around 3,500 megawatts was installed. Given the macroeconomic uncertainties, private equity investments declined somewhat in the second half of 2015 in particular. Looking forward to 2016, however, most private equity investors expect the market to pick up again. Investments in traded UK endowment policies again had to contend with the effects of low interest rates last year, although the underlying capital base is still sold.

2.1.6 Conditions in the capital market

As a provider of investments in real assets for institutional and retail investors, Lloyd Fonds AG is benefiting from a momentum which is being driven by growth in institutional assets and asset allocation shifting increasingly in favor of alternative investments. Low interest rates combined with persistently volatile financial markets are making it difficult for institutional investors to achieve the high returns of the pre-crisis years from classic equity and bond investment strategies while still maintaining an acceptable risk/reward ratio. This has prompted foundations, state funds, pension funds and other asset managers to substantially increase their exposure to alternative forms of investment.

For example, the global assets held by pension funds almost doubled to US-$ 35 trillion between 2004 and 2015. At the same time, there is a clear trend towards alternative allocation of pension assets. The proportion of managed pension assets in the United States, the United Kingdom, Switzerland, the Netherlands, Japan, Canada and Australia has widened from 7% in 1996 to around 24% in 2015.

In Germany, 33 new retail alternative investment funds (AIFs) with a planned total investment volume of € 1.37 billion were established in 2015 according to industry association bsi Bundesverband Sachwerte und Investmentvermögen e.V., thus indicating that investor demand remained muted. However, real estate funds provided some impetus and continued to dominate the newly established funds, accounting for 22 out of the 33 newly arranged AIFs.

All new investment products currently face several challenges: The low global interest rates have caused prices of good assets to rise massively, while at the same time there are fewer and fewer sellers of assets. This is exerting pressure on margins on new investments as the returns on good assets are increasingly narrowing.

2.2 Business performance and economic conditions

2.2.1 Material events in 2015

Payouts of € 60 million to fund investors

In 2015, payouts to investors in the 66 actively managed funds rose by around € 7 million over 2014 to just under € 60 million. Specifically, payouts by ship funds including the three secondary-market funds for ship investments increased by € 11 million to € 11.9 million, while the twelve real estate funds distributed an amount of € 6.5 million. Payouts to investors in other asset classes, including aircraft, renewable energies, private equity, traded UK endowment policies, came to roughly € 41.5 million.

Transactions with institutional investors in new business

Demand for alternative real assets on the part of institutional investors is increasingly growing. During the period under review, Lloyd Fonds AG successfully executed two transactions in this area with a total investment volume of around € 80 million. This, it acted as an advisor on the construction of a new city home for apprentices in Hamburg and arranged its sale to a renowned Hamburg-based foundation. The building is receiving public funding from the City of Hamburg and has been leased to the "Azubiwerk" foundation on a long-term basis. In addition, it structured and organized a refinancing transaction for an Austrian hotel group. The hotel portfolio comprises seven 3- and 4-star hotels located in Germany and Austria. In this way, Lloyd Fonds AG was able to position itself in international market for institutional finance last year.

Plans for re-aligning the company as a listed shipping company in 2014/2015

In February 2015, the Management Board and Supervisory Board of Lloyd Fonds AG decided to strategically reposition the Company as a listed shipping company in the future. Under this strategy, eleven of the single-ship entities initiated by Lloyd Fonds AG received a proposal on February 6, 2015 under which they were invited to transfer their ship operations including the ships themselves to Lloyd Fonds AG in the form of a non-cash equity issue. Although a total of more than 50% of the subscribers were in favor of the model, the necessary 75% majority required to approve the transfer of the ship operations to Lloyd Fonds AG was achieved by only one of the eleven ship entities.

The recovery emerging at the end of 2014 in the shipping industry failed to continue in the period under review with the exception of certain tanker segments. Indeed, the opposite was the case, with charters in container and bulk shipping in particular reaching new all-time lows. Contrary to expectations at the beginning of the year, the market for ship investments did not pick up. Arguably the most prominent example of the muted interest on the capital market in maritime investments is the ultimately successful but by no means smooth flotation of Hapag Lloyd AG at the end of 2015. Until such time as the ship markets stabilize and the surplus capacities can be reduced on a sustained basis, it must be assumed that capital market sentiment towards shipping investments will remain muted.

Annual general meeting in 2015

Lloyd Fonds welcomed around 80 shareholders to its annual general meeting on July 14, 2015 in Hamburg. 6,335,972 shares, equivalent to 69.2% of the Company's share capital, were represented at the meeting. Among other things, the shareholders passed a resolution to elect Mr. Bote de Vries as a member of the Supervisory Board. In addition, the Management Board reported to the shareholders in detail on the Company's condition.

2.2.2 Business performance by asset class

Shipping

Since its incorporation in 1995, Lloyd Fonds AG has been investing in shipping. At the end of 2015, the fleet under management comprised a total of 44 ships, including 27 container ships with a capacity of up to 8,500 TEU, 14 product and oil tankers and three multi-purpose ships, which can alternatively be used for global transportation of plant and project cargos in particular and also as container ships. The charterers include A.P. Møller-Mærsk, CMA CGM and Neptune Orient Lines Ltd. Many of the tankers have been placed in pools, which enter into charters directly with oil majors such as BP, ExxonMobil or Shell. In addition, the shipping team manages three secondary-market funds for ship investments. As of December 2015, the portfolio was composed of 129 container ships, 45 tankers, 14 bulkers and four multi-purpose ships.

During the year under review, the shipping crisis worsened in most segments. Container shipping in particular is in the throes of a serious crisis. The recovery emerging at the end of 2014 in the shipping industry failed to continue in the period under review with the exception of certain tanker segments. The muted demand was evident in various main container shipping routes, e.g. between China and Europe, on which the volumes transported dropped by 3 to 4 % over 2014. As a consequence, charter rates declined very substantially, with the worldwide number of laid-up container ships rising to its highest level in five years. Just how challenging conditions are can be seen in the Baltic Dry Index, which tracks the cost of shipping commodities. In the wake of slower growth in China, the index fell to a record low at the beginning of 2016. Shipping companies are increasingly responding to this crisis by scaling back their fleets, cutting jobs and stepping up industry consolidation by means of mergers.

Conditions in the container shipping market in particular are such that the charter rates that are currently achievable are still not sufficient for many shipping companies, meaning that distributions and, in many cases, even capital service cannot be covered in full against this backdrop, asset management again concentrated on navigating the existing fleet as safely as possible through the enduring shipping crisis in 2015. To this end, various measures were implemented, including the restructuring of loans for three container ships in the period under review. Further activities aimed at improving the economic efficiency of the fleet. In this connection, four 8,500 TEU ships were prepared for ECO retrofitting in the year under review, with these measures to be implemented this spring when the ships are in dry dock. With these modifications, the ships will consume less fuel and therefore operate more competitively. As well as this, further technical adjustments will be made to the ships in dry dock to equip them for use in the Panama Canal with its wider locks and to allow them to run on low-sulphur fuel. Measures to improve the technical performance of all ships in the fleet are being considered and in many cases implemented in close consultation with the chartering shipping company with the aim of enhancing the ships' competitiveness.

However, there is always a silver lining to any crisis: Whereas the container and bulker market hit new all-time lows in the year under review, the recovery in market rates emerging in the third quarter of 2014 led to very good results for Lloyd Fonds' Panamax tankers in 2015. As of the end of the year under review, Lloyd Fonds was managing 14 tankers in various funds. In 2015, investors in these tankers received payouts of up to 40 % of their invested capital, bringing payments to a total of around € 11.3 million. In addition, the three secondary-market funds for ship investments paid out around € 0.6 million.

Real estate

As of the reporting date, Lloyd Fonds AG managed a total of 12 real estate funds with an investment volume of around € 420 million. The fund real estate is located in Germany and the Netherlands. The portfolio of seven funds in Germany and five investments in the Netherlands entails a total floor area of over 160,000 square meters leased to 46 tenants. The focus is on office and hotel investments, which account for 55 and 44 %, respectively, of the total leased floor area. Around one percent is leased to four retail tenants. In the year under review, an office building in the central business district of Bremen was leased in full, while new leases were signed for two retail outlets in the Motel One building in Leipzig. The average remaining period of the leases in the portfolio is in excess of eight years.

To date, Lloyd Fonds has structured and placed four hotel funds investing in a total of six hotel buildings with a total investment volume of around € 150 million. The six hotels together have around 1,400 rooms and a leased floor area of more than 70,350 square meters. In structuring the hotel funds, Lloyd Fonds primarily sought operators with innovative ideas, central locations and, in particular, long-term leases of at least 20 years. Three hotels are leased to the Motel One group, two to TUI AG and one to Lindner AG.

Prices of hotel buildings have been rising substantially for a number of years. Last year, hotel building transactions worth around € 4.4 billion were executed. There is now preliminary evidence suggesting that this trend may have peaked as the steady increase in demand for good hotel projects has led to a boom in new construction projects. Thus, 365 new hotels with a combined total of around 56,000 rooms are currently under construction in Germany. As competition for guests may intensify even further in the future, thus causing prices of hotels to come under pressure, the real estate team decided in the year under review to prepare a resolution approving the sale of two Motel One hotels in Berlin and Nuremberg to allow investors to benefit from the currently good seller market and to sell the fund assets at an attractive price. The resolution was passed with 94.4 % of the votes cast.

In January 2015, the retail store fund “Vier Einzelhandelsobjekte in Norddeutschland” sold its last remaining asset in Hamburg-Hamm. Following the premature termination by the anchor tenant of the lease for the Hamburg asset a number of years ago, Lloyd Fonds AG’s asset management unit was able to sign replacement leases with two retail chains. At the same time, the foundations were laid for a change in zoning status from commercial to mixed utilization, thus permitting the construction of residential real estate. As a result, it was possible to generally stabilize the fund’s liquidity situation. Following the sale of the assets in Göttingen and Hardegsen in 2013 and in Leezen in 2014 to the REWE Group, the investment is now being discontinued.

All in all, the real estate portfolio yielded payouts of around € 6.5 million for investors in 2015 despite the crisis afflicting the office market in the Netherlands which resulted in reduced payouts on four of the total of five Dutch investments. This translates into a return of 3.5 % on the invested equity.

In addition to the active management of the legacy portfolio, two new projects were successfully initiated with institutional customers in the period under review. In March 2015, Lloyd Fonds AG acted as an advisor on the construction of a new city home for apprentices in Hamburg and arranged its sale to a renowned Hamburg-based foundation. Funded with public money, it has been leased to the “Azubiwerk” foundation on a long-term basis. After it is completed in the late summer of 2016, it will provide accommodation for around 156 apprentices in 68 affordable apartments.

In addition, Lloyd Fonds AG structured and organized a refinancing transaction for a hotel portfolio operated a renowned Austrian hotel group at the end of April 2015. Under the terms of the transaction, two Luxembourg fund entities have granted the owners of a hotel portfolio loans of a total of € 44.7 million. The hotel portfolio comprises seven 3- and 4-star hotels in Germany and Austria with a total of more than 800 rooms.

Other assets (aircraft, renewable energies, private equity, traded UK endowment policies)

In addition, Lloyd Fonds AG’s Shipping and other Assets segment is responsible for actively managing a total of 17 fund entities investing in aircraft, renewable energies, private equity and UK traded endowment policy as well as portfolio funds and the Group’s own investments such as KALP GmbH. The total investments managed by these funds stand at around € 700 million. In addition, a renewable energies fund with an investment volume of around € 17 million was initiated but has already been successfully sold.

In the aircraft segment, the team manages an investment volume of around € 350 million in four aircraft funds with equity of around € 125 million. With an average age of seven years, the fleet held by three of the total of four funds is relatively young and comprises two long-haul aircraft, an A380 and an A340-600, as well as two medium-haul Airbus A319 aircraft. The portfolio is leased in full to Singapore Airlines among others. The loan contracts have an average remaining period of six years. The fourth fund is a broadly diversified aircraft fund investing in different types of aircraft. In the period under review, the final asset – a Boeing 747 – was sold following the successful sale of 45 aircraft in 2014. Investors in this fund received correspondingly high payouts of 66 % of their capital in 2014 and a further payment of 45 % in 2015. All told, investors in the four aircraft funds received payouts of € 26.1 million on their equity in 2015.

In the renewable energies segment, Lloyd Fonds has initiated three funds investing in a total of 20 wind power turbines in Germany and Scotland with an investment volume of around € 56 million. Established in 2002, the “Windpark Coppanz” investment was dissolved 15 years ahead of the planned exit date in 2007 with a post-tax return of 5.3 % p. a. According to a study performed by trade journal “Fondszeitung” in August 2015, this investment achieved the best results of any dissolved energy fund in a sector-wide comparison of performance and structures. In 2015, the payouts from the two actively managed funds rose by around € 0.3 million over 2014 to roughly € 1.3 million on the invested equity. The “Windpark Brebern” fund, which had been initiated in 2005, made payouts of 10.5 % on the invested equity. This was 1.5 % higher than the forecast stated in the issuing prospectus. Thanks to the direct marketing of the electricity produced, lower borrowing costs and the new full-service contract which guarantees technical availability of 98 %, this offers a good basis for further steady payouts to subscribers. The wind farm located in Lairg, Scotland, also made payouts of four percent of the invested equity.

In the private equity segment, Lloyd Fonds is involved in an umbrella fund managed by American investment company Neuberger Berman who predominantly invests in highly diversified shares in US buy-outs. Initiated in 2006 in conjunction with fund arranger Sachsenfonds, this fund has an investment volume of € 22.8 million. In 2015, payouts to investors rose by 7.5 percentage points over the previous year to 18.5 % of the invested equity.

As well as this, the Company is managing eight traded UK endowment policy funds with a total investment volume of around € 270 million plus two portfolio funds investing in various highly diversified asset classes. In 2015, these funds made total payouts of around € 9.4 million on the invested equity. Of this, the traded UK endowment policy funds paid out 4.5 to 9 %, i. e. a total of around € 8.9 million.

KALP GmbH, in which Lloyd Fonds AG holds a 45.1 % share, filed for insolvency in June 2015. The company holds the global patents to an innovative automatic lashing platform for loading and discharging container ships. Over the last few years, Lloyd Fonds AG had granted KALP GmbH a loan, which is still assumed to be recoverable despite the application for insolvency.

2.3 Target achievement and general statement on business performance and economic conditions

As in the previous year, 2015 was characterized by sustained momentum. Against the backdrop of low interest rates and volatile financial markets, demand for real assets is strong across all investor groups particularly institutional investors. In addition to the growing market for AIFs, alternative non-fund investment structures such as share-based and direct investments are increasingly growing in importance. In the year under review, Lloyd Fonds AG was able to position itself in this market by executing transactions worth around € 80 million with professional investors.

Lloyd Fonds AG posted consolidated net profit for the period of € 1.6 million. Following the previous year’s figure of € 0.8 million, this was the third consecutive year in which the Company generated consolidated net profit. As a result, it achieved the forecast of further net profit in 2015 and in fact substantially exceeded by € 0.8 million the projection of € 0.8 million for 2015 which accounting company RBS RoeverBroennerSusat had calculated in connection with the plans for a listed shipping company.

The Company’s liquidity also improved significantly in 2015, with liquidity coming to € 10.2 million at the end of 2015, up around € 2.6 million on the end of 2014 (previous year: € 7.6 million).

The challenge now facing the Company is to leverage the skills and experience gained in more than 20 years of activity in the market, to adapt its business model in the light of prevailing market conditions and to additionally increase transaction volumes particularly with new business.

3 Results of operations, net assets and financial condition

3.1 Results of operations

The breakdown of and changes in the individual items of the Lloyd Fonds Group’s income statement are described in the following analysis.

The Group’s results of operations in the year under review as well as in the previous year were as follows:

	2015	2014
T€		
Sales	11,424	10,040
Cost of materials	-2,060	-1,573
Staff costs	-4,035	-4,747
Depreciation/amortization and impairment losses	-453	-365
Other operating income/expenses	-4,761	-4,306
Share of profit of associates	497	502
Net profit/loss from operating activities (EBIT)	**612**	**-449**
Net finance income/expenses	1,227	1,362
Earnings before taxes (EBT)	**1,839**	**913**
Income taxes	-273	-162
Consolidated net profit	**1,566**	**751**

The following changes arose in connection with sales:

	2015	2014
T€		
Income from management fees	2,707	2,799
Income from arrangement and structuring services	2,154	321
Income from trusteeship business	6,562	6,735
Others	1	185
Sales	**11,424**	**10,040**

Compared with the previous year, sales rose by T€ 1,384 to T€ 11,424 in 2015.

Arrangement and structuring income primarily comprises an amount of T€ 1,021 from the structuring of the refinancing transaction for a hotel portfolio for a renowned Austrian hotel group, income of T€ 676 from the preparation of a business continuation plan/funding plan for various ship entities and proceeds of T€ 300 from the sale of individual ships. In addition, income of T€ 85 was generated in the period under review from the provision of advisory services in connection with a new apprentice home and its ensuing sale to a renowned foundation. In the previous year, income of T€ 239 had been earned from the arrangement of finance for the "A380 Singapore Airlines" aircraft fund together with further placement income of T€ 82.

Management fees earned in 2015 comprise fees received for services to the open-end ship fund "LF Open Waters OP" totaling T€ 1,077 (previous year: T€ 1,199) as well as fees of T€ 1,630 (previous year: T€ 1,600) for the management of the current funds.

At T€ 6,562 in the period under review, income from trusteeship business was down slightly (2.6%) on the previous year (T€ 6,735). This comprises recurring annual income derived from regular trusteeship fees. As in the previous year, no income was recorded for entities for which insolvency proceedings had already been commenced. The slight decline is particularly due to the insolvency-related termination of contracts and the waiver of recurring fees from distressed fund entities.

Other income in the previous year primarily relates to the proceeds from the sales of various ships.

The cost of materials rose by T€ 487 over the previous year to T€ 2,060. This particularly reflects the expense of T€ 534 on services purchased in connection with the structuring of the refinancing transaction for the hotel portfolio. The fees of T€ 770 (previous year: T€ 952) in connection with "LF Open Waters OP" declined due to the sale of ships.

Staff costs came to T€ 4,035 in 2015, down from T€ 4,747 in the previous year primarily due to the reduction in the average head count from 52 to 47 and the resignation of one of the members of the Management Board. In addition, variable remuneration dropped by T€ 148. On the other hand, termination settlement payments increased by T€ 63.

Depreciation, amortization and impairment losses rose by T€ 88 over the previous year to T€ 453 in the year under review. This includes impairment expenses on shares in associates of T€ 309 (previous year: T€ 193).

Net other operating expenses widened from T€ 4,306 in 2014 to T€ 4,761 in the year under review. The increase of T€ 599 in impairments of receivables and in irretrievable receivables over the previous year to T€ 2,034 in particular had a negative effect. A negative effect also arose from the decline of T€ 367 in income from the reversal of impairments of receivables, the decline of T€ 258 in income from the reversal of provisions as well as the slight increase in sales support and subscriber relationship management expenses (T€ 87).

On the other hand, pressure was eased by the decline of T€ 181 in legal and advisory expenses, higher income from the derecognition of liabilities (T€ 105), the decline in rents and ancillary rental costs in the year under review (T€ 102) and higher income from recharged expenses (T€ 75).

At T€ 497, the share of profit of associates was unchanged over the previous year's figure of T€ 502. This primarily entails investment income earned and the share of net profit/loss of associates.

As a result, the Lloyd Fonds Group achieved earnings before interest and taxes (EBIT) of T€ 612 in 2015 (previous year: loss at the EBIT level of T€ 449).

The net finance income of T€ 1,227 (previous year: T€ 1,362) comprises net interest income of T€ 516 (previous year: T€ 376), foreign-currency translation gains of T€ 338 (previous year: T€ 345) and investment income of T€ 373 (previous year: T€ 641).

The net tax expenses of T€ 273 million (previous year: T€ 162) arising in the period under review chiefly result from tax expenses for the current and earlier years for companies outside the tax group as well as actual tax expenses of T€ 99 arising from minimum tax requirements for Lloyd Fonds AG. In addition, net deferred tax assets on unused tax losses of T€ 11 were recognized. In contrast, earnings before tax in the previous year comprised tax backpayments for prior years of T€ 516 and the net deferred tax assets on unused tax losses of T€ 354.

All told, consolidated net profit of T€ 1,566 was recorded in 2015 (previous year: T€ 751). The Management Board of Lloyd Fonds AG will be asking the shareholders to approve a dividend of € 0.07 per share for the year 2015.

The following section provides further information on consolidated net profit for the Shipping and Other Assets, Real Estate and Trusteeship segments. With respect to the “All general other expenses” segment, reference should be made to the general comments on the Group’s results of operations and the additional information provided in the segment report in the notes to the consolidated financial statements (see Note 6.5), where the main aspects for each reportable segment are described.

3.1.1 Shipping & Other Assets segment

EBIT in the Shipping and Other Assets segment climbed from T€ 791 to T€ 928, underpinned by the increase of T€ 403 in sales in the year under review. Income from associates exhibited the opposite trend, dropping by T€ 211.

The increase of T€ 403 in sales is related to income of T€ 300 from the execution of the sale of three ships in the Ocean MMP (previous year: T€ 31) and arrangement and commission income of T€ 676 (previous year: T€ 0) for the preparation of business continuation plans and financing plans. The income generated in 2014 predominantly arose from the placement of the mezzanine tranche for the “A380 Singapore Airlines” aircraft fund (T€ 239).

The decline in income from associates is due to the difficult general conditions in the shipping market, resulting in reduced distributions and, hence, lower fair values for the investments in the associates.

3.1.2 Real Estate segment

Whereas a post-tax loss of T€ 169 had been recorded in the Real Estate segment in the previous year, this was reversed in the year under view, resulting in post-tax earnings of T€ 404. Sales rose by T€ 1,155 particularly due to the structuring of the refinancing transaction for a hotel portfolio for a renowned Austrian hotel group of T€ 1,021. The increase in the cost of sales is solely related to the structuring of the refinancing transaction for the hotel portfolio (T€ 534).

In the year under review, other operating income was chiefly generated by the derecognition of a time-barred liability (T€ 133) and recharged expenses in connection with the structuring of the refinancing transaction for the hotel portfolio (T€ 225). In the previous year, income of T€ 225 had been recognized in connection with the sale of Fünfte LF immobiliengesellschaft mbH & Co. KG.

Staff costs in the year under review rose by T€ 88 over the previous year.

The share of profit of associates improved. In the previous year, a net loss of T€ 124 had been recorded due to an impairment of T€ 125 recognized on the carrying amount of the investment in Fünfte LF Immobiliengesellschaft mbH & Co. KG. In the year under review, net profit of T€ 82 was achieved primarily as a result of the reversal of T€ 78 of the impairment which had been recognized on the carrying amount of the investment in Fünfte LF Immobiliengesellschaft mbH & Co. KG.

3.1.3 Trusteeship segment

Earnings in the Trusteeship segment dropped primarily as a result of the increase of T€ 239 in impairments and depreciation of receivables to T€ 1,043 and the decline of T€ 173 in trusteeship income to T€ 6,562. In addition, income from impaired receivables was down T€ 417 on the previous year.

3.2 Net assets

The Group’s net assets as of December 31, 2015 and December 31, 2014 are analyzed in the following table:

Assets	2015	2014
T€		
Property, plant and equipment and intangible assets	289	419
Financial assets	10,353	11,478
Deferred income tax assets	343	354
Receivables and other assets	6,992	7,978
Cash and cash equivalents	10,173	7,592
Total assets	**28,150**	**27,821**

Equity and liabilities	2015	2014
T€		
Consolidated equity	18,391	16,829
Deferred income tax liabilities	706	738
Financial liabilities	2,752	2,837
Other liabilities	6,301	7,417
Total equity and liabilities	**28,150**	**27,821**

As of December 31, 2015, total assets stood at T€ 28,150 and were thus up T€ 329 or 1.2 % on the end of 2014.

On the asset side, cash and cash equivalents in particular rose by a total of T€ 2,581 to T€ 10,173. Reference should be made to the notes on the Group's financial condition for a detailed analysis of cash and cash equivalents.

The T€ 1,125 decline in financial assets to T€ 10,353 is chiefly due to distributions received (T€ 508), particularly from Fünfte LF Immobiliengesellschaft mbH & Co. KG (T€ 376), negative valuation of associates (T€ 282) and depreciation and amortization expenses (T€ 309).

Receivables and other assets contracted from T€ 7,978 in the previous year to T€ 6,992. This was particularly due to the decline of T€ 545 in receivables and other assets as of the reporting date and the decline of T€ 232 in current income tax reimbursement claims. In addition, receivables from investment fund subscribers dropped by T€ 209 to T€ 1,995. These receivables arise from distributions made in the past subject to a repayment obligation. The matching liability of the same amount also declined.

On the other side of the balance sheet, equity climbed by T€ 1,562 to T€ 18,391 as of the reporting date mainly as a result of the net consolidated profit of T€ 1,566. However, the decline of T€ 4 in other comprehensive income had a negative effect.

Impairments of the Group's shares in associates resulted in a reduction in deferred income tax liabilities of T€ 32, which were recorded within equity and are the reason for the decline in deferred income tax liabilities from T€ 738 to T€ 706 as of December 31, 2015.

Financial liabilities dropped from T€ 2,837 to T€ 2,752 as of the reporting date. This includes repayments and interest expenses on the liability arising from financing the share acquired in the target funds of "Premium Portfolio Austria".

Other liabilities dropped by T€ 1,116 to T€ 6,301.

3.3 Financial condition

The Lloyd Fonds Group's financial management activities are handled by the finance department with the primary purpose of safeguarding solvency and strengthening the Group's financial resources. Treasury activities ensure the availability of liquidity at all times within the Group, manage risks arising from financial instruments and optimize Group-wide cash management. To this end, rolling liquidity planning broken down by currency and with a horizon of twelve months is used. The medium-term financial forecast is prepared using an integrated planning tool based on the current business forecast for the following two financial years.

The Group's financial condition in the year under review as well as in the previous year was as follows:

	2015	2014
T€		
Consolidated net profit/loss before share of profit of associates, interest and taxes	453	-606
Non-cash income and expenses	1,970	797
Changes in working capital	-490	945
Dividends and profit distributions received	1,133	1,422
Net interest and income taxes received and paid	-312	-263
Cash flow from operating activities	**2,754**	**2,295**
Cash flow from investing activities	41	-149
Cash flow from financing activities	-173	-210
Non-cash change in cash and cash equivalents	32	-
Net cash inflow	**2,654**	**1,936**
Cash and cash equivalents at the beginning of the period	7,552	5,670
Currency translation differences	-41	-54
Cash and cash equivalents at the end of the period	**10,165**	**7,552**

The net cash inflow of T€ 2,754 (previous year: T€ 2,295) from operating activities was due to the net consolidated profit recorded in the period before the share of profits of associates, interest and taxes. In addition, it was influenced by non-cash expenses and income of T€ 1,970. Non-cash expenses and income particularly include the impairments on receivables and irretrievable receivables (T€ 2.034) and on non-current assets (T€ 453) recognized in the period under review. The opposite effect particularly arose from the reversal of impairments on receivables (T€ -388) and income from the derecognition of liabilities (T€ -166). The dividends and distributions of T€ 1,133 from investments in associates were sufficient to cover net interest and income tax payments of T€ 312 and thus made an additional positive contribution to cash flow from operating activities.

The cash flow from current operating activities calculated using the indirect method also came under pressure from the decline of T€ 490 in working capital. The decrease in working capital was particularly due to changes in receivables and liabilities as of the reporting date.

Reflecting the reduced investing activities, there was only a small cash inflow of T€ 41 from investing activities in the year under review. This is chiefly due to the repayment of the prorated share capital of entities which have since been wound up.

The net cash outflow from financing activities (T€ 173) is chiefly attributable to the settlement of financial liabilities.

The non-cash change of T€ 32 in cash and cash equivalents primarily reflects the release of a bank balance which had been pledged as a rental deposit.

Allowing for the aforementioned changes and the currency translation differences (T€ -41), free cash and cash equivalents rose by T€ 2,613 from T€ 7,552 to T€ 10,165 in the year under review.

Reference should be made to the risk report (Section 5 of the management report) and the additional disclosures in the notes to the consolidated financial statements (Notes 6.4.5 and 6.9.2) for an analysis of the Group's main provisions and contingent liabilities.

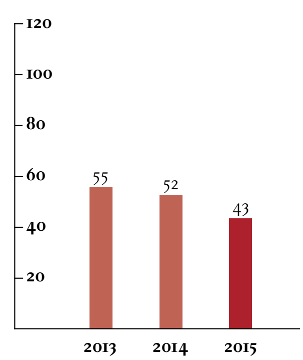
4 Employees and compensation report

The success of the Lloyd Fonds Group hinges crucially on the qualifications, skills and commitment of its employees. In the year under review, all employees contributed to the consolidated net profit achieved.

At Lloyd Fonds AG, highly qualified and experienced staff handle the sourcing and structuring of investment products, sales and marketing, asset management, subscriber relations, administration and investor relations. Bonding qualified employees to the Company on a long-term basis constitutes a material determinant of Lloyd Fonds AG's success. To this end, it offers them working conditions in which they are able to develop and perfect their own skills as effectively as possible. The Lloyd Fonds Group's corporate culture is characterized by flat hierarchies and short decision-making paths, resulting in efficient matrix structures.

As of December 31, 2015, the Lloyd Fonds Group had 43 employees (not including the Management Board, employees on extended child-care leave, trainees and temporary staff). Of these, 24 were assigned to Lloyd Fonds AG, 16 to Lloyd Treuhand GmbH, two to the subsidiary TradeOn GmbH and one to Lloyd Fonds Singapore Pte. Ltd. The Company's staff have an average age of 39 years and an almost equal balance between male and female employees.

Number of employees at the end of the year



In the course of the year under review, the number of employees decreased by around 17 % compared with the previous year. Personnel expenses came to € 4.0 million (previous year: € 4.7 million) in the year under review.

The Lloyd Fonds Group attaches particular importance to employer/employee relations based on a spirit of partnership and respect for employees' individual interests. This includes flexible working hours and attractive compensation. The employees of the Lloyd Fonds Group have variable and fixed compensation components in their salary packages, with the variable component oriented to both the employee's personal achievement (50 %) and the Company's business performance (50 %).

In addition to fixed salary components, the Management Board of Lloyd Fonds AG receives a variable bonus oriented to the Company's share price and containing both short-term and long-term elements. The maximum amount of the variable bonus is capped. The guaranteed bonus was dispensed with in 2015.

Lloyd Fonds AG can enhance and extend its capabilities only if it has highly qualified and motivated staff. For this reason, it offers employees extensive scope for further development including targeted further training in specific specialist areas and IT seminars. What is more, Lloyd Fonds AG helps young and committed school-leavers by offering them opportunities for embarking on a career. Thus, it provides intern placements and supervises the theses of undergraduate students in various parts of the Lloyd Fonds Group.

5 Risk report

5.1 Risk management system

Lloyd Fonds AG has a software-based risk management system for detecting at an early stage any developments liable to affect its going-concern status. In addition to Lloyd Fonds AG itself, this system also covers all main subsidiaries whose business activities give rise to material risks for the Group. Using transparent systems and processes, the aim is to identify and assess risks at an early stage as a basis for taking appropriate precautions. The Management Board defines risk management policy, which is then put into practice by the central risk management department / risk administrator. The risk management department ensures that the operating departments identify and measure risks in both quantitative and qualitative terms of their own accord and with minimum delay and implement precautions for averting or mitigating risk.

Risks are reviewed and re-measured on the basis of a systematic risk inventory. At the same time, there is an internal ad-hoc reporting duty with respect to any new risks identified by the responsible persons. Each risk identified is assigned to a risk group. When risks are reported and measured for the first time, it is necessary to determine the potential loss and probability in accordance with the requirements of a risk policy. Risks are measured and reviewed semi-annually as well as on an ad-hoc basis.

The result of the systematic risk inventory is submitted to the Management Board on a semi-annual basis in the form of a graphic, tabular and written evaluation of all risks. A semi-annual report is also submitted to the Chairman of the Supervisory Board. The risk management process thus provides a structured view of the existing risk situation, improvements to corporate management, transparency and documentation of risk management practices, heightened awareness and ultimately also the basis for internal and external risk reporting.

The following assessment of the risks is based on their probability and the amount of loss (impact on liquidity). Each of these two dimensions is assessed using four categories.

Probability:
- low ■
- medium ■■
- high ■■■
- very high ■■■■

Amount of loss (impact on liquidity):
- low ■
- moderate ■■
- substantial ■■■
- serious ■■■■

5.2 Economic and sector risks

5.2.1 Market risk

Probability ■■ Amount of loss ■■

Lloyd Fonds AG develops, markets and manages investments in alternative real assets and investment products for national and international institutional investors as well as for retail investors. To date, the investments have comprised assets in the areas of shipping, real estate, aircraft, renewable energies, private equity and traded UK endowment policies. Accordingly, the Group’s business performance hinges materially on conditionns in the asset markets and national and international capital markets as well as investor appetite.

Negative trends in these markets as well as heightened risk aversion on the part of institutional or retail investors may cause a decline in income from portfolio investments or the abandonment of plans to execute investments with a correspondingly adverse effect on the Group’s results of operation. The international market is characterized by a substantial increase in the proportion of investments in alternative real assets by institutional investors whereas demand on the part of retail investors remains weak. Figures on the market for investments in alternative real assets can be found in Section 2.1.6 of the Group management report.

5.2.2 Competition risk

Probability ■■ Amount of loss ■■■

In the market which it addresses, Lloyd Fonds faces competition from other asset and investment managers. Weak phases in the financial and capital markets and/or heightened risk aversion on the part of investors may lead to a shift in market share, weakening the Group's competitive position.

Strategic developments such as partnership ventures or mergers between competitors may also result in a change in market share, possibly also to Lloyd Fonds AG's detriment.

Moreover, the possibility of Lloyd Fonds becoming exposed to a hostile takeover by another company cannot be excluded. This would jeopardize the Company's continued existence in its current structure and possibly result in a loss of independence.

5.2.3 Risk of change in regulatory and tax environment

Probability ■ Amount of loss ■■■

Changes in tax parameters may exert a direct influence on the structure and sales of investment products and also adversely affect the economic performance of investments previously placed by Lloyd Fonds and currently managed by it.

The Capital Investment Code, which came into effect in 2013, includes comprehensive stipulations with respect to the structure of investments as well as regulatory requirements for the management and sale of these investments. Accordingly, when new products are developed, there is a risk that the range of products could be restricted and/or their distribution delayed.

However, regulatory stipulations and approval requirements are also likely to result in heightened expense for Lloyd Fonds AG and its subsidiaries.

5.3 Operating and strategic risks

In a departure from the previous report, the risk types "risk of loss of recurring income on portfolio investments", "prospectus liability risk and risks under co-liability for misselling", "risks in connection with the duties of Lloyd Treuhand GmbH" and "risks in connection with the further development of the business model" have been placed at the front of the section on operating and strategic risks. This is because these risks refer to matters which gained significantly in importance for the Group in the period under review due to its activities as a manager of investments in alternative real assets and investment products for national and international institutional investors as well as retail investors. This change heightens the clarity and transparency of the annual report.

In addition, all risks included in the section entitled Other risks in the last report are now included under Operating and strategic risks. Accordingly, there is no longer a separate section entitled Other risks. This also serves to improve the clarity and transparency of the annual report as these risks predominantly relate to operating and strategic matters.

5.3.1 Risk of loss of recurring income on portfolio investments

Probability ■■ Amount of loss ■■

The Group's results of operations, net assets and financial condition depend materially on the economic performance of the legacy funds under management. Weak phases in the relevant markets may adversely affect the economic situation of the legacy funds arranged and managed by the Group, culminating in the insolvency of the funds.

The protracted crisis afflicting the shipping industry has caused the business risks to which investments are exposed to rise further over the last few years. Such business risks entail default by the contractual partners of the investments such as charterers, that in turn are suffering from the effects of the economic and financial crisis. As a result, it was impossible to renew expiring charters at all or only on what, in some cases, were much less favorable terms.

A further business risk is that banks may fail to honor or may retract commitments already given for existing investments or terminate loans. In the event of this risk materializing and the inability to refinance the loan via another bank, this would result in a loss of management and trusteeship fee income. Investments that were severely affected by this trend encountered financial difficulties, with some of them having to file for insolvency.

In the event of the future insolvency of an investment, the recoverable value of the shares held by Lloyd Fonds as the founding shareholder would particularly be at risk. In addition, there is the risk that the receivables owing from these investments would be unrecoverable if they exceeded the provisions set aside for this purpose. As well as this, the insolvency of investments would lead to a loss of recurring management and trusteeship fee income. On the other hand, this would not have any material effects on the value of the financial assets recognized in the balance sheet as the Group companies hold only small shares in the entities concerned. However, the cumulative occurrence of individual risks of this kind could have a material effect on the Company‘s balance sheet. Group management is conducting intensive talks with its finance partners to develop a solution allowing the investments concerned to be restructured.

5.3.2 Prospectus liability risk and risks under co-liability for misselling

Probability ■■ Amount of loss ■■■

In order to attract equity capital in the form of limited-partner contributions, Lloyd Fonds AG has produced selling prospectuses for which it is liable towards individual subscribers in its capacity as the publisher in the event of a loss being sustained as a result of any errors or omissions in the prospectus. The selling prospectuses were regularly produced in accordance with the “Principles for the Proper Assessment of Prospectuses for Investments Offered Publicly” (IDW S 4), a standard issued by Institut der Wirtschaftsprüfer in Deutschland e.V., and examined by a public auditor in accordance with this standard. In the case of all audited prospectuses, the auditor has generally confirmed that the information provided is complete, correct and clear and has also confirmed that the assessments in the prospectuses are plausible, the conclusions are logical and also that the risks and rewards associated with the investment have been detailed in accordance with IDW S4; however, in individual cases, the auditor may have made comments which do not restrict the validity of the audit result. In addition, Lloyd Fonds AG regularly had the tax-related statements contained in the prospectus reviewed by a tax expert.

From July 21, 2013, selling prospectuses had to be approved by the German Federal Financial Supervisory Authority (BaFin). The approval procedure comprised not only a check for omissions, but also a review of the contents for coherence and comprehensibility. However, the assessment of the prospectus by an auditor as well as other actions taken do not provide any absolute guarantee of the absence of any errors or omissions in the contents of the prospectus or of the economic benefits or tax ramifications of the investment.

As of December 31, 2015, a total of 152 (previous year: 54) prospectus liability disputes for damages involving nominal capital of around € 7.1 million and US-$ 0.4 million, in which Lloyd Fonds AG or Lloyd Treuhand GmbH were parties, were pending. In addition, a further five disputes involving the same subject matter relating to nominal capital of around € 0.1 million were pending before the courts as of December 31, 2015. Accordingly, an outcome cannot be ruled out in which damages may be awarded against the Company or its subsidiary under its liability for the prospectus on account of errors or omissions in the contents of past or future prospectuses. Lloyd Fonds has suitable insurance cover for these cases. At the present time, Lloyd Fonds AG considers it likely on the whole that it will prevail in court with its arguments and succeed in defending itself against the actions.

There is a risk of Lloyd Fonds AG being held liable for the actions of third parties acting on its behalf and for its account. However, external partners are monitored closely to avoid any liability-relevant activity and to reduce Lloyd Fonds AG’s potential liability. Recent court judgments are continuing to reflect a trend towards more stringent duties of disclosure with respect to the provision of advice in connection with sales of investment products. It cannot be ruled out that incorrect advice given by third parties (e.g. retail partners) who are involved in sales of investment products will increasingly be deemed to come within the responsibility of the product supplier. This applies in particular to retail partners’ misselling liability.

5.3.3 Risks in connection with the duties of Lloyd Treuhand GmbH

Probability ■■ Amount of loss ■■■

At of the end of 2015, Lloyd Treuhand GmbH, a subsidiary of Lloyd Fonds AG, was managing the capital of more than 53,000 subscribers – on a trusteeship basis in some cases – in accordance with trust and management agreements. As part of its management duties, it is responsible for handling all the rights and duties of the subscribers with the greatest possible care in accordance with the trust agreement. However, it is not possible to rule out the possibility that an individual investor may institute legal action on account of a purported breach of duty on the part of Lloyd Treuhand. Lloyd Treuhand selects its staff carefully to avoid this risk from the outset. In addition, it ensures the greatest possible reliability by means of employee training and regular quality checks.

In November 2010, Lloyd Treuhand GmbH had its quality management system (QMS) certified by an independent body in accordance with ISO 9001. The certification covers all of the Company's processes such as subscriber relationship management, the tax and commercial register departments and fund/payout documentation. In addition to the initial examination and approval for certification, the QMS undergoes regular monitoring in intervals of at least twelve months. The current certificate is valid until November 9, 2016.

Lloyd Treuhand has in some cases been entered in the commercial register as the limited partner in trust for diverse subscribers with the corresponding liable amount attributable to such subscribers (trustors). In the event that liquidity surpluses not backed by profits are distributed, there is a risk that Lloyd Treuhand GmbH could be held liable in accordance with Sections 171, 172 IV of the German Commercial Code.

Under the terms of the trusteeship contract, Lloyd Treuhand is in turn entitled to recover this amount from the subscriber in question, which is why a potential uncovered outflow of resources at Lloyd Treuhand GmbH is considered to be relatively unlikely.

If a fund becomes insolvent, the limited partners face the risk of having to repay the dividends received in the past which are not covered by the entity's profits. In cases in which the Group acts as trustee, this also affects Lloyd Fonds AG as Lloyd Treuhand GmbH may suffer considerable liquidity outflows to the extent that the trusteeship is acting as a limited partner in trust on behalf of the subscribers. The trusteeship entity would have to assert its recovery claims separately against each individual subscriber.

In the event that a fund entity were to become insolvent, there is also a risk that the entity would be unable to settle its payables (e.g. trusteeship fees) towards Lloyd Treuhand GmbH and, in the worst case, that they would have to be written off. The cumulative occurrence of such individual risks could have a strong negative impact on the results of operations, net assets and financial condition of Lloyd Fonds AG.

5.3.4 Risk in connection with the further development of the business model

Probability ■■ Amount of loss ■■

The major changes in the alternative real asset investment market and the persistent weakness of the shipping markets have prompted Lloyd Fonds to adjust its business model. There is a risk of delays occurring for a variety of different reasons in the adjustment and implementation of the business model. It is crucial for external advisors to be involved in the implementation of this transaction. If the transactions are not executed, these costs will remain with Lloyd Fonds without any income being generated.

5.3.5 Project risk

Probability ■■ Amount of loss ■■

One material part of Lloyd Fonds' activities entails the development of new products and investments. Despite the cautious and conservative planning of this project business, there is a risk that planned and budgeted projects may not reach fruition. Moreover, misjudgements in structuring an investment or during the review phase or in connection with the sourcing of the asset may prevent the project from being executed in the planned scope, thus exerting a negative effect on the Group's results of operations. Likewise, weaker or absent demand for investments may exert strain on the results of operations.

In cases in which the involvement of external advisors is required to realize projects, the resultant costs will remain with Lloyd Fonds without any income being generated if the projects are canceled.

5.3.6 Legal risks

Probability ■ Amount of loss ■■■

When non-domestic assets are structured or investment products are sold in foreign countries, this involves foreign jurisdictions or means that the products in question may be subject to supervision by a foreign competent authority. It is not possible to exclude the risk of foreign legal requirements not been sufficiently observed. Moreover, it may become more difficult for the Company to assert its own rights and to defend itself against third-party claims or this may only be possible at considerable added expense. What is more, companies and their management bodies may be exposed to greater liability.

In the case of judgments issued by courts in other jurisdictions, it is not possible to exclude that the relevant matters may be interpreted differently or less favorably than would be the case if the matter were heard before a German court. However, as the German courts would feel inclined to accept the ruling of such foreign court, it would not be possible to have it changed.

In connection with the liquidation of a number of ship entities in which Lloyd Fonds was the founding shareholder, a legal dispute has arisen between the creditor banks and the ship with respect to repayment of the withholding tax. If judgment is entered against the creditor banks, they may take recourse to the founding shareholder up to a maximum amount of € 1.1 million.

5.3.7 Tax risks

Probability ■ Amount of loss ■■

There is a risk of erroneous judgments or advice occurring in tax matters and of tax deadlines being missed. This may have ramifications that are detrimental to Lloyd Fonds or, in the event of failure to observe deadlines, result in the imposition of fines or surcharges. It is not possible to exclude the risk that reviews of contracts in the light of taxation matters have not been performed or are insufficient, something which may also have an adverse effect on Lloyd Fonds AG's tax situation.

5.3.8 Reputation risk

Probability ■ Amount of loss ■

As a listed company, Lloyd Fonds attracts heightened public interest. Detrimental events or developments which become known publically, such as negative news or information on Lloyd Fonds, the Group's products or the market for investments in alternative real assets, negative market trends and sector scandals may severely harm the Group's image and thus cause a loss of reputation.

As well as this, internal events or developments such as insolvencies of the legacy funds or a massive drop in the share price may harm the Group's reputation.

5.4 Organization and personnel management risks

Probability ■■ Amount of loss ■

The Group's success hinges crucially on the activities of its Management Board and other management staff as well as qualified senior executives. To safeguard the economic success of Lloyd Fonds, it is therefore vital for adequate numbers of senior executives and specialists to continue working for the Company so as to exclude any adverse effects on the Group members and their continued business performance.

Above-average personnel turnover, in particular key executives, could prevent individual positions from being filled properly, thus resulting in staff shortfalls. Similarly, unsuitable appointments and/or shortfalls may occur as a result of incorrect personnel decisions or shortfalls. This may cause delays in the performance of activities and favor the incidence of incorrect decisions or management errors.

5.5 IT risks

Probability ■ Amount of loss ■■

Permanent availability of IT systems is critical for ensuring successful business handling. At the same time, Lloyd Fonds is required to guarantee the safety of sensitive data, particularly data relating to customers, at all times. The Company has taken numerous precautions to minimize the risk of system failures, including server virtualization and the implementation of modern back-up systems complete with external data strongholds and business continuity plans for the swiftest possible system restoration. Among other things, data and IT systems are protected by means of firewalls, anti-virus and encryption programs as well as authorization and authentication systems, which are updated in regular intervals or on an ad-hoc basis.

5.6 Financial risks

5.6.1 Liquidity risk

Probability ■ Amount of loss ■■■

Given the dynamic nature of the environment in which the Group operates, it is necessary to preserve financial flexibility by ensuring the availability of sufficient liquidity reserves. The maximum risk involves insolvency on account of payment defaults. In the event of any decline in liquidity and a resultant increase in funding requirements, there is a risk of the Group not being able to find suitable sources of finance. The Group may also be unable to cover its financial requirements or may be forced to accept finance on less favorable terms.

Short-term liquidity management is based on a rolling liquidity preview, which covers a forward range of up to one year, supplemented by medium-term forecasts covering the following two years. This is an integrated planning model comprising forecasts for the income statement and the cash flow statement. Both short-term liquidity planning and the medium-term model are based on the Group's current business forecasts and harmonized with each other.

As of December 31, 2015, the Group's financial liabilities totaled € 8.6 million (previous year: € 9.4 million). Further details, particularly with respect to the maturity structure can be found in the notes to the consolidated financial statements under Note 6.3.2.3.

The Group's liquidity is considered to be stable. Even so, unexpected events with an impact on liquidity may constitute a risk. Such events could be the loss of planned income or additional unplanned expenses. If several such events were to occur simultaneously, this could have negative effects on the Group's performance.

5.6.2 Valuation and credit risk

Probability ■■ Amount of loss ■■

As in earlier years, the sustained weakness of the shipping markets has resulted in a heightened risk of impairment losses on the shares in associates held by the Group. In addition to the shares which Lloyd Fonds holds in its own investment funds, this also affects its investments in associates. Lloyd Fonds is addressing this risk by means of ongoing reviews of the fair values of its investments on the basis of an analysis of the relevant financial indicators. By means of regular impairment tests, Lloyd Fonds made extensive adjustments in previous years to the value of the shares held in some of these associates, thus fundamentally reducing the risk of any further impairment losses. Nonetheless, there is a risk that the value of these shares may have to be additionally impaired. This could particularly affect the loan of € 1.8 million granted to KALP GmbH. Accordingly, the risk of further impairments cannot be ruled out in individual cases in view of the weak macroeconomic situation and the still challenging conditions in the shipping markets.

As in the previous years, the weak market environment for retail investments in alternative real assets in Germany had a considerable impact in the form of threatened defaults, thus impairing the Group's risk position. Lloyd Fonds already addressed this heightened risk by recognizing extensive impairments in prior years. In the year under review, further impairments were recognized on receivables and their recoverable value adjusted accordingly.

In addition to ongoing impairment testing of receivables, Lloyd Fonds is responding to this market risk by implementing steady and sustained improvements to its receivables management in an effort to ensure early collection of amounts owed and to reduce the volume of receivables due for immediate settlement.

Despite the impairments – both individual and across-the-board adjustments – recognized in the year under review, further losses and corresponding liquidity shortfalls due to unrecoverable receivables cannot be ruled out. This also refers to the receivables held by Lloyd Treuhand GmbH against trustors arising from payouts made in the form of interest-free loans. This risk has been addressed by the adoption and implementation of a plan of action which defines various approaches, e.g. a settlement with the creditors or the assignment of the recovery rights held by Treuhand to the creditors. Reference should be made to the notes to the consolidated financial statements (Note 6.3.1.3) for further analyses.

5.6.3 Risks from contingent liabilities

Probability ■ Amount of loss ■■■

It cannot be excluded that Lloyd Fonds may also be held liable for other risks beyond those in connection with the duties of Lloyd Treuhand GmbH (see "Risks in connection with the duties of Lloyd Treuhand GmbH", page 29 et seq), resulting in recourse being taken to the amounts recognized as contingent liabilities. The contingent liabilities recognized by the Lloyd Fonds Group as of December 31, 2015 came to a total of € 14.3 million (previous year: € 12.8 million). Net of the settlement claims arising from overall debt relations, which amounted to € 11.0 million in 2015 (previous year: € 9.5 million), the remaining liable volume stands at € 3.3 million (previous year: € 3.3 million). Further details on and the breakdown of contingent liabilities can be found in Note 6.9.2 to the consolidated financial statements.

5.6.4 Interest and currency risk

Probability ■■■ Amount of loss ■

Interest risk is the risk of fluctuation in the fair value of or future payment flows from a financial instrument as a result of changes in market interest rates. This affects the Group's future interest income and expense and also influences the fair value of its financial assets. Hedges such as interest rate swaps or options are used to address these risks. There were no material interest risks as of the balance sheet date. More details can be found in Note 6.3.1.2 of the notes to the consolidated financial statements.

The Group is currently exposed to foreign currency risks in US dollars, which primarily result from end-of-year translation of the corresponding monetary items. Monetary items comprise cash and cash equivalents, receivables and liabilities. Foreign-currency receivables and liabilities chiefly arise from the fact that some investment products are initiated in a foreign currency. Many of the investments initiated by Lloyd Fonds are also exposed to foreign currency risks. In the event of a negative trend in exchange rates, there is a risk of the returns on these funds declining, with a corresponding adverse effect on customer satisfaction and the Group's reputation. Foreign-currency risks are addressed by means of currency swaps or options. All told, the Group does not have any material foreign currency exposure. Accordingly, there were no significant risks in this respect as of the balance sheet date.

5.7 Overall assessment of risk situation

As of the date on which the consolidated financial statements were prepared, there were no individual risks to the Group's going-concern status involving a serious loss or very high probability. However, the cumulative occurrence of individual risks could pose a threat to the Company's going-concern status.

5.8 Main characteristics of the accounting-related internal control and risk management system

5.8.1 Elements of the accounting-related internal control and risk management system

The Lloyd Fonds Group's accounting-related internal control and risk management system encompasses all principles, processes and precautions for ensuring the efficacy, efficiency and propriety of the accounting system and for ensuring compliance with the applicable statutory provisions.

The internal management system and the internal monitoring system form the heart of the internal control system. The central finance, accounting, "IFRS" and controlling units are responsible for coordinating the internal control system. The internal monitoring system entails measures integrated in processes as well as non-process-related measures. The measures integrated in processes include individual checks such as the application of the "double sign-off" principle as well as IT-based checks. In addition, monitoring processes are integrated by means of specific Group functions such as Group tax and Group legal. Non-process-related control functions are primarily performed by the Supervisory Board and other auditing bodies.

The accounting-related risk management system is integrated within the Lloyd Fonds Group's risk management system described on page 27. It is designed to identify significant risks to the Company's accounting process including the preparation of the consolidated financial statements and external reporting. The key element comprises the early detection, management and monitoring of risks capable of impacting the Group's net assets, financial condition and results of operations.

5.8.2 Structures

The Lloyd Fonds Group has a central accounting and bookkeeping structure. With the exception of the company in Singapore, the transactions of all consolidated subsidiaries are recorded directly in the central accounting system. This system also prepares the single-entity financial statements in accordance with German commercial law. The financial statements of the aforementioned non-domestic subsidiary are prepared locally. However, Lloyd Fonds AG receives monthly reports from this non-domestic subsidiary and enters this data in the central accounting system.

Group-wide policies and instructions have been adopted to ensure swift, correct, complete and efficient entries of all transactions.

The "IFRS" unit is also integrated within central accounting and is responsible for reconciling the financial statements of the consolidated companies prepared in accordance with German or local GAAP with the measurement and recognition rules applicable under the International Financial Reporting Standards (IFRS). In addition, the IFRS unit is responsible for consolidating the individual companies and preparing the resultant consolidated financial statements.

An IT system running the FibuNet financial accounting program is used to record individual transactions. This program is also used to consolidate the individual companies and to record consolidation bookings. The main upstream systems integrated in FibuNet are the treasury management system provided by ecofinance and the DC-Fonds enterprise resources planning system from Devcon. DC-Fonds is used to organize, manage and monitor trusteeship management of the investment products initiated by Lloyd Fonds. In addition to these integrated systems, Lloyd Fonds has an IT-based tool for measuring the value of ship fund investments.

5.8.3 Processes

The consolidated financial statements are prepared and external reporting organized in the form of a structured process based on a schedule implemented by the relevant internal departments and external partners. Agreement is also reached on the deadline for the delivery of accounts-related data generated outside the accounting system, e.g. information obtained from fund management for measuring the value of investments of the financial statements of associates. Data from outside the department or Company is collected on the basis of predefined individual requirement profiles. This process also entails flowback checks to ensure timely receipt of all the information requested.

The consolidation process takes the form of full consolidation at the level of Lloyd Fonds AG. Accordingly, no subgroup financial statements are prepared.

The preparation process entails a large number of checks to ensure that all errors and omissions are avoided. These comprise preventive and downstream investigative checks. The preventive checks particularly comprise approval and release processes, e.g. in connection with the recording of incoming invoices and payment operations. Certain transactions which may affect the consolidated financial statements on account of their scope or complexity are also approved in a predefined process. In addition, the central accounting, controlling and legal units provide direct assistance in connection with major contracts, e.g. in the structuring of new funds. Consequently, the accounting department receives direct information ensuring that such transactions are recognized correctly.

The investigative checks are performed in the various phases of the accounting process. This particularly entails the “double-sign-off” principle. All single-entity financial statements are checked by the head of finance before they are cleared for processing by the IFRS unit. In connection with the reconciliation of these financial statements with IFRS and consolidation, additional plausibility checks and examinations are performed. The data recorded at the Group level is then transferred electronically to controlling, where it is processed for inclusion in the monthly management report. This is accompanied by close consultation between accounting and controlling.

In addition to the monthly management report, a weekly meeting is held between the accounting department and the CFO to discuss all material matters relating to the financial statements.

6 Material events occurring after the reporting date

In February of this year, the management and advisory board of the “Zweite Lloyd Fonds Hotelportfolio GmbH & Co. KG” real estate fund submitted to the investors a proposal for the sale of the shares in the hotel assets in Berlin and Nuremberg. As 94.4% of the shareholders approved the proposal, the two assets were sold at a purchase-price factor of around 20.

PPA Beteiligungsgesellschaft mbH (PPA), a 100 % subsidiary of Lloyd Fonds AG, sold its share in the “Businesshotel Hamburg/Ferienhotel Sylt” real estate fund of a nominal € 1.4 million to a member of the HTB Group, which acquires shares in real estate funds, at a nominal value of 83 %. The shares in the target funds of the prematurely closed “Premium Portfolio Austria” fund had been transferred to PPA in 2011. The proceeds of around € 1.2 million flowing to the Company from the transaction will be used to repay the loan which had been obtained from Raiffeisenbank Niederösterreich-Wien AG (RaiBa) to finance the acquisition of the shares. Thanks to the IFRS measurement of the fair value of the share in the “Businesshotel Hamburg/Ferienhotel Sylt“ fund held by the Lloyd Fonds Group, this transaction will generate net gains for around T€ 950 in 2016.

Lloyd Fonds Real Estate Management GmbH (LFREM) offered a hotel portfolio to a reputable Hamburg-based family office for acquisition a few months ago. The owner of the portfolio consisting of six tourist hotels on the German Baltic Sea coast and in the Harz region is the previous and future operator of the hotels. The negotiations between the buyer and the seller concerning the sale agreement went on for some time but have now been brought to a successful conclusion. The sale agreement was certified by a notary at the end of May. As a result, LFREM is entitled to an arrangement fee, which is dependent on the sale price.

7 Outlook

7.1 Macroeconomic and sector environment

The following section includes assumptions the occurrence of which is not certain. If one or more of these assumptions fail to eventuate, actual results or developments may differ substantially from the forecasts presented here.

7.1.1 International economy

Last year, the global economy did not grow as dynamically as expected. This was primarily due to slower economic growth in the emerging markets. On the other hand, the industrialized nations achieved relatively robust economic growth.

The Chinese economy looks set to continue slowing in the current year. The continued low oil and commodity prices are exerting pressure on exporters of raw materials such as Brazil and Russia. The outlook for growth in the United States and Japan remains upbeat, although forecasts are now more cautious than they were. The Eurozone economy should continue to recover at a moderate rate. All told, global economic growth is not likely to accelerate noticeably. The OECD expects the world economy to expand by 3.3 % in 2016.

7.1.2 Outlook for the economy in germany

The German economy grew by a solid 1.7 % over the previous year in 2015. Although industrial production slowed in the final quarter of the year, the latest data on order receipts are encouraging. Looking ahead over the next few months, the recovery should continue, particularly in the housing construction sector. Services with their mostly domestic underpinnings look set to continue performing dynamically. Looking forward, low oil prices and the favorable euro exchange rate, which is having a positive effect on exports, should keep on buoying the economy. Additional impetus is especially expected to come from housing construction as a result of the influx of refugees. Growth should therefore reach 1.7 % again in 2016.

7.1.3 Outlook for the shipping market

Given the unabated surplus tonnage capacity, consulting company Drewry expects freight rates to continue declining, resulting in substantial losses for container shipping companies. Freight rates had already dropped by around nine percent in the previous year, with the lowest spot rates ever recorded on numerous important container routes. The charter markets were also unable to escape the effects of this adverse trend, thus entering 2016 on a very weak note. Drewry does not agree with numerous market participants' expectation that the low bunker costs will help to alleviate cost-side pressure, explaining that oil prices have now bottomed out and the cost of positioning empty containers and of laying up ships will continue to rise. What is more, it does not think that ongoing consolidation of the industry will result in any fundamental reduction in container shipping tonnage.

In tanker shipping, the balance of supply and demand could tip due to higher deliveries in all segments in 2016 assuming that oil prices remain low and demand strong. This may make economic conditions in tanker shipping more difficult again.

7.1.4 Outlook for the real estate market

Given the good performance of the German economy, JonesLang-Lasalle (JLL), a professional services, consulting and investment management company, assumes that the German commercial real estate market will remain strong in 2016. Transaction volumes will very likely exceed the € 50 billion mark again. However, this depends on the extent to which the mounting global risks of different kinds can be successfully addressed. With respect to the hotel market, JLL forecasts a continuation of the favorable investment climate due to the upbeat underlying economic conditions. Many investors still consider hotel buildings to form a key part of their real estate portfolio. In the Netherlands, future trends in the office real estate market materially depend on the outlook for the economy.

7.1.5 Outlook for other assets (aircraft, renewable energies, private equity, traded uk endowment policies)

The aviation sector remains upbeat in its expectations for 2016 and assumes that growth will continue at a moderate rate thanks to the continued low price of oil. Passenger transportation should increase by a further 6.7 % to around 3.8 billion passengers. Experts assume that global energy consumption will climb by one third over current levels by 2035. These requirements are still very largely covered by fossil energy sources. However, a study conducted by BP suggests that the share of renewable energies in the energy balance will increase fourfold. The private equity sector expects the European market to pick up in 2016 and sees good opportunities for new investments through the provision of venture capital. The UK insurance industry will continue to come under pressure from low interest rates in 2016.

7.1.6 Outlook for the capital market

Given the persistently low interest rates, it is safe to assume that investments in real assets will again increasingly grow in importance for both professional and retail investors this year. Classic fund structures, such as the fully regulated AIF, as well as alternative structures providing a basis for investments in real assets will record further growth. The growing number of successful listed real estate companies, which are establishing themselves in the German market and steadily increasing their assets, reflects strengthening demand by professional investors in particular for share-based funding vehicles.

In this market environment, rating agency Scope expects competition to intensify among alternative investment and asset managers in 2016. Against this backdrop, asset expertise and access to attractive investment opportunities are growing in importance. According to Scope, real estate will remain the preferred asset class for alternative investments in 2016. Expectations of stable cash flows and mounting demand on the part of Asian and Northern American investors are likely to continue spurring prices in Germany. However, the selection of the asset and location is decisive. Liquid markets should remain available for buildings in top locations with a high long-term investment volume even in difficult market phases. Institutional investors' sentiment towards shipping as an asset class is likely to remain muted until the markets stabilize substantially and surplus tonnage is reduced on a sustained basis.

7.2 Business performance

In times characterized by persistently low central-bank rates and unabated volatility in the financial markets, institutional and retail investors alike are shifting the portfolio allocation of their investments in favor of alternative real assets exhibiting an appropriate risk/reward profile. This market environment offers Lloyd Fonds AG an opportunity of broadening its long-standing expertise as an multi investment- and assetmanager on a sustained basis and of structuring investments in alternative real assets in line with the target groups' specific needs.

With the Capital Investment Code taking effect in 2013, the market for investments in alternative real assets is now almost fully regulated. This may give rise to new sales channels for business particularly with institutional investors that are required to observe strict asset-allocation criteria in their investments and were therefore unable to build up any exposure to non-regulated markets for regulatory reasons prior to 2013.

As one of the most established providers of such investment products, Lloyd Fonds AG is ideally placed to participate in this market. Since its establishment in 1995, it has arranged more than 100 closed-end investment products with a combined investment volume of around € 5 billion and successfully managed the assets. With this experience and its contacts in the relevant markets, Lloyd Fonds AG now wants to establish a sustained position in the market for AIF products. It is currently working on the development of various products in this area.

In addition, it can be assumed that demand for alternative real assets outside the scope of AIF regulation will increasingly strengthen. Demands by institutional as well as retail investors for assets for which there is a deep liquid market should materially spur growth in this segment over the next few years. As it is, interest in share-based products is already rising at an increasing rate. Listed real estate companies provide a good example of the potential offered by this growth market. As a listed company, Lloyd Fonds AG has set itself the goal of expanding its AIF business and also offering alternative share-based forms of investment and is currently working on various projects.

The consolidated net profit of € 1.6 million achieved in 2015, marking the third year in a row of profitable operations for the Company, means that with its solid foundations in managing a portfolio valued at a total of around € 3.5 billion, the Lloyd Fonds Group is headed in the right direction towards positioning itself on a sustained basis in the changing market as a multi investment- and assetmanager with a broad product range. For the year 2016 we are projecting a net consolidated profit of between € 2 million and € 3 million.

7.3 Opportunities

7.3.1 Overall assessment

With consolidated net profit of € 1.6 million, Lloyd Fonds AG stands on a solid economic footing, permitting it to advance its strategic development in 2016. The Company is committed to making the best possible use of this potential by leveraging and expanding its strengths and skills. Material opportunities will be derived from the following factors:

7.3.2 New equity investments

The greatest challenge facing arrangers of investments in alternative real assets is to listen to the market and to develop products meeting the needs of private and professional investors. By engaging in new equity investments, Lloyd Fonds AG will be creating the basis for playing a substantial role as a multi-investment and asset manager again.

7.3.3 Expertise and many years of experience in active asset management

With a history now spanning over 20 years, Lloyd Fonds AG is one of the oldest initiators of investments in alternative real assets. Since its establishment in 1995, it has offered over 100 investments in alternative real assets with a total volume of around € 5 billion to more than 53,000 investors. With a value of some € 3.5 billion, the broad portfolio of assets under management provides the economic underpinnings for the Company. Moreover, additional income can be generated from this portfolio by means of active asset management. Thanks to the long-standing experience of its asset managers, the Lloyd Fonds Group is able to act on key opportunities.

7.3.4 Possibilities for growth

The authorized capital of 13,734,963 shares and the existing liquidity reserves provide the basis for financing the potential acquisition of equity investments for Lloyd Fonds AG's planned growth.

8 Concluding statement

Concluding statement on the dependent company report prepared by the Management Board in accordance with Section 312 (3) of the German Stock Corporation Act:

"At our company, no reportable transactions occurred in the year under review in connection with the controlling company or with any company related to it."

Hamburg, June 6, 2016

The Management Board of Lloyd Fonds AG

Dr. Torsten Teichert

Consolidated Financial Statements

1 Consolidated income statement

for the period from January 1 to December 31, 2015

	Note	2015	2014
T€			
Sales	6.6.1	**11,424**	**10,040**
Cost of materials	6.6.2	-2,060	-1,573
Staff costs	6.6.3	-4,035	-4,747
Depreciation/amortization and impairment losses	6.6.4	-453	-365
Other operating income/expenses	6.6.5	-4,761	-4,306
Share of profit of associates	6.6.6	497	502
Net profit/loss from operating activities		**612**	**-449**
Finance income	6.6.7	1,675	1,542
Finance expenses	6.6.7	-448	-180
Earnings before taxes		**1,839**	**913**
Income taxes	6.6.8	-273	-162
Consolidated net profit		**1,566**	**751**
Earnings per share (diluted/basic) in the reporting period (€ per share)	6.6.9	**0.17**	**0.03**

2 Consolidated statement of comprehensive income

for the period from January 1 to December 31, 2015

	Note	2015	2014
T€			
Consolidated net profit		**1,566**	**751**
Other income components recognized in equity			
Available-for-sale financial assets	6.7.4	3	96
Deferred income taxes on these	6.7.5	32	57
Currency translation differences		-39	-52
Other comprehensive income		**-4**	**101**
Consolidated comprehensive income		**1,562**	**852**

All other items within comprehensive income can be recycled to profit and loss provided that certain conditions are satisfied.

The notes on pages 42 to 76 are an integral part of these consolidated financial statements.

3 Consolidated balance sheet

as of December 31, 2015

	Note	Dec. 31, 2015	Dec. 31, 2014
T€			
Assets			
Non-current assets			
Property, plant and equipment	6.7.1	284	408
Intangible assets	6.7.2	5	11
Receivables from related parties	6.7.7	–	1,923
Investments in associates	6.7.3	1,628	2,282
Available-for-sale financial assets	6.7.4	3,640	3,548
Other receivables	6.7.6	1,928	–
Deferred income tax assets	6.7.5	343	354
		7,828	**8,526**
Current assets			
Trade receivables and other receivables	6.7.6	4,472	5,099
Receivables from related parties	6.7.7	149	281
Available-for-sale financial assets	6.7.4	5,085	5,648
Current income tax assets	6.7.15	443	675
Cash and cash equivalents	6.7.8	10,173	7,592
		20,322	**19,295**
Total assets		**28,150**	**27,821**
Equity			
Share capital	6.7.9.1	9,157	9,157
Retained earnings	6.7.9.2	9,234	7,672
Total equity		**18,391**	**16,829**
Liabilities			
Non-current liabilities			
Net asset value attributable to other limited partners	6.7.10	719	712
Trade payables	6.7.11	–	80
Other provisions	6.7.14	154	45
Deferred income tax liabilities	6.7.5	706	738
		1,579	**1,575**
Current liabilities			
Trade payables and other liabilities	6.7.11	4,639	5,137
Liabilities to related parties	6.7.13	450	615
Financial liabilities	6.7.12	2,752	2,837
Other provisions	6.7.14	270	409
Current income tax liabilities	6.7.15	69	419
		8,180	**9,417**
Total liabilities		**9,759**	**10,992**
Total equity and liabilities		**28,150**	**27,821**

The notes on pages 42 to 76 are an integral part of these consolidated financial statements.

4 Consolidated cash flow statement

for the period from January 1 to December 31, 2015

	Note	2015	2014
T€			
Cash flow from operating activities			
Consolidated net profit/loss for the year before share of profit of associates, interest and taxes	6.8.1	453	-606
Depreciation/amortization and impairment losses of non-current assets	6.6.4	453	365
Other non-cash transactions	6.8.2	1,517	432
Changes in trade and other receivables		-1,998	821
Changes in receivables from related parties		1,597	-419
Changes in trade payables and other liabilities		-290	425
Changes in amounts due to related parties		210	6
Changes in other provisions		-9	112
Interest received		81	1
Interest paid		-14	-41
Dividends and profit distributions received		1,133	1,422
Income tax refunds received		321	58
Income taxes paid		-700	-281
Net cash generated from operating activities		**2,754**	**2,295**
Cash flow from investing activities			
Payments made for investments in:			
Property, plant and equipment and intangible assets	6.7.1–2	-12	-142
Available-for-sale financial assets and investments in associates		-64	-38
Proceeds from the disposal of:			
Available-for-sale financial assets and investments in associates		117	31
Net cash generated from/used in investing activities		**41**	**-149**
Cash flow from financing activities			
Changes in the net asset value attributable to other limited partners		-31	–
Settlement of financial liabilities		-142	-210
Net cash used in financing activities		**-173**	**-210**
Non-cash change in cash and cash equivalents		32	–
Net increase in cash and cash equivalents		**2,654**	**1,936**
Cash and cash equivalents on January 1		7,552	5,670
Currency translation differences		-41	-54
Cash and cash equivalents on December 31	6.8.3	**10,165**	**7,552**

The notes on pages 42 to 76 are an integral part of these consolidated financial statements.

5 Consolidated statement of changes in equity

for the period from January 1 to December 31, 2015

				Other comprehensive income		
	Share capital	Additional paid-in capital	Retained earnings	Available-for-sale financial assets	Currency translation differences	Total equity
T€						
Amount on January 1, 2014	**27,470**	**44,065**	**-58,612**	**3,094**	**-40**	**15,977**
Total net profit/loss recorded within consolidated equity	–	–	751	153	-52	852
Capital reduction	-18,313	-44,065	62,378	–	–	–
Amount on December 31, 2014	**9,157**	**–**	**4,517**	**3,247**	**-92**	**16,829**
Amount on January 1, 2015	**9,157**	**–**	**4,517**	**3,247**	**-92**	**16,829**
Total net profit/loss recorded within consolidated equity	–	–	1,566	35	-39	1,562
Amount on December 31, 2015	**9,157**	**–**	**6,083**	**3,282**	**-131**	**18,391**

The notes on pages 42 to 76 are an integral part of these consolidated financial statements.

6 Notes to the consolidated financial statements

6.1 General information

Lloyd Fonds AG (hereinafter referred to as the "Parent Company") and its subsidiaries (hereinafter referred to as the "Lloyd Fonds Group") are engaged in the development, arrangement, initiation and marketing of investment products for private and institutional investors via sales partners. In 2015, its activities particularly encompassed asset management for portfolio investments and project business. Other Group activities entail the trusteeship management of active funds.

The Parent Company is a joint stock corporation (Aktiengesellschaft) established in accordance with German law with registered offices in Hamburg. Its address is Lloyd Fonds AG, Amelungstraße 8–10, 20354 Hamburg, Germany. Lloyd Fonds AG has been listed in the Entry Standard of the Frankfurt Stock Exchange since April 30, 2013. These consolidated financial statements were approved for issue by Lloyd Fonds AG's Management Board on June 6, 2016.

6.2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the reporting periods presented, unless otherwise stated.

The consolidated financial statements have been prepared in thousands of euros (abbreviated to T€) as this rounding method does not result in any loss of information. This may result in rounding differences between the individual parts of the financial statements. To improve the clarity of presentation, individual items of the income statement and balance sheet have been combined. The items are explained in these notes. The income statement has been prepared using the nature-of-expense method.

6.2.1 Basis of preparation

The consolidated financial statements for 2015 have been prepared voluntarily in accordance with international accounting standards. Lloyd Fonds AG's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted and published by the International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) on or before December 31, 2015. The following standards endorsed by the EU Commission were not early adopted in 2015:

- IAS 19 Employee Benefits
- Revisions arising from the Annual Improvement Project 2010–2012
- IAS 16/IAS 41 Property, Plant and Equipment/Agriculture
- IAS 16/IAS 38 Property, Plant and Equipment/Intangible Assets
- IFRS 11 Joint Arrangements
- Revisions arising from the Annual Improvement Project 2012–2014
- IAS 1 Presentation of Financial Statements
- IAS 27 Separate Financial Statements

The first-time application of the new and revised standards is not expected to have any material effects on the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with the going-concern assumption.

As a matter of principle, the consolidated financial statements are prepared under the historical cost convention. Available-for-sale financial assets and derivative financial instruments are reported at their fair values.

6.2.1.1 New standards and interpretations applied for the first time

The standards to be applied for the first time in 2015 did not have any material effects on the consolidated financial statements.

- Revisions arising from the Annual Improvement Project 2011–2013: They comprise amendments to various IFRSs impacting the recognition, measurement and presentation of transactions as well as terminology or editorial corrections.

6.2.1.2 Outlook for future standards

This section describes the new IFRS standards and revisions to existing standards and interpretations, which are to be applied in accounting periods commencing on or after January 1, 2016. Earlier adoption is recommended. The Lloyd Fonds Group early-adopted only those new standards and interpretations as well as amendments to existing standards which have been endorsed by the EU Commission.

- IAS 7 Presentation of Financial Statements (from January 1, 2017)
- IAS 12 Income Taxes (from January 1, 2017)
- IFRS 9 Financial Instruments (from January 1, 2018)
- IFRS10/IFRS 12/IAS 28 Consolidated Financial Statements (from January 1, 2016)
- IFRS 14 Regulatory Deferral Accounts (from January 1, 2016)
- IFRS 15 Revenue from Contracts with Customers (from January 1, 2018)
- IFRS 16 Leases (from January 1, 2019)
- Revisions arising from the Annual Improvement Project 2014–2016

The possible effects on the consolidated financial statements are still being assessed at present.

6.2.2 Consolidation

6.2.2.1 Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanied by a shareholding of more than 50 % of the voting rights. Under IFRS 10 “Consolidated Financial Statements” the companies consolidated are determined on the basis of the exercise of control as well as the variable returns. In addition, it must be possible for the variable returns to be influenced by the exercise of control.

Subsidiaries are included in the consolidated financial statements (full consolidation) as of the date on which control is transferred to the Group. They are deconsolidated as of the date on which control is extinguished.

Companies in which Lloyd Fonds held a stake of more than 50 % were not classified as subsidiaries in cases in which the Group did not have any scope for exerting influence on their business and financial policies on account of the specific provisions of their articles of association despite having a voting majority. Accordingly, the criterion of control was not satisfied. Even so, Lloyd Fonds exerted a material influence on these companies, meaning that they are accounted for as associates. Not included in the consolidated financial statements are 31 (previous year: 30) subsidiaries which are of immaterial importance in their entirety for the Group’s net assets, financial condition and results of operations.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any minority interest. If the acquisition costs exceed the Group’s share in the net assets measured at fair value, this difference is recognized as goodwill. If the acquisition costs are less than the fair value of the net assets of the acquired subsidiary, the difference is recorded directly in profit and loss.

The hidden reserves and charges disclosed when the assets and liabilities are recognized at fair value during initial consolidation are amortized, depreciated or released in subsequent periods in line with the development of the assets and liabilities. Intercompany transactions and balances between group companies are eliminated. Eliminations of inter-company gains and losses were not necessary within the Group due to the absence of any relevant transactions.

6.2.2.2 Companies consolidated

The consolidated financial statements as of December 31, 2015 include the Parent Company as well as the following 18 (previous year: 16) entities.

Company	Share held by Group	Brief description of activities
Lloyd Fonds Real Estate Management GmbH, Hamburg	100,0%	Management function for real estate funds initiated
Lloyd Fonds Gesellschaft für Immobilienbeteiligungen mbH & Co. KG, Hamburg	100,0%	Currently no business operations
Lloyd Shipping GmbH, Hamburg	100,0%	Project development, ship brokerage and operation of ships
Lloyd Fonds Singapore Pte. Ltd., Singapore	100,0%	Management of ships owned by LF Open Waters OP SICAV
Lloyd Fonds Consulting GmbH, Hamburg	100,0%	Provision of investment arrangement activities and advice as defined in Section 34f and the arrangement of loan contracts as defined in Section 34c of the Trade Code
Lloyd Fonds Special Assets GmbH, Hamburg	100,0%	To develop, structure and manage investments
TradeOn GmbH, Hamburg	100,0%	Valuation, acquisition, holding, management, structuring and sale of shares in closed-end funds organized as limited partnerships. Arrangement of contracts for land and similar rights for commercial or residential real estate
Lloyd Treuhand GmbH, Hamburg	100,0%	Management in trust of investments, particularly the assumption of the position of trust limited partners in associates
PPA Beteiligungsgesellschaft mbH, Hamburg	100,0%	Acquire, hold, manage and sell shares in limited-partnership entities
Lloyd Fonds Energy Management GmbH, Hamburg	100,0%	Management of energy funds
Lloyd Fonds Energy Commercial Services GmbH, Hamburg	100,0%	Commercial and consulting services for companies in the energy sector
Lloyd Fonds Management GmbH, Hamburg	100,0%	External asset management as defined in Section 17 (2) No. 1 of the Capital Investment Code; management of domestic closed-end AIFs on the basis of registration under Section 44 (1) in connection with Section 2 (5) of the Capital Investment Code.
LFS Containerschiff Portfolio I Verwaltung GmbH, Hamburg	100,0%	Management and general partner in partnerships whose business entails the acquisition and operation of container ships and investments in such entities.
LFS Containerschiff Portfolio II Verwaltung GmbH, Hamburg (renamed Lloyd Fonds Wohnungsbau GmbH from February 22, 2016)	100,0%	Management and general partner in partnerships whose business entails the acquisition and operation of container ships and investments in such entities. (In connection with the new name, the company's purpose is now to engage in investments in residential real estate assets, particularly housing construction)
LFS Tanker Portfolio I Verwaltung GmbH, Hamburg	100,0%	Management and general partner in commercial partnership entities whose business entails the acquisition and operation of tankers and investments in such entities.
2. Lloyd Fonds Shipping Beteiligung GmbH & Co. KG, Hamburg	48,9%	Acquisition, holding, management and exploitation of shares in closed-end ship funds
2. Lloyd Fonds Real Estate Beteiligung GmbH & Co. KG, Hamburg	48,9%	Acquisition, holding, management and exploitation of shares in closed-end real estate funds
2. Lloyd Fonds Aviation Beteiligung GmbH & Co. KG, Hamburg	49,2%	Acquisition, holding, management and exploitation of shares in closed-end aircraft funds

The latter three companies are consolidated in full in accordance with the provisions of IFRS 10 due to the availability of a majority of the voting rights at the shareholder meetings notwithstanding the fact that a share of less than 50 % is held in them.

The reporting date of the financial statements of the Lloyd Fonds Group is identical to those of the individual financial statements of the subsidiaries (namely December 31).

The first-time consolidation in February 2015 of LFS Tanker Portfolio I Verwaltung GmbH, LFS Containerschiff Portfolio I Verwaltung GmbH and LFS Containerschiff Portfolio II Verwaltung GmbH (renamed Lloyd Fonds Wohnungsbau GmbH on February 22, 2016), all domiciled in Hamburg, did not exert any material effect on the Lloyd Fonds Group's net assets, financial condition and results of operations.

The merger of Dritte Lloyd Fonds Private Equity Beteiligung GmbH & Co. KG, Hamburg, with Lloyd Fonds AG as of December 31, 2015 not have any effect on the Lloyd Fonds Group's net assets, financial condition or results of operation.

6.2.2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanied by a shareholding of between 20 % and 50 % of the voting rights. The 91 (previous year: 119) associates are accounted for using the equity method of accounting and initially recognized at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition. The decline over the previous year is due to the fact that associates for which an insolvency administrator has been appointed are no longer included in this number.

The Group's share in its associates' post-acquisition profits or losses is recognized in the income statement and its share in post-acquisition movements in reserves is recognized in reserves. The accumulated post-acquisition movements are adjusted against the carrying amount of the investment. If the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize any further losses unless it has incurred obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The reporting date of the financial statements of the Lloyd Fonds Group is identical to the reporting dates of the individual financial statements of all entities accounted for using the equity method of accounting (namely December 31). The financial statements of Lloyd Fonds AG and of the entities accounted for using the equity method of accounting have been prepared using uniform accounting policies. If the final single-entity financial statements of the entities concerned are not yet available as of the date on which the consolidated financial statements are prepared, provisional financial statements are used.

In exceptional cases, the Lloyd Fonds Group may exert a material influence on an associate due to the specific provisions of its articles of incorporation notwithstanding the fact that it holds a share of less than 20 % in its capital. In the year under review, two (previous year: two) companies in which the Group has an interest of less than 20 % were classified as associates.

6.2.3 Property, plant and equipment

Property, plant and equipment are recognized at historical cost and depreciated on a straight-line basis over their useful lives. Historical cost includes the directly attributable transaction costs. Gains or losses from the disposal of non-current assets are reported within other net operating profit or loss.

Scheduled depreciation is calculated on a uniform Group-wide basis. Fittings in leased office premises are written down on the basis of an expected rental period of ten years. Useful lives of between three and 19 years are assumed for other equipment, operating and business equipment. Depreciation of assets under finance leases is calculated on the basis of the expected useful life of the asset in question provided that it is sufficiently probable that there will be a transfer of ownership rights upon the expiry of the lease. In other cases, they are depreciated over the shorter of the useful life of the asset or the term of the lease. The useful lives and any residual values are reviewed annually to ensure that they are adequate.

6.2.4 Intangible assets

Acquired intangible assets are initially recognized at historical cost.

There are no intangible assets with an indefinite useful life in the Lloyd Fonds Group. Internal expenses for the development and operation of the Company's own websites are expensed. Acquired intangible assets are amortized using the straight-line method over their useful lives, namely three to five years in the case of software.

6.2.5 Impairment of non-monetary assets

Intangible assets which have an indefinite useful life or which are not yet in a condition in which they are capable of operating as well as goodwill are not amortized; instead, they are subject to an annual impairment test. Assets which are subject to depreciation or amortization undergo an impairment test if corresponding events or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value of the asset less the costs of disposal and the value in use. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

6.2.6 Financial assets

Financial assets are divided into the following categories:
- Financial assets at fair value through profit or loss
- Loans and receivables
- Financial assets held to maturity
- Available-for-sale financial assets

The classification depends on the purpose for which the financial assets were acquired. The Company's management determines the classification of the financial assets at initial recognition and reviews the classification on each reporting date. The following categories are of relevance for the Lloyd Fonds Group:
- **Financial assets at fair value through profit or loss** are assigned to this category from the outset within the Lloyd Fonds Group; no assets are currently categorized as being held for trading.
- **Loans and receivables** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides cash or services directly to a debtor without any intention of trading in such instrument. They are included in current assets unless they are due for settlement in more than twelve months after the reporting date, in which case they are classified as non-current assets. Loans and receivables are reported on the face of the balance sheet within trade and other receivables and within receivables from related parties.
- **Available-for-sale financial assets** are non-derivative financial assets that are either directly assigned to this category or which cannot be assigned to any of the three other categories mentioned above. They include shares in subsidiaries and associates which are not consolidated on account of their insignificant nature. and are reported within non-current assets unless management intends to dispose of the investment within twelve months of the reporting date.

All purchases and sales of financial assets are recognized on the trade date, i.e. the date on which the Company assumes an obligation to buy or sell the asset in question.

Available-for-sale financial assets are initially recognized at fair values plus transaction costs and adjusted to their fair values on the following reporting dates. Any unrealized gains or losses arising from changes in the fair value are recognized in equity allowing for the tax effects with no impact on profit and loss under other comprehensive income.

Loans and receivables are initially recognized at their fair value plus transaction costs and subsequently measured on ensuing reporting dates at amortized cost using the effective interest method. Reasonable allowance is made for any discernible risks of default.

Receivables are derecognized when the rights to payment expire or they have been transferred to third parties together with substantially all risks and opportunities arising from ownership.

A test is performed at each reporting date to identify any evidence of impairment in a financial asset or a group of financial assets. In the case of equity instruments classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the instrument below its cost is considered in determining whether the instruments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized in profit or loss – is removed from equity and recognized in profit or loss. Impairment losses relating to equity instruments which have been recognized in profit or loss are not subsequently reversed through profit or loss.

The fair value of available-for-sale financial assets is calculated using the discounted cash flow method based on a standard market discount rate matching the term of the asset in question and allowing for risk exposure. Depending on the asset in question, the residual terms are between ten and 19 years. The discount rates are between 6 % and 10 %.

6.2.7 Trade receivables and other receivables

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any impairment. In this connection, the effective interest method is used only if the receivable is not due for settlement in less than twelve months. Impairments are recognized on trade receivables when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Indicators of possible impairment particularly include delayed payments and any deterioration in the debtor's credit rating. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The impairment loss is taken to the income statement and allocated to other operating income/expenses. If a receivable is deemed irretrievable, it is derecognized and allocated to the impairment account for trade and other receivables. Any subsequent payments received towards derecognized receivables are reported in the income statement within other operating income.

It is assumed that the fair value of trade receivables and other receivables equals their nominal value less impairments.

6.2.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. For the purposes of the cash flow statement, bank overdraft facilities are netted against cash and cash equivalents. Bank balances which are subject to drawing restrictions are not included in cash and cash equivalents in the cash flow statement.

6.2.9 Equity

Incremental costs which are directly attributable to the issue of new shares or options are recognized in equity as a deduction net of tax from the proceeds of the issue. Taxes are included provided that they are expected to have any impact. Costs relating to the issue of new shares as well as the stock-market listing of shares already issued are split and assigned to the individual transactions. Transaction costs arising in connection with the stock-market listing of shares already issued are taken to the income statement.

6.2.10 Liabilities and financial liabilities

Liabilities and financial liabilities are recognized initially at fair value, net of transaction costs incurred. In subsequent periods, liabilities and financial liabilities are stated at amortized cost; any difference between the proceeds and the redemption value is recognized in profit or loss over the period of the liability or financial liabilities using the effective interest method. They are reported within current liabilities unless they are due for settlement in more than twelve months after the reporting date, in which case they are recorded as non-current liabilities.

It is assumed that the fair value of trade payables equals their nominal value less adjustments. The fair value of non-current financial assets is derived by discounting the future contractual payment flows with the current market interest rate granted to the Group for comparable financial instruments.

The net asset value attributable to the other limited partners is due to the right of termination provided for in the articles of incorporation in favor of the subscribers of the "Premium Portfolio Austria" fund. These rights may be exercised for the first time as of December 31, 2025 and constitute a right to put back the financial instrument as defined in IAS 32.18 (b). IAS 32.AG 29A states that the exceptions referred to in paragraphs 16A-D of IAS 32 do not apply to the consolidated financial statements, which means that the capital commitments must be classified as financial liabilities. The amount of the settlement entitlement is governed by the respective articles of incorporation and is based on the fair value of the net assets. The value of this item was measured at fair value in connection with the first-time consolidation (present value of settlement claim). In subsequent periods, the resulting liabilities are amortized over time using the effective interest method and, where applicable, adjusted in the light of the modified distribution forecasts.

6.2.11 Employee and management benefits

Allocations of profit, based on certain profit-sharing arrangements for the members of the Management Board and the Supervisory Board and certain employees, are recognized as expenses and stated as a liability in the balance sheet. The Group recognizes an accrued liability in the balance sheet where contractually obliged or where a past business practice has created a constructive obligation.

6.2.12 Taxes

Current income tax expenses are calculated on the basis of national tax legislation. In addition, current tax expense for the year under review includes adjustments for any tax payments or refunds for years for which final tax assessment notices have not yet been received.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements (liability method). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized on temporary differences to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets on unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. Deferred income tax assets of T€ 343 were recognized in 2015 (previous year: T€ 354).

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates if the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

6.2.13 Provisions

Provisions are recognized if the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be necessary to settle the obligation and a reliable estimate can be made of the amount of the obligation. Non-current provisions are recognized at the present value of the expenditure expected to be required to settle the obligation discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as borrowing cost.

6.2.14 Revenue recognition

Revenues comprise the fair value received for the sale of services excluding value added tax, discounts and rebates and after eliminating transactions within the Group. Income from the provisions of services of all kinds is recognized only if the service has been provided, legal entitlement to consideration has arisen, the amount of the income can be reliably estimated and it is sufficiently probable that an economic benefit will flow to the Company. In addition, individual income is accounted for in accordance with the following principles:

Lloyd Fonds provides arrangement, structuring and advisory services and arranges project funding models for fund entities and external third parties. Depending on the wording of the contract in question, income is realized either upon the service in question being completed or on a percentage-of-completion basis reflecting the progress made in the execution of the service in question.

Revenue from services provided in the past in connection with the collection of capital was recognized upon acceptance of the share. Correspondingly, expenses incurred in conjunction with equity placements were recognized at the same time.

In addition to management activities, Lloyd Fonds also provides support services for the management of the fund entities. As these services are performed continuously over the term of entity, income is recognized on a time-proportionate basis.

In addition, Lloyd Fonds provides trusteeship services entailing the establishment of trust arrangements, the management of limited-partner shares held for third parties or managed following entry in the commercial register as well as the preparation of, the dispatch of invitations for and the organization of shareholder meetings. The establishment fee is recognized in the year in which the service is provided in full in the form of a flat-rate amount in accordance with the percentage of completion of the underlying fund. Trusteeship fees arising in following years are recognized on each reporting date as a share of the applicable value of the capital under management.

Interest income is recorded using the effective interest method on a time-proportionate basis. Dividend income is recognized when the right to receive payment is established, i.e. the date on which the corresponding resolution is passed.

6.2.15 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

If Lloyd Fonds as the lessee bears the material risks and opportunities arising from the leased asset, the leases are classified as finance leases. In this case, the asset is placed on the Group's books as an asset and is matched by a liability of the same amount. The leased asset is initially measured at the lower of its fair value or the present value of the minimum lease payments. In subsequent periods, scheduled depreciation of these assets is calculated over their expected useful lives. However, if there is no reasonable certainty that Lloyd Fonds will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term or its useful life upon the expiry of the lease. The minimum lease payments are split into an interest and a repayment component. Whereas the interest component is recorded through profit and loss in net finance income/expense, the repayment component is applied to the outstanding liability.

6.2.16 Currency translation

6.2.16.1 Functional currency and presentation currency

The items included in the financial statements of each consolidated company are measured on the basis of the currency which corresponds to the currency of the primary economic environment in which such company operates. The consolidated financial statements are presented in euros, which is Lloyd Fonds AG's functional and presentation currency.

6.2.16.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss unless they are required to be recognized in equity as a qualifying cash flow hedge.

6.2.16.3 Group companies

The earnings and balance sheet items of all Group companies which have a functional currency other than the euro are translated into euros as follows:

- assets and liabilities are translated using the exchange rate prevailing on each reporting date,
- Income and expenses are translated at the average exchange rate for each income statement, and
- all resultant translation differences are recorded within other comprehensive income.

The following exchange rates were applied in 2014 and 2015:

	End-of-year exchange rate		Average exchange rate	
	2015	2014	2015	2014
US dollars	1.0887	1.2141	1.1096	1.3285
UK pounds	0.7340	0.7789	0.7260	0.8061

6.3 Financial risk management

6.3.1 Risks from financial instruments

The Group's activities expose it to a variety of risks from financial instruments. These entail liquidity, market price and credit risks. Market risk involves interest, currency and price risks.

6.3.1.1 Liquidity risk

Liquidity risk is managed by the Finance department on the basis of procedures and measures complying with the risk management policy issued by the Management Board. Short-term liquidity is managed by means of rolling liquidity planning on a currency-differentiated basis covering a forward-looking range of up to one year. It is supplemented by medium-term forecasts for the following two years. This is an integrated planning model comprising forecasts for the balance sheet, the income statement and the cash flow statement. Both the short and medium-term forecasts are derived from the Group's business planning and are mutually aligned to each other.

6.3.1.2 Market risk

Interest risk, which is one aspect of market risk, arises from possible fluctuations in the fair value of a financial instrument and the cash flows which it is expected to yield on account of changes in market interest rates. This affects the Group's future interest income and expense and may also influence the fair value of its financial instruments.

Normally, loans granted or utilized are subject to a fixed interest rate reflecting standard market conditions. They are subsequently measured at amortized cost using the effective interest method in accordance with IAS 39. Accordingly, no material adjustments to fair value are likely.

In these consolidated financial statements, foreign-currency risks primarily relate to the translation of US-$-denominated assets and liabilities into euro. To minimize these effects, Lloyd Fonds regularly analyzes the Group's foreign-currency assets and liabilities and forecasts future trends. The focus here is on risks affecting the Group's liquidity. If any significant risks to the Group's financial condition arise from foreign-currency exposure, appropriate hedges are transacted.

The Finance department is responsible for managing interest and foreign-currency risks in consultation with other Group departments.

The price risk particularly relates to the fair-value measurement of available-for-sale financial assets. The shares held by the Group in its own funds come within this category and chiefly comprise shares which Lloyd Fonds has retained as the original founder of the funds. As a matter of principle, fluctuations in fair value are reported within other comprehensive income. This does not apply to impairments, which are recorded through profit and loss. However, reversals are reported within equity.

Lloyd Fonds measures the fair value of all investments in material associates at the end of half-year period. This is performed by the Group's fund management in close consultation with Group Accounting to ensure that any changes are correctly reflected in the balance sheet. In the event of any objective evidence of an impairment, corresponding impairment tests are performed and any impairment in the fair value of the investment in the associates concerned taken to profit and loss. Considerable impairments had previously been recorded in earlier years. Given the continued difficult market conditions particularly in the shipping segment, further impairments were recognized in the year under review to allow for the price risk (see also Note 6.4.2).

6.3.1.3 Credit risk

The credit risk refers to the threatened non-recoverability of outstanding receivables. In the wake of the economic and financial crisis, there was a general increase in this risk. This particularly concerned receivables from distressed investment funds. As part of efforts to restructure these entities, the Lloyd Fonds Group granted respites on these receivables and, in some cases, agreed to waivers in return for debtor warrants. The resultant credit risks are provided for by means of individual impairments. As receivables are viewed individually, it is assumed that their fair value equals their nominal value less adjustments. In addition, across-the-board adjustments are made to allow for further credit risks.

In addition to ongoing impairment testing of receivables, Lloyd Fonds is responding to the heightened credit risk by means of steady and sustained improvements to its receivables management. This particularly focuses on swift collection of outstanding amounts in an effort to reduce the volume of receivables due for immediate settlement.

6.3.2 Disclosures on financial instruments

The following table analyzes the financial instruments broken down by the categories defined in IAS 39 as well as the classes selected by the Lloyd Fonds Group in accordance with IFRS 7. The carrying amount equals the fair value:

2015	Loans and receivables	Available-for-sale	Financial liabilities at their residual carrying amount	Total
T€				
Non-current assets				
Other receivables	1,928	–	–	1,928
Available-for-sale financial assets	–	3,640	–	3,640
	1,928	**3,640**	**–**	**5,568**
Current assets				
Trade receivables and other receivables	4,472	–	–	4,472
Receivables from related parties	149	–	–	149
Available-for-sale financial assets	–	5,085	–	5,085
Cash and cash equivalents	10,173	–	–	10,173
	14,794	**5,085**	**–**	**19,879**
	16,722	**8,725**	**–**	**25,447**
Non-current liabilities				
Net assets attributable to other limited partners	–	–	719	719
	–	**–**	**719**	**719**
Current liabilities				
Trade payables and other liabilities	–	–	4,639	4,639
Liabilities to related parties	–	–	450	450
Financial liabilities	–	–	2,752	2,752
	–	**–**	**7,841**	**7,841**
	–	**–**	**8,560**	**8,560**

2014	Loans and receivables	Available-for-sale	Financial liabilities at their residual carrying amount	Total
T€				
Non-current assets				
Receivables from related parties	1,923	–	–	1,923
Available-for-sale financial assets	–	3,548	–	3,548
	1,923	**3,548**	**–**	**5,471**
Current assets				
Trade receivables and other receivables	5,099	–	–	5,099
Receivables from related parties	281	–	–	281
Available-for-sale financial assets	–	5,648	–	5,648
Cash and cash equivalents	7,592	–	–	7,592
	12,972	**5,648**	**–**	**18,620**
	14,895	**9,196**	**–**	**24,091**
Non-current liabilities				
Net assets attributable to other limited partners	–	–	712	712
Trade payables	–	–	80	80
	–	**–**	**792**	**792**
Current liabilities				
Trade payables and other liabilities	–	–	5,137	5,137
Liabilities to related parties	–	–	615	615
Financial liabilities	–	–	2,837	2,837
	–	**–**	**8,589**	**8,589**
	–	**–**	**9,381**	**9,381**

6.3.2.1 Loans and receivables

The Group's loans and receivables dropped by a total of T€ 1,378 from T€ 7,303 to T€ 5,925. The maturity structure in the year under review as well as in the previous year breaks down as follows:

	2015	2014
T€		
Not yet due for settlement	5,069	5,602
Overdue by 1–30 days	29	15
Overdue by 31–365 days	546	768
Overdue by more than one year	281	918
	5,925	**7,303**

Value added tax on unrecoverable receivables is reported within receivables that are not yet due as this amount is now payable to the tax authorities and not the original party to whom the receivable is owed.

As of December 31, 2015, receivables of a nominal T€ 18,930 (previous year: T€ 16,982) were impaired in part or in full by a total of T€ 16,039 (previous year: T€ 14,393), resulting in a carrying amount of T€ 2,891 (previous year: T€ 2,589). Details of the underlying estimates and assumptions can be found in Note 6.4.3.

6.3.2.2 Financial assets and liabilities at fair value through profit and loss

In measuring financial instruments at fair value, three different hierarchy levels are used:

- Level 1: Prices quoted in active markets for identical assets or liabilities (such as share prices).
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data.

As in the previous year, the Group's financial assets at fair value through profit and loss comprise solely investments in associates which were categorized as available-for-sale as of December 31, 2015. The fair value of these investments is calculated using the discounted cash flow method, meaning that they are assigned to Level 3 of the hierarchy. See Note 6.4.2 for details.

The following overview shows the development of financial instruments in Level 3:

	Note	2015	2014
T€			
Amount on January 1		**9,196**	**9,558**
Additions		176	18
Disposals		-214	-25
Dividends received		-132	-272
Reclassifications		5	14
Results recognized directly in profit and loss	6.6.4	-309	-193
Income recognized within equity	6.7.4	3	96
Amount on December 31	6.3.2	**8,725**	**9,196**

The fair value of all other assets and liabilities is determined in accordance with Level 3.

6.3.2.3 Financial liabilities

As of December 31, 2015, the Group's financial liabilities totaled T€ 8,560 (previous year: T€ 9,381).

Maturity structure of financial liabilities:

	2015	2014
T€		
Less than one year	7,841	8,589
One to five years	–	80
More than five years	719	712
	8,560	**9,381**

The current financial liabilities comprise loans of T€ 2,752 granted by Raiffeisenbank Niederösterreich-Wien AG (RaiBa) to finance the shares acquired in the target funds of the "Premium Portfolio Austria" fund. In connection with the premature closure of the fund together with the reduced capital, these loans and the surplus shares were transferred to PPA GmbH, which was incorporated in 2011. The shares and all returns on these investments have been pledged as collateral for these loans. RaiBa does not have any entitlement to compensation if the flowbacks from the investments are not sufficient to settle the financial liabilities towards it. Reference should be made to events after the reporting date (Note 6.9.6).

6.3.2.4 Impairment losses

Impairment losses on financial instruments were as follows in the Lloyd Fonds Group:

	2015	2014
T€		
Loans and receivables		
Trade receivables		
Amount on January 1	**7,027**	**7,074**
Reclassified	755	–
Added	1,576	896
Utilized	–	-199
Reversed	-388	-744
Amount on December 31	**8,970**	**7,027**
Receivables from related parties		
Amount on January 1	**7,367**	**7,162**
Reclassified	-755	–
Added	457	539
Utilized	–	-323
Reversed	–	-11
Amount on December 31	**7,069**	**7,367**
	16,039	**14,394**
Available-for-sale financial assets		
Amount on January 1	**4,650**	**4,345**
Added	309	193
Adjusted	122	112
Utilized	-208	–
Reversed	-14	–
Disposed of	-5	–
Amount on December 31	**4,854**	**4,650**
Impairment losses on December 31	**20,893**	**19,044**

6.3.2.5 Other disclosures

Net gains (or losses) on financial instruments break down as follows:

T€	2015	2014
Measured at amortized cost		
Loans and receivables		
Trade receivables	-1,128	-59
Receivables from related parties	-457	-529
Cash and cash equivalents	–	123
	-1,585	**-465**
Financial liabilities at residual carrying amount		
Trade payables and other liabilities	164	60
	164	**60**
	-1,421	**-405**
At fair value recognized under equity		
At fair value recognized under equity		
Available-for-sale financial assets		
Impairment losses recognized directly in profit and loss	-309	-193
Additions to revaluation reserve pursuant to IAS 39	35	153
	-274	**-40**
Net gains/losses from financial instruments	**-1,695**	**-445**

The net gains/losses on financial instruments measured at amortized cost comprise unrealized currency translation gains, income from the derecognition of liabilities, the recognition and reversal of impairments on trade receivables and expense in connection with irretrievable receivables. Financial instruments recognized at fair value in equity entail the measurement of available-for-sale financial assets in accordance with IAS 39.

Net interest on the financial assets measured at amortized cost breaks down as follows:

T€	2015	2014
Loans and receivables		
Interest income on bank balances	6	–
Interest refund from tax authorities	75	28
Interest income from related parties	455	526
Interest income from other limited partners	156	–
Other interest and similar income	96	–
	788	**554**
Loans and receivables		
Interest expenses on financial liabilities	-57	-58
Interest expenses due to limited partners	-195	-26
Other interest expenses	-20	-94
	-272	**-178**

6.3.3 Capital risk management

The objectives of the Lloyd Fonds Group with regard to capital management are to maintain an adequate level of equity on a sustained basis and to generate an appropriate return on the capital employed. In this connection, top priority is given to the Group's credit rating.

The Group monitors its capital on the basis of absolute amounts in the light of the equity ratio. Future movements in capital and possible capital requirements are identified on the basis of an integrated planning model for the coming two years.

As a matter of principle, Lloyd Fonds AG manages its capital structure via its dividend policy. In the past seven years, no dividend has been distributed on account of the Company's earnings situation. Equity for the year under review stands at T€ 17,750 including the proposed dividend.

As of December 31, 2015, the Lloyd Fonds Group's equity stood at T€ 18,391, up from T€ 16,829 at the end of the previous year. The equity ratio came to 65.3 % as of the reporting date (December 31, 2014: 60.5 %).

The consolidated net profit for the period (T€ 1,566) and other comprehensive income (T€ -4) had a positive effect.

6.4 Use of estimates and assumptions and changes to estimates and discretionary decisions

All estimates and assumptions are continually evaluated and are based on historical experience and other factors including expectations of future events which are believed to be probable under the circumstances. The Group makes estimates and assumptions concerning the future. The amounts derived from such estimates may by definition vary from the later actual circumstances. The material estimates and assumptions entailing a significant risk in the form of a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below. Deviations from these estimates and assumptions may occur over the next year, thus necessitating substantial changes to the carrying amounts.

6.4.1 Recoverable value of investments in associates

Lloyd Fonds holds investments in a total of 91 associates, which are accounted for using the equity method of accounting. In most cases, these are fund management entities as well as project entities. The management entities receive fixed annual remuneration from the funds.

In the year under review, the share of profit of associates recorded through profit and loss dropped by T€ 282 (previous year: T€ 61). As of the reporting date, the aggregate carrying amount of these investments stood at T€ 1,550.

Due to the sale of the final asset held by Fünfte LF Immobiliengesellschaft mbH & Co. KG in January 2015, an impairment of T€ 125 had been recognized as of December 31, 2014, resulting in a carrying amount of T€ 376. This amount was distributed in the first half of 2015. This amount was written back up by T€ 78 as of December 31, 2015 to reflect expected future inflows in connection with planned final distributions.

6.4.2 Measurement of available-for-sale financial assets

In the previous years, individual investment funds became distressed as a result of the economic and financial crisis and insolvencies arose in individual cases. Ship funds were exposed to risks when, for example, it was not possible to achieve a follow-up charter upon the expiry of the existing one or when such follow-up charter was possible only on terms substantially below those allowing the fund to break even and to service its debt. As part of its risk management system, Lloyd Fonds monitors the financial condition of all funds so that any countermeasures which may be necessary can be implemented in good time. Although the losses sustained by the fund entities do not have any direct effect on Lloyd Fonds AG's consolidated income statement, they may be evidence of an impairment of the receivables and carrying amount of the investment. For this reason, Lloyd Fond performs regular extensive impairment testing. The fair value of the investments is normally calculated using the discounted cash flow method.

The fair value measurements for the Group's ship investments are based on forecast charter rates and steel price data provided by Clarkson Research. In the addition, the following main criteria are applied:

- Planning horizon: 25 years after going into operation
- Forecast exchange rate: US-$/€ 1.10 (previous year: US-$/€ 1.20)
- Capitalization rate: 7.0 %
- Increase factor for ship operating costs: 3 % p. a.
- Increase factor for management costs: 2 % p. a.

The fair values of real estate and aircraft investments in particular as well as traded endowment policies are calculated on the basis of the payout forecasts issued by the fund management (see Note 6.2.6). Payment flows are discounted using the internal rate of return for the fund in question. In view of the protracted economic difficulties and particularly the weakness afflicting the shipping market, further impairments of T€ 309 (previous year: T€ 193) were recognized in the year under review. In addition, impairments of T€ 3 (previous year: T€ 96) were reversed and the proceeds recorded within other comprehensive income.

A change in capitalization rates (8 %) would result in an increased impairment of T€ 19 and a reduction in the revaluation reserve within equity of T€ 235, leading to a reduction of T€ 254 in the carrying amount of the investment.

Similarly, in the event of an assumed exchange rate of US-$/€ 1.15, the impairment would increase by T€ 16 and the revaluation reserve would drop by T€ 170, causing the carrying amount of the investment to decline by T€ 186.

Conversely, a change in capitalization rates (6 %) would result in a reduced impairment of T€ 12 and an increase in the revaluation reserve within equity of T€ 273, leading to an increase of T€ 285 in the carrying amount of the investment.

Similarly, in the event of an assumed exchange rate of US-$/€ 1.05, the impairment would drop by T€ 15 and the revaluation reserve increase by T€ 190, causing the carrying amount of the investment to increase by T€ 205.

6.4.3 Recoverable value of trade receivables and other assets

The recoverable value of receivables is calculated on the basis of an analysis of the individual default risks. A large part of the Group's receivables are due from fund entities and result from services provided by the Group. This particularly includes arrangement and structuring services, fund management and trusteeship business. Credit risks particularly arise if the fund's results of operations deviate from forecasts. Ship funds were particularly affected by this in the year under review (see Note 6.4.2). As a result, Lloyd Fonds recognized further impairments as well as across-the-board adjustments on these receivables. All told, impairment expense on receivables came to T€ 2,034 in 2015.

Notwithstanding the filing for insolvency in 2015 and the changed presentation of the loan receivable due from KALP GmbH, we still assume that an amount of T€ 1,800 can be recovered (see also Note 6.4.4)

6.4.4 Recoverable value of receivables from related parties

In connection with the planned negotiations, a loan granted to KALP GmbH had been valued at T€ 1,800 in 2013. An impairment was recognized on the interest accruing in the year under review. As an insolvency administrator has been appointed, the loan is classified as a miscellaneous non-current receivable as of December 31, 2015.

6.4.5 Measurement of risks from pending litigation

There is a risk of Lloyd Fonds AG being held liable for the actions of third parties acting on its behalf and for its account. However, external partners are monitored closely to avoid any liability-relevant activity and to reduce Lloyd Fonds AG's potential liability.

As of December 31, 2015, a total of 152 (previous year: 54) prospectus liability disputes for damages involving nominal capital of T€ 7,130 and TUS-$ 370, in which Lloyd Fonds AG or Lloyd Treuhand GmbH were parties, were pending. In addition, a further five disputes involving the same subject matter relating to nominal capital of T€ 135 were pending before the courts as of December 31, 2015. Accordingly, an outcome cannot be ruled out in which damages may be awarded against the Company or its subsidiary under its liability for the prospectus on account of errors or omissions in the contents of past or future prospectuses. Lloyd Fonds has suitable insurance cover for these cases. At the present time, Lloyd Fonds AG considers it likely on the whole that it will prevail in court with its arguments and succeed in defending itself against the actions.

Given the rising number of funds facing economic difficulties including insolvency, there is a growing risk of claims being asserted against the Company under prospectus liability legislation.

6.4.6 Estimates regarding tax risks

There are no other material tax risks.

6.5 Segment report

6.5.1 Operating segments

In accordance with the transitional provisions, segment reporting is based on IFRS 8 "Operating Segments" as of December 31, 2015. IFRS 8 stipulates the use of the "management approach", i. e. the reportable segments are identified and presented on the basis of the entity's internal reporting system. The chief operating decision maker as defined in IFRS 8 is the Management Board of Lloyd Fonds AG. The relevant earnings-based management parameter is EBIT as well as earnings after tax.

At the beginning of the previous year, Lloyd Fonds AG amended the structure of its operating segments. Operating business is split into two asset classes, namely Shipping and Other Assets and Real Estate as well as services - Trusteeship and "All general other expenses". Each asset class is responsible for managing existing funds.

The following reportable segments can be identified on the basis of the Lloyd Fonds Group's internal reporting system:

Shipping and Other Assets

- Purchase, structuring and sale of assets in the shipping and secondary-market ship fund segments as well as other assets (e.g. aircraft, traded endowment policies and energy)
- Financing of assets by arranging debt and equity capital
- Earning of investment income
- Measures to ensure efficient management and supervision of the fund companies
- Integration in ongoing fund reporting
- Preparation of the meetings of the companies' advisory councils
- Support for trustee and submission of information of decision-making information
- Monitoring of existing fund companies' liquidity to identify any risks at an early stage and to take any necessary countermeasures
- Monitoring and coordination of the Lloyd Fonds Group's material investments in the Other Assets segment

Real Estate

- Purchase and structuring of assets in the real estate segment
- Other activities similar to those in the Shipping and Other Assets segment

Trusteeship

- Management of payouts to subscribers
- Management of the subscribers' trust accounts
- Review and execution of share transfer and commercial register matters
- Regular reporting to fund entity subscribers on the economic and tax status of their investments
- Individual communications with subscribers particularly in connection with any departure from forecasts for the fund entities
- Additional services for fund entity investors
- Organization and sharing of subscriber meetings
- Appropriate measures for preventing money laundering and terror finance

Segment results break down as follows:

2015	Shipping and Other Assets	Real estate	Trusteeship	All general other expenses	Total
T€					
External sales	3,471	1,388	6,565	–	11,424
Other operating income	397	392	551	365	1,705
Cost of materials	-806	-534	-720	–	-2,060
Staff costs	-963	-478	-971	-1,623	-4,035
Other operating expenses	-1,382	-450	-2,063	-2,571	-6,466
Share of profit of associates	415	82	–	–	497
Depreciation/amortization and impairment losses	-204	-11	-22	-216	-453
EBIT	**928**	**389**	**3,340**	**-4,045**	**612**
Net finance income/expenses	607	168	218	234	1,227
Income taxes	2	-153	21	-143	-273
Net profit/loss after taxes	**1,537**	**404**	**3,579**	**-3,954**	**1,566**

2014	Shipping and Other Assets	Real estate	Trusteeship	All general other expenses	Total
T€					
External sales	3,068	233	6,739	–	10,040
Other operating income	473	293	974	263	2,003
Cost of materials	-982	-5	-586	–	-1,573
Staff costs	-1,062	-390	-977	-2,318	-4,747
Other operating expenses	-1,133	-468	-2,016	-2,692	-6,309
Share of profit of associates	626	-124	–	–	502
Depreciation/amortization and impairment losses	-199	–	-15	-151	-365
EBIT	**791**	**-461**	**4,119**	**-4,898**	**-449**
Net finance income/expenses	662	389	154	157	1,362
Income taxes	-5	-97	-84	24	-162
Net profit/loss after taxes	**1,448**	**-169**	**4,189**	**-4,717**	**751**

The “All general other expenses” item is primarily made up of staff expenses for the administrative and corporate units of the Lloyd Fonds Group such as accounting, legal, communications (IR/PR) and the Management Board as well as general other operating expenses, e.g. rental, office and IT expenses. Segment expenses comprise expenses which can be clearly allocated to any of the three segments as well as expenses in connection with the contractual and organizational arrangements between the individual Group companies. If the expenses are not clearly identifiable, they are recognized under “All general other expenses”, which comprises expenses which cannot be directly allocated to the individual segments. As they do not generate any revenues as defined by IFRS 8, they are by definition not separate operating segments and are therefore pooled in this category.

Lloyd Fonds’ internal reporting system does not include any provision for breaking down assets and liabilities by segment as management does not consider this data to be relevant for managing the Group. Accordingly, these disclosures have been dispensed with.

As in the previous year, no intrasegment sales were recorded. The expenses and income in other operating income/expenses arising from transactions between the individual segments are, if necessary, eliminated. These are solely recharged items recorded at cost.

The impairments of T€ 309 included in depreciation/amortization in the year under review and the reversals of impairments of T€ 3 recorded within equity chiefly relate to shipping. Other operating income/other operating expenses include impairments on receivables (T€ 2,034) particularly relating to shipping and other assets, real estate, and trusteeship business. Finance income/expense is netted in segment reporting to reflect the internal reporting structure.

6.5.2 Reconciliation statement

The recognition and measurement methods applied to segment information correspond to those applied to the consolidated financial statements of the Lloyd Fonds Group. For this reason, the sales, post-tax profits and losses of the reportable segments, including “All general other expenses”, tally with consolidated sales and consolidated earnings before taxes.

6.5.3 Disclosures at the company level

6.5.3.1 Information on products and services

Note 6.6.1 disaggregates sales from external customers by products and services.

6.5.3.2 Information on geographical regions

Of the sales recorded in 2015, T€ 10,347 (previous year: T€ 8,687) were generated in Germany and T€ 1,077 (previous year: T€ 1,353) in Singapore.

The sum total of non-current assets held by the Lloyd Fonds Group, excluding financial instruments and deferred income tax assets, amounted to T€ 1,506 in Germany (previous year: T€ 2,296). Non-German non-current assets had a carrying amount of a total of T€ 411 (previous year: T€ 405).

6.6 Notes on the consolidated income statement

6.6.1 Sales

Breakdown:

T€	2015	2014
Income from management fees	2,707	2,799
Income from arrangement and structuring services	2,154	321
Income from trusteeship business	6,562	6,735
Others	1	185
Sales	**11,424**	**10,040**

The increase in sales by T€ 1,384 from T€ 10,040 to T€ 11,424 is chiefly due to the increase of T€ 1,833 in income from arrangement and structuring services.

This was particularly due to the income of T€ 1,021 arising from the structuring of the refinancing transaction of a hotel portfolio for a renowned Austrian hotel group, income of T€ 676 from the preparation of a business continuation plan/funding plan for various ship entities and proceeds of T€ 300 from the sale of individual ships. In addition, income of T€ 85 was generated in the period under review from the provision of advisory services in connection with an apprentice home and its ensuing sale to a renowned foundation.

In the previous year, income of T€ 239 had primarily been earned from the arrangement of finance for the “A380 Singapore Airlines” aircraft fund together with further placement income of T€ 82.

At T€ 6,562, trusteeship income was down slightly by T€ 173 on 2014. The is particularly due to the insolvency-related termination of contracts and the waiver of recurring fees from distressed fund entities.

Management fees include remuneration of T€ 1,630 (previous year: T€ 1,600) for the management of active closed-end ship funds as well as services provided for the open-end ship fund of T€ 1,077 (previous year: T€ 1,199).

Reference should be made to the section on sales in the management report for further information.

6.6.2 Cost of materials

Breakdown:

	2015	2014
T€		
Commission	37	36
Cost of services bought	2,023	1,537
Cost of materials	**2,060**	**1,573**

Commission comprises solely sales commission for the “Best of Shipping III” fund. The cost of services bought particularly includes management fees. This also includes expense of T€ 534 on services bought in connection with the structuring of the refinancing transaction for the hotel portfolio.

6.6.3 Staff costs

Breakdown:

	2015	2014
T€		
Wages and salaries	3,595	4,269
Social security	434	470
Retirement benefit expenses	6	8
Staff costs	**4,035**	**4,747**

The reduction in staff costs from T€ 4,747 to T€ 4,035 is chiefly due to the decline in the average head count from 52 in 2014 to 47 in the period under review. In addition, variable remuneration dropped by T€ 148. On the other hand, termination settlement payments increased by T€ 63 to T€ 111.

The Company has only salaried employees.

The employer contributions to the statutory pension scheme as well as contributions to direct insurance cover are classified as defined-contribution plans in accordance with IAS 19.38. In the year under review, this expenditure came to T€ 206 (previous year: T€ 234).

6.6.4 Depreciation/amortization and impairment losses

Breakdown:

	Note	2015	2014
T€			
Depreciation and amortization			
Property, plant and equipment	6.7.1	138	166
Intangible assets	6.7.2	6	6
		144	**172**
Impairment losses			
Available-for-sale financial assets	6.7.4	309	193
		309	**193**
Depreciation/amortization and impairment losses		**453**	**365**

Impairment losses on available-for-sale financial assets increased from T€ 193 in the previous year to T€ 309. The shares held by the Group in its own funds come within this category. The additional impairments reported in the year under review were chiefly due to the protracted difficulties in the shipping markets.

6.6.5 Other operating income/expenses

Breakdown:

	2015	2014
T€		
Other operating income		
Income from recharged expenses	401	326
Income from the reversal of impairments on receivables	388	755
Rentals	312	277
Income from the derecognition of liabilities	166	61
Remuneration in kind	70	89
Income from the reversal of provisions	21	279
Other income	347	216
	1,705	**2,003**
Other operating expenses		
Impairment losses on receivables and unrecoverable receivables	-2,034	-1,435
Financial statement, legal and consulting costs	-1,320	-1,501
Rentals, ancillary rental costs, cost of premises and maintenance	-1,243	-1,345
Office supplies, IT costs and communications	-658	-633
Retailing support and subscriber relations	-370	-283
Motor vehicle and travel costs	-150	-264
Insurance and subscriptions	-120	-121
Costs assumed for fund companies	-32	-21
Other personnel expenses	-20	-49
Non-deductible input tax	-10	-83
Other expenses	-509	-574
	-6,466	**-6,309**
Other operating income/expenses	**-4,761**	**-4,306**

Net other operating expenses widened from T€ 4,306 in 2014 to T€ 4,761 in the year under review.

The increase of T€ 599 in impairments of receivables and in irretrievable receivables over the previous year to T€ 2,034 in particular had a negative effect. A negative effect also arose from the decline of T€ 367 in income from the reversal of impairments of receivables, the decline of T€ 258 in income from the reversal of provisions as well as the slight increase in sales support and subscriber relationship management expenses (T€ 87).

On the other hand, pressure was eased by the decline of T€ 181 in legal and advisory expenses, higher income from the derecognition of liabilities (T€ 105), the decline in rents and ancillary rental costs in the year under review (T€ 102) and higher income from recharged expenses (T€ 75).

6.6.6 Share of profit of associates

Breakdown:

	2015	2014
T€		
Fünfte LF Immobiliengesellschaft mbH & Co. KG, Hamburg	78	-125
Others	419	627
Share of profit of associates	**497**	**502**

The earnings recorded in the previous year by Fünfte LF Immobiliengesellschaft mbH & Co. KG chiefly resulted from the sale of the final asset in the fund and the future expected liquidity inflows resulting from this. This amount was written back up by T€ 78 in December 2015 due to expected future inflows in connection with planned final distributions.

The share of profit of associates also includes investment income earned and the results of T€ 419 (previous year: T€ 627) arising from the measurement of associates at equity.

6.6.7 Net finance income/expenses

Breakdown:

	2015	2014
T€		
Finance income		
Gains from foreign-currency translation	514	347
Investment income	373	641
Interest income on bank balances	6	–
Interest refund from tax authorities	75	28
Interest income from related parties	455	526
Interest income from other limited partners	156	–
Other interest income	96	–
	1,675	**1,542**
Finance expenses		
Losses from foreign-currency translation	-176	-2
Interest expenses on liabilities to banks	-57	-58
Interest expenses due to limited partners	-195	-26
Other interest expenses	-20	-94
	-448	**-180**
Net finance income/expenses	**1,227**	**1,362**

The net currency translation gains (T€ 338) were particularly due to gains from the measurement of foreign-currency trade receivables and accounts.

The decline in investment income is due to the lower advance distribution which at T€ 27 was substantially down on the previous year (T€ 458).

Interest expenses on liabilities to banks of T€ 57 primarily comprise current interest on the finance for the shares acquired in the target funds of the "Premium Portfolio Austria" fund.

In the previous year, interest income from related parties had included interest of T€ 277 on a long-term loan granted to KALP GmbH, which was recorded under other interest income (T€ 96) as of the date on which an insolvency administrator was appointed.

Reference should be made to Note 6.7.10 for details of the net interest income (previous year: net interest expenses) from limited partners.

6.6.8 Income taxes

Income taxes comprise income taxes paid or owed as well as deferred income taxes. Current taxes comprise corporate tax plus the solidarity surcharge and trade tax.

Breakdown:

	Note	2015	2014
T€			
Current income taxes	6.7.15	-262	-516
Deferred income taxes	6.7.5	-11	354
Income taxes		**-273**	**-162**

The actual net income tax expenses of T€ 262 in 2015 are due to tax expenses for the current and previous years for companies outside the tax group as well as actual tax expenses of T€ 99 arising from minimum tax requirements for Lloyd Fonds AG.

The tax expenses arising in 2014 primarily entailed tax backpayments for prior years.

Income tax expenses can be reconciled as follows with the expected income tax expenses/income which would have arisen on IFRS consolidated net profit before tax on the basis of an average tax rate of 32.275% for the Group parent (Lloyd Fonds AG):

	2015	2014
T€		
Consolidated profit before tax	1,839	913
Tax rate (Lloyd Fonds AG) in %	32.275%	15.825%
Constructive tax expenses	-594	-144
Tax-free income	554	412
Non-deductible operating expenses	-699	-50
Decrease/increase in deferred income tax assets	-11	354
Non-capitalized deferred income taxes on unused tax losses	-9	-202
Non-taxable share of profits of associates	-85	-44
Tax backpayments for prior years	-19	-389
Trade tax	-	-98
Trade tax reductions	611	-
Other	-21	-1
Income taxes	**-273**	**-162**
Current tax rate in %	14.82%	17.80%

As an incorporated entity, the Parent Company is subject to corporate tax of 15% plus the solidarity surcharge of 5.5% of the corporate tax owed plus trade tax of 16.45% at an assessment rate of 470%. In the annual report for 2014, the consolidated tax rate had been calculated without trade tax as the trade income of the Group parent from its business interests in the limited-partnerships is eliminated in accordance with the simplification rules provided for in the Trade Tax Act. In 2015, income which is not subject to the trade tax deduction rules was generated in real estate business. In contrast to the previous year, the tax rate therefore also includes trade tax. As a result, a new item entitled "Trade tax reduction" of T€ 611 has been included in the reconciliation statement for the first time.

The tax-free income particularly comprises income from investments and from the reversal of impairments. The non-deductible operating expenses materially relate to the recognition of impairments on receivables and shares in associates. The reduction of T€ 11 in deferred income tax assets reflects adjusted expectations with respect to the future utilization of existing unused tax losses.

6.6.9 Earnings per share

Earnings per share are calculated by dividing profit or loss attributable to the equity holders by the average number of ordinary shares outstanding during the year. No dilution effects arose either in 2015 or in the previous year.

	2015	2014
Profit/loss attributable to equity holders of the Parent Company (T€)	1,566	751
Average number of shares issued (in thousands)	9,157	21,901
Earnings per share (€ per share)	**0.17**	**0.03**

At the annual general meeting for 2014 held on August 21, 2014, the shareholders approved a reduction in the Company's share capital in two stages: Initially, the share capital of a current € 27,469,927.00 was reduced by one share (€ 1.00) in accordance with Section 237 (3) No. 1 of the German Stock Corporation Act and then on a 3:1 basis in accordance with Section 229 et seq. of that Act by € 18,313,284.00 to € 9,156,642.00. As a result of this measure, the number of shares held by the shareholders in the company has dropped but there is no change in their relative proportion of the Company's capital. The capital reduction was duly implemented for stock-market purposes on September 22, 2014.

The number of shares outstanding was unchanged at 9,156,642 in the year under review.

In the previous year, earnings of € 0.08 per share arose on the basis of the average number of shares outstanding in that year (9,156,642).

6.6.10 Dividend per share

Amounts available for payment as dividends are based on the net profit/loss for the year of Lloyd Fonds AG, which is calculated in accordance with German GAAP (HGB).

The Management Board of Lloyd Fonds AG will be asking the shareholders to approve a dividend of € 0.07 per share for the year 2015. This dividend liability of T€ 641 is not included in these consolidated financial statements. The dividend distribution is subject to investment income tax of 26.37 % including the solidarity surcharge (T€ 169), meaning that 73.63 % (T€ 472) will be paid out directly to the shareholders.

6.7 Notes on the consolidated balance sheet

6.7.1 Property, plant and equipment

Analysis of carrying amounts:

	Note	Buildings on leasehold land	Other equipment, operating and business equipment	Total
T€				
Amount on January 1, 2014				
Historical cost		526	2,005	2,531
Cumulative depreciation and amortization		-403	-1,690	-2,093
Net carrying amount		**123**	**315**	**438**
Fiscal year 2014				
Opening net book amount		123	315	438
Additions		–	134	134
Currency translation differences		–	2	2
Disposals		–	-71	-71
Depreciation	6.6.4	-43	-123	-166
Cumulative depreciation on the disposals		–	71	71
Closing net carrying amount		**80**	**328**	**408**
Amount on December 31, 2014				
Historical cost		526	2,070	2,596
Cumulative depreciation and amortization		-446	-1,742	-2,188
Net carrying amount		**80**	**328**	**408**
Fiscal year 2015				
Opening net book amount		80	328	408
Additions		–	12	12
Currency translation differences		–	2	2
Disposals		–	-236	-236
Depreciation	6.6.4	-41	-97	-138
Cumulative depreciation on the disposals		–	236	236
Closing net carrying amount		**39**	**245**	**284**
Amount on December 31, 2015				
Historical cost		526	1,848	2,374
Cumulative depreciation and amortization		-487	-1,603	-2,090
Net carrying amount		**39**	**245**	**284**

6.7.2 Intangible assets

Analysis of carrying amounts:

	Note	Intangible assets
T€		
Amount on January 1, 2014		
Historical cost		8,110
Cumulative depreciation/amortization and impairment losses		-8,101
Net carrying amount		**9**
Fiscal year 2014		
Opening net book amount		9
Additions		8
Disposals		–
Depreciation	6.6.4	-6
Cumulative depreciation on the disposals		–
Closing net carrying amount		**11**
Amount on December 31, 2014		
Historical cost		8,118
Cumulative depreciation/amortization and impairment losses		-8,107
Net carrying amount		**11**
Fiscal year 2015		
Opening net book amount		11
Additions		–
Disposals		-13
Depreciation	6.6.4	-6
Cumulative depreciation on the disposals		13
Closing net carrying amount		**5**
Amount on December 31, 2015		
Historical cost		8,105
Cumulative depreciation/amortization and impairment losses		-8,100
Net carrying amount		**5**

Intangible assets primarily comprise the trust agreements, which were written off in full by T€ 166 as of December 31, 2013 and have a carrying amount of T€ 0. The current carrying amount comprises solely software.

6.7.3 Investments in associates

Analysis of investments in associates:

	2015	2014
T€		
Beginning of year	2,282	2,561
Additions	–	20
Impairment losses	-59	-196
Write-ups	78	–
Disposals	-10	-6
Shares of profit assigned	-282	-83
Dividends	-376	–
Reclassifications	-5	-14
End of year	**1,628**	**2,282**

A further impairment of T€ 125 had been recognized on Fünfte LF Immobiliengesellschaft mbH & Co. KG in 2014, meaning that it was reported at a carrying amount of T€ 376 as of December 31, 2014. This amount was distributed in 2015. This amount was written back up by T€ 78 due to future inflows in connection with planned final distributions expected for 2016. This amount also equals the current carrying amount of the investment.

The amounts reported are based in some cases on provisional figures for the entities concerned. The cumulative net share of profit in associates stands at T€ 779 on the basis of estimated or provisional figures.

Please refer to Notes 6.4.1 and 6.6.6 for further details of the investments accounted for using the equity method of accounting.

6.7.4 Available-for-sale financial assets

Breakdown:

	Dec. 31, 2015		Dec. 31, 2014	
	Number	T€	Number	T€
Affiliated companies	31	937	30	897
Associates	149	7,788	135	8,299
	180	**8,725**	**165**	**9,196**

The non-consolidated affiliated companies are shelf companies as well as limited liability companies acting as general partners for investment funds. The investments comprise 130 shares which Lloyd Fonds holds as the founding shareholder of funds which have already been initiated or are still to be initiated, 17 shares in insolvent entities still recognized as associates and two shares in secondary market funds to be held in the short term.

Analysis of available-for-sale financial assets:

Investments in affiliated companies	2015	2014
T€		
Beginning of year	897	884
Additions	113	13
Disposals	-113	-25
Impairment losses	-11	-7
Other comprehensive income (recorded in equity)	43	18
Reclassified	8	14
End of year	**937**	**897**

Associates	2015	2014
T€		
Beginning of year	8,299	8,674
Additions	63	5
Disposals	-101	–
Changes in liabilities arising from liquidity distributions	-132	-272
Impairment losses	-298	-186
Other comprehensive income (recorded in equity)	-40	78
Reclassification	-3	–
End of year	**7,788**	**8,299**

Reference should be made to Note 6.4.2 for details of the impairments of a total of T€ 309 (previous year: T€ 193) and other comprehensive income of T€ 3 (previous year: T€ 96).

As far as existing financial liabilities are concerned, the shares in the amount of T€ 3,959 held by PPA GmbH and recognized as available-for-sale financial assets have been pledged to Raiffeisenbank Niederösterreich-Wien AG (RaiBa) (see also Notes 6.3.2.1 and 6.9.6).

6.7.5 Deferred income taxes

Deferred income tax assets and liabilities arise from temporary differences as follows:

	Dec. 31, 2015	Dec. 31, 2014
	Deferred income tax assets	Deferred income tax assets
T€		
Available-for-sale financial assets	–	–
Unused tax losses	343	354
Total	**343**	**354**

	Dec. 31, 2015	Dec. 31, 2014
	Deferred income tax liabilities	Deferred income tax liabilities
T€		
Available-for-sale financial assets	706	738
Unused tax losses	–	–
Total	**706**	**738**

Deferred income tax assets and liabilities are netted if there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes are payable to the same tax authority.

On the basis of current knowledge, the temporary differences will be reversed as follows:

	Dec. 31, 2015	Dec. 31, 2014
T€		
Deferred income tax assets		
To be settled after more than 12 months	-287	-216
To be settled within 12 months	-56	-138
	-343	**-354**
Deferred income tax liabilities		
To be settled after more than 12 months	706	738
	706	**738**
	363	**384**

Analysis of deferred income taxes:

	Note	2015	2014
T€			
Beginning of year		-253	-664
Expenses recognized in profit and loss	6.6.8	-138	–
Income recognized in profit and loss	6.6.8	127	354
Taxes recognized in equity		32	57
End of year		**-232**	**-253**

Changes in deferred income tax liabilities in the current year ignoring the netting of open items due to the same tax authority are as follows:

Deferred income tax liabilities	Amount on January 1	Taken to profit and loss	Recognized in equity	Amount on December 31
T€				
2014				
Available-for-sale financial assets	-795	–	57	-738
	-795	**–**	**57**	**-738**
2015				
Available-for-sale financial assets	-738	–	32	-706
	-738	**–**	**32**	**-706**

As of the reporting date, preliminary calculations indicate the existence of unused corporate tax losses of around € 15 million and unused trade tax losses of around € 18 million for which deferred income tax assets have been recognized in some cases.

6.7.6 Trade receivables and other receivables

Breakdown:

	Dec. 31, 2015	Dec. 31, 2014
T€		
Non-current receivables		
Other receivables	1,928	–
	1,928	**–**
Current receivables		
Trade receivables	1,015	1,105
Receivables from trusteeship	916	1,071
Other receivables and other assets	2,541	2,923
	4,472	**5,099**
	6,400	**5,099**

Other non-current receivables comprise receivables from KALP GmbH. They have been classified as non-current due to the appointment of an insolvency administrator. In the previous year, amounts of T€ 1,923 had been recorded as receivables from associates. Despite the insolvency, the receivables are assumed to be recoverable (see also Note 6.4.4).

Compared with the previous year, current trade and other receivables were down by a total of T€ 627. The increased receivables from trusteeship management in the previous year related to proceeds arising in the previous year but not paid until the year under review.

The current trade receivables reported as of December 31, 2015 chiefly break down into T€ 785 (previous year: T€ 786) from the shipping segment, T€ 17 (previous year: T€ 209) from the aircraft segment, T€ 136 (previous year: T€ 84) from the energy segment and T€ 77 (previous year: T€ 26) from the real estate segment.

The decline in other receivables and other assets chiefly relates to a decline of T€ 209 in receivables from fund subscribers to T€ 1,995 arising from distributions made in the past subject to a repayment obligation. A matching miscellaneous liability of the same amount is also recognized (see also Note 6.7.11).

6.7.7 Receivables from related parties

Breakdown:

	Dec. 31, 2015	Dec. 31, 2014
T€		
Non-current receivables		
Receivables from associates	–	1,923
	–	**1,923**
Current receivables		
Receivables from associates	119	2
Receivables from non-consolidated subsidiaries	30	279
	149	**281**
	149	**2,204**

Current receivables from associates of T€ 119 comprise outstanding management fees for the year under review. In the previous year, non-current receivables from related parties primarily included a loan granted to an associate including interest (T€ 1,800) and one other receivable (T€ 123). The current receivables from non-consolidated subsidiaries of T€ 279 in the previous year primarily comprised commission of T€ 225 from the sale of the final asset of Fünfte LF Immobiliengesellschaft mbH & Co. KG, which was settled in the year under review.

6.7.8 Cash and cash equivalents

Reference should be made to Note 6.8.3 for the breakdown of cash and cash equivalents of T€ 10,173 (previous year: T€ 7,592).

6.7.9 Equity

Movements in the Lloyd Fonds Group's consolidated equity are set out in the statement of changes in equity.

6.7.9.1 Share capital

At the annual general meeting for 2014 held on August 21, 2014, the shareholders approved a reduction in the Company's share capital in two stages: Initially, the share capital of a current € 27,469,927.00 was reduced by one share in accordance with Section 237 (3) No. 1 of the German Stock Corporation Act and then on a 3:1 basis in accordance with Section 229 et seq. of that Act by € 18,313,284.00 to € 9,156,642.00.

As of December 31, 2015, the fully paid-up share capital consists of 9,156,642 ordinary bearer shares with no par value, each with a nominal value of € 1.00. The Articles of Incorporation are dated August 21, 2014.

The Management Board of Lloyd Fonds AG decided on October 17, 2012 with the Supervisory Board's approval to switch from the Prime Standard to the Entry Standard of the Frankfurt Stock Exchange and immediately lodged an application for the change of segment with the Frankfurt Stock Exchange. Effective April 30, 2013, Lloyd Fonds AG changed from the Prime Standard to the Entry Standard of the Frankfurt Stock Exchange. Lloyd Fonds AG shares are traded in the Frankfurt Stock Exchange under the securities code number 617487. The shares have been listed on the stock exchange under the new securities code number A12UP2 since September 22, 2014, the date of the simplified capital reduction.

Authorized capital

The Management Board is authorized with the Supervisory Board's approval to increase the Company's share capital on or before July 25, 2017 by a total of up to € 13,734,963 by issuing new no-par-value bearer shares on a cash or non-cash basis once or repeatedly.

Disclosures in accordance with Section 160 (1) No. 8 in connection with Section 20 (1) of the German Stock Corporation Act

ACP Fund V LLC, Delaware, United States: 49.9 %.

AMA Capital Partners LLC, New York, United States: 49.9 %; 49.9 % of the voting rights are attributable to AMA Capital Partners LLC in accordance with Section 22 (1), Clause 1 No. 1 of the German Securities Trading Act via ACP Fund V LLC.

Dr. Torsten Teichert, Hamburg: 3.15 %.

6.7.9.2 Retained earnings

We refer to the consolidated statement of changes in equity with regard to the composition of and changes in retained earnings.

6.7.10 Net asset value attributable to other limited partners

This item results from the inclusion of the "Premium Portfolio Austria" fund in Lloyd Fonds' consolidated financial statements. It comprises the shares of those limited partners which are not part of the Lloyd Fonds Group. As these are puttable financial instruments, they are reported under non-current financial liabilities.

The net asset value has been assessed on the basis of a fixed effective interest rate. This is calculated as an internal interest rate on the disbursements originally forecast for the respective fund companies and ranges from 5.9 % to 6.1 % p. a., depending on the fund in question. Thereupon, the present values of payments to the limited partners are discounted at the effective interest rate. Remeasurement of net asset values using the effective interest rate method and adjustments to the payout forecasts gave rise to net interest expenses of T€ 39 in 2015 (previous year: interest expenses T€ 26).

6.7.11 Trade payables and other liabilities

Breakdown:

T€	Dec. 31, 2015	Dec. 31, 2014
Non-current liabilities		
Trade payables	–	80
	–	**80**
Current liabilities		
Trade payables	1,099	1,457
Liabilities arising from operating taxes and levies	134	87
Other liabilities	3,406	3,593
	4,639	**5,137**
	4,639	**5,217**

Non-current trade payables in the previous year result from the recognition of rental expenses for office space in accordance with the principles of accrual accounting (see Note 6.9.3). Other liabilities include liabilities of T€ 1,995 (previous year: T€ 2,204) to associates, constituting the matching item to other receivables (see Note 6.7.6). In addition, there are liabilities of T€ 311 (previous year: T€ 309) arising, for example, from vacation entitlement and termination settlement claims as well as outstanding salary and bonus payments.

6.7.12 Financial liabilities

Breakdown:

	Dec. 31, 2015	Dec. 31, 2014
T€		
Current financial liabilities		
Current loans	2,752	2,837
	2,752	**2,837**

There are no non-current financial liabilities as of the reporting date. The current loans relate solely to liabilities arising from the finance for the investments in the target funds taken over from the “Premium Portfolio Austria” fund amounting to T€ 2,752 (previous year: T€ 2,837). As in the previous year, the carrying amounts of the loans match their fair value. Reference should be made to events after the reporting date (Note 6.9.6)

6.7.13 Liabilities to related parties

Breakdown:

	Dec. 31, 2015	Dec. 31, 2014
T€		
Liabilities to associates	339	341
Liabilities to non-consolidated subsidiaries	4	3
Liabilities to shareholders, members of the Management Board and the Supervisory Board	107	271
	450	**615**

Liabilities to associates came to T€ 339 as of the reporting date and are predominantly attributable to dividends received from associates as well as the effects of foreign currency translation.

At T€ 107, liabilities to shareholders, members of the Management Board and the Supervisory Board are substantially down on the previous year.

6.7.14 Other provisions

Changes in other provisions

	Jan. 1, 2015	Utilized	Added	Reversed	Dec. 31, 2015
T€					
Other provisions	454	-313	304	-21	424

Other provisions dropped slightly over the previous year. As of the reporting date, they particularly comprise amounts for pending repayments of dividends to ship entities T€ 133 (previous year: T€ 161). In addition, they include amounts for pending losses of T€ 291 (previous year: T€ 293) arising from the subletting of office space. Of this, an amount of T€ 154 (previous year: T€ 45) is recorded as non-current provisions.

6.7.15 Income taxes

Current income tax assets chiefly comprise investment income tax assets still to be refunded by the tax authorities. Current income tax liabilities comprise the tax liabilities of consolidated companies.

6.8 Notes on the consolidated cash flow statement

6.8.1 Reconciliation with consolidated net profit for the year

For the purposes of the cash flow statement, consolidated profit/loss for the year before the share of profit of associates and income tax is calculated as follows:

	Note	2015	2014
T€			
Net profit/loss from operating activities		612	-449
Share of profit of associates	6.6.6	-497	-502
Gains from foreign-currency transactions	6.6.7	514	347
Losses from foreign-currency transactions	6.6.7	-176	-2
		453	**-606**

6.8.2 Other non-cash transactions

Breakdown:

	Note	2015	2014
T€			
Unrealized currency translation gains/losses		58	92
Impairment losses on receivables and unrecoverable receivables	6.6.5	2,034	1,435
Income from the reversal of provisions	6.6.5	-21	-279
Income from the derecognition of liabilities	6.6.5	-166	-61
Income from the reversal of impairments on receivables	6.6.5	-388	-755
		1,517	**432**

6.8.3 Composition of cash and cash equivalents

Composition for the purposes of the cash flow statement:

	Dec. 31, 2015	Dec. 31, 2014
T€		
Cash at banks	10,170	7,590
Cash at banks subject to drawing restrictions	-8	-39
Cash in hand	3	1
	10,165	**7,552**

Cash at banks subject to drawing restrictions relates to rental deposits.

6.9 Other disclosures

6.9.1 Related-party transactions

Related parties comprise companies or individuals which control the Lloyd Fonds Group or exert significant influence on it or which are controlled by the Lloyd Fonds Group or on which it exerts significant influence. The conditions prevailing on the balance sheet date are decisive.

6.9.1.1 Associates

Sales with associates:

	2015	2014
T€		
Management fees	100	54
	100	**54**

Analysis of loans to associates:

	2015	2014
T€		
Beginning of year	1,800	1,800
Loans granted in the current year	–	–
Loan repayments received	–	–
Interest charged	291	291
Reclassifications	-1,800	–
Impairments and derecognitions	-291	-291
End of year	**–**	**1,800**

Please refer to Note 6.7.7 for details of outstanding receivables from the above services as of the reporting date. The outstanding liabilities to associates referred to in Note 6.7.13 primarily result from outstanding limited-partnership capital contributions.

No interim profit or loss requiring elimination arose from transactions with associates in the periods shown.

6.9.1.2 Affiliated companies

Receivables outstanding from affiliated companies are listed in Note 6.7.7.

6.9.1.3 Related persons

The Management Board comprised the following persons in 2015:

- Dr. Torsten Teichert, Management Board (CEO), responsible for shipping and other assets, finance and administration; on February 1, 2015, Dr. Torsten Teichert took over all duties from Dr. Joachim Seeler
- Dr. Joachim Seeler, member of the Management Board (until January 31, 2015), responsible for real estate and trusteeship activities

In addition, Dr. Joachim Seeler is a member of the board of directors of Olympus Europa Management S.E. and chairman of the board of Ombudsstelle Geschlossene Fonds e. V.

Short-term benefits break down as follows:

2015	Fixed	Variable	Additional benefits	Total
T€				
Dr. Torsten Teichert	350	–	17	367
Dr. Joachim Seeler	21	4	3	28
	371	**4**	**20**	**395**

2014	Fixed	Variable	Additional benefits	Total
T€				
Dr. Torsten Teichert	350	125	22	497
Dr. Joachim Seeler	248	50	23	321
	598	**175**	**45**	**818**

In the year under review, the Supervisory Board comprised the following members:

- Prof. Dr. Eckart Kottkamp, consultant (Chairman)
- Dr. Thomas Duhnkrack, entrepreneur (deputy chairman)
- Gunther Bonz, general manager (until July 14, 2015)
- Paul M. Leand Jr., CEO of AMA Capital Partners LLC
- Jens Birkmann, managing director of AMA Capital Partners LLC
- Stephen Seymour, managing director of the investment company Värde Partners
- Bote de Vries, managing director of Finamar B. V. (from July 14, 2015)

Prof. Dr. Kottkamp is a member of the supervisory board of Basler AG, Ahrensburg, and KROMI Logistik AG, Hamburg. Dr. Thomas Duhnkrack is a member of the supervisory board of Hauck & Aufhäuser Privatbankiers KGaA, Frankfurt, and of Deutsche Pfandbriefbank AG, Munich. Gunther Bonz is a member of the supervisory board of DAKOSY Datenkommunikationssystem AG, Hamburg, AVW AG, Hamburg, AVW Immobilien AG, Hamburg, and ACOS Holding AG, Bremen. Paul M. Leand Jr. is CEO of AMA Capital Partners LLC, New York, United States. He is also a member of the statutory supervisory bodies of Ship Finance International Ltd., Golar LNG Partners LP, Seadrill Ltd., North Atlantic Drilling Ltd., all domiciled in Hamilton, Bermuda, as well as Eagle Bulk Shipping Inc., Majuro, Marshall Islands, Magenta LLC, Majuro, Marshall Islands, and RGCX Ltd., McAllen, United States. Stephen Seymour is a member of the comparable foreign supervisory bodies of Embrace Group Limited, Birmingham, United Kingdom, Magenta LLC, Majuro, Marshall Islands, and RGCX Ltd., McAllen, United States. Bote de Vries is a board member of Rabobank Krimpenerwaard, Krimpen, Netherlands, the Dutch Investment Fund for Seagoing Vessels, Rhoon, Netherlands, Trivire, Dordrecht, Netherlands, and Geistes Versorgungshaus Breburg, Gilze Rijen, Netherlands.

In addition to fixed remuneration in accordance with § 14 (1) of the articles of incorporation, the Supervisory Board is entitled to variable remuneration. This compensation equals 0.05 percent of the consolidated net profit after tax calculated in accordance with the International Financial Reporting Standards (IFRS) for the last financial year. The Chairman of the Supervisory Board receives twice and the Deputy chairman of the Supervisory Board one-and-a-half times the aforementioned amount.

Compensation breaks down as follows in 2015 and 2014:

2015	Fixed	Variable	Total
T€			
Prof. Dr. Eckart Kottkamp	20	2	22
Dr. Thomas Duhnkrack	15	1	16
Gunther Bonz	5	–	5
Paul M. Leand Jr.	10	1	11
Jens Birkmann	10	1	11
Rodney M. Rayburn	–	–	–
Stephen Seymour	10	1	11
Bote de Vries	5	–	5
	75	**6**	**81**

2014	Fixed	Variable	Total
T€			
Prof. Dr. Eckart Kottkamp	20	1	21
Dr. Thomas Duhnkrack	15	1	16
Gunther Bonz	10	1	11
Paul M. Leand Jr.	10	0 [1)]	10
Jens Birkmann	10	0 [1)]	10
Rodney M. Rayburn	5	–	5
Stephen Seymour	4	–	4
	74	**3**	**77**

As in the previous year, compensation payable to the members of the Supervisory Board is recognized as liabilities to shareholders, members of the Management Board and members of the Supervisory Board.

As of the reporting date, Dr. Torsten Teichert held 3.15 % of Lloyd Fonds AG's share capital.

1) Including rounding effects.

In the year under review, parties related to members of the Management Board held 0.48 % of the Company's capital. The Management Board and persons related to it held 3.63 % (previous year: 3.77 %) of the Company's share capital. As in the previous year, the members of the Supervisory Board did not hold any shares in Lloyd Fonds AG as of the reporting date. There were no other reportable purchases or sales of the Company's stock by members of the Company's Management Board or Supervisory Board or any parties related to them.

6.9.2 Contingencies

Contingencies comprise guarantees for increased liable amounts and potential distribution repayment obligations. Including the settlement claims under joint and severable obligations towards third parties of T€ 11,013 (previous year: T€ 9,472), contingencies came to a total of T€ 3,298 as of December 31, 2015 (previous year: T€ 3,298).

Maturity periods of contingencies:

2015	Liability volume	Settlement claims	Net liability volume
T€			
Less than one year	–	–	–
Between one and five years	–	–	–
More than five years	–	–	–
Unlimited	14,311	-11,013	3,298
	14,311	**-11,013**	**3,298**

2014	Liability volume	Settlement claims	Net liability volume
T€			
Less than one year	–	–	–
Between one and five years	–	–	–
More than five years	–	–	–
Unlimited	12,770	-9,472	3,298
	12,770	**-9,472**	**3,298**

As part of trusteeship business, shares of T€ 1,755,451 (previous year: T€ 1,707,725) are managed on the Company's own behalf but for the account of various trustors. The trusteeship assets held in this connection stand at T€ 947,847 (previous year: T€ 939,736) and are matched by trusteeship liabilities of the same amount. In addition, trust accounts of T€ 1,605 (previous year: T€ 1,927) are maintained on the Company's own behalf but for the account of various trustors.

Lloyd Treuhand GmbH has in some cases been entered in the commercial register as the limited partner in trust for subscribers with the corresponding liable amount attributable to such subscribers. In accordance with Sections 171, 172 IV of the German Commercial Code, Lloyd Treuhand GmbH is fundamentally liable for any liquidity surpluses which have been distributed but are not backed by profits. The amount by which the distribution is less than the liable amount entered in the commercial register may be subject to reimbursement by Lloyd Treuhand. The potential repayment obligations from distributions stand at T€ 11,013 (previous year: T€ 9,472) as of the reporting date; however, Treuhand can recover these amounts from the individual investors under the terms of the trusteeship contract. The Management Board does not consider the possible outflow of resources as a result of such recourse claims to be likely.

6.9.3 Operating lease commitments

The Group leases office space, motor vehicles and copiers under operating leases.

Analysis of obligations under leases:

	Dec. 31, 2015	Dec. 31, 2014
T€		
Office space	3,983	4,988
Motor vehicles	71	123
Other	53	69
	4,107	**5,180**

Terms of the future cumulative minimum lease payments:

	Dec. 31, 2015	Dec. 31, 2014
T€		
Due for settlement in less than 1 year	1,084	1,089
Due for settlement between 1 and 5 years	3,023	4,091
Due for settlement in more than 5 years	–	–
	4,107	**5,180**

In the year under review, minimum lease payments of T€ 1,178 (previous year: T€ 1,318) were recognized as expenses.

Lloyd Fonds AG and Lloyd Treuhand GmbH leased new office premises in contracts dated August 5, 2005. The lease commenced on December 1, 2006 The contracts have a non-terminable period of ten years plus two renewal options available to tenants of five years each. In connection with the previously agreed rental respite, the contracts were renewed by a further three years until

November 30, 2019. The first year of use was rent-free. Total expenditure has been deferred on a straight-line basis over the minimum term of 120 monthly rental installments. The renewal options are not included in the minimum rental payments. This results in minimum monthly lease payments of T€ 86 (previous year: T€ 86).

6.9.4. Application of the exemption provided for in Section 264 (3) of the German Commercial Code.

Lloyd Treuhand GmbH, Hamburg, makes use of the exemption provided for in Section 264 (3) of the German Commercial Code.

6.9.5 Disclosures pursuant to Section 315a of the German Commercial Code

6.9.5.1 Auditors' fees

Fees payable to the auditors of the consolidated financial statements in accordance with Section 314 (1) No. 9 of the German Commercial Code:

	2015	2014
T€		
Audit of financial statements	131	115
Other consulting activities	–	20
Other services	14	14
	145	**149**

6.9.5.2 Consolidated companies and shares held by the Group (Section 313 (2) of the German Commercial Code)

The disclosures on the consolidated companies are set out in Note 6.2.2.2.

Affiliated companies which are not included in the consolidated financial statements (Section 313 (2) No. 1 of the German Commercial Code):

Company	Share held by Group
LF Open Waters Cash GmbH, Hamburg	100,0 %
Erste Lloyd Portfolio Verwaltung GmbH, Hamburg	100,0 %
Erste Lloyd Fonds TradeOn Portfolio Verwaltung GmbH, Hamburg	100,0 %
2. LF Portfolio Verwaltung GmbH, Hamburg	100,0 %
Zweite Lloyd Fonds TradeOn Portfolio Verwaltung GmbH, Hamburg	100,0 %
Dritte Lloyd Fonds TradeOn Portfolio Verwaltung GmbH, Hamburg	100,0 %

Company	Share held by Group
Windpark Breberen GmbH, Gangelt	100,0 %
Lloyd Fonds Energie Europa Verwaltungs GmbH, Hamburg	100,0 %
Verwaltung LF Immobiliengesellschaft mbH, Hamburg	100,0 %
Lloyd Fonds Verwaltungs- und Beteiligungsgesellschaft mbH, Hamburg	100,0 %
Verwaltung LloFo Schifffahrtsgesellschaft mbH, Hamburg	100,0 %
Verwaltung Windpark COPPANZ GmbH, Hamburg	75,0 %
Verwaltung LF-Flottenfonds GmbH, Hamburg	100,0 %
Verwaltung Lloyd Fonds Hotel Fleesensee GmbH, Hamburg	100,0 %
Zweite Verwaltung Lloyd Fonds Hotelportfolio GmbH, Hamburg	100,0 %
Verwaltung Lloyd Fonds Hotel Leipzig Nikolaikirche GmbH, Hamburg	100,0 %
Verwaltung der Lloyd Fonds Gesellschaft für Immobilienbeteiligungen mbH, Hamburg	100,0 %
Erste Verwaltung Lloyd Fonds Holland GmbH, Hamburg	100,0 %
Zweite Verwaltung Lloyd Fonds Holland GmbH, Hamburg	100,0 %
Fünfte Verwaltung Lloyd Fonds Holland GmbH, Hamburg	100,0 %
Verwaltung Lloyd Fonds Immobilienportfolio Hamburg/Sylt GmbH, Hamburg	100,0 %
Verwaltung Lloyd Fonds Immobilienportfolio Köln GmbH, Hamburg	100,0 %
Verwaltung "Air Fuhlsbüttel/Air Finkenwerder" Flugzeugfonds GmbH, Hamburg	100,0 %
Verwaltung Lloyd Fonds Air Portfolio 3 GmbH, Hamburg	100,0 %
Verwaltung Lloyd Fonds Britische Kapital Leben VIII. GmbH, Hamburg	100,0 %
Verwaltung MS "CCNI ARAUCO" Schiffahrtsgesellschaft mbH, Hamburg	51,0 %
Verwaltung Lloyd Fonds A380 Flugzeugfonds GmbH, Hamburg	100,0 %
Verwaltung Lloyd Fonds Ärztehaus Berlin-Dahlem Clayallee GmbH, Hamburg	100,0 %
Verwaltung Lloyd Fonds Bremen Domshof GmbH, Hamburg	100,0 %
Verwaltung MT "NEW YORK STAR" Schifffahrtsgesellschaft mbH, Hamburg	100,0 %
Lloyd Fonds UK VIII Limited, Malvern/England	100,0 %

Associates (Section 313 (2) No. 2 of the German Commercial Code):

Company	Share held by Group
Fünfte LF Immobiliengesellschaft mbH & Co. KG, Hamburg	45,2 %
Sapian GmbH & Co. KG, Hamburg	50,0 %
Subic GmbH & Co. KG, Hamburg	50,0 %
Air Management GmbH, Offenbach am Main	50,0 %
Beteiligung HENRY SCHULTE Shipping GmbH, Hamburg	50,0 %
Beteiligung MS "ANTONIA SCHULTE" Shipping GmbH, Hamburg	50,0 %
Beteiligung MS CAROLIN SCHULTE Shipping GmbH, Hamburg	50,0 %
Beteiligung MS "HELENA SCHULTE" Shipping GmbH, Hamburg	50,0 %
Beteiligung MS "PATRICIA SCHULTE" Shipping GmbH, Hamburg	50,0 %
Beteiligung MS "SARAH SCHULTE" Shipping GmbH, Hamburg	50,0 %
Beteiligung MS "VICTORIA SCHULTE" Shipping GmbH, Hamburg	50,0 %
Lloyd Fonds Britische Kapital Leben GmbH, Kufstein/Österreich	50,0 %
Lloyd Fonds Britische Kapital Leben II. GmbH, Kufstein/Austria	50,0 %
Lloyd Fonds Britische Kapital Leben III. GmbH, Kufstein/Austria	50,0 %
Lloyd Fonds Britische Kapital Leben IV. GmbH, Kufstein/Austria	50,0 %
Lloyd Fonds Britische Kapital Leben V. GmbH, Kufstein/Austria	50,0 %
Lloyd Fonds Britische Kapital Leben VI. GmbH, Kufstein/Austria	50,0 %
Lloyd Fonds Britische Kapital Leben VII. GmbH, Kufstein/Austria	50,0 %
Verwaltung MS "BAHAMAS" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "CHICAGO" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "LAS VEGAS" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "MEMPHIS" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "MIAMI" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung "BAVARIAN SUN" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %

Company	Share held by Group
Verwaltung "CHEMTRANS RAMSEY" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung "CHEMTRANS ROY" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung "CHEMTRANS RYE" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung "COLONIAN SUN" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung Global Partnership I GmbH, Aschheim	50,0 %
Verwaltung MS "ALMATHEA" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "BARBADOS" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "BERMUDA" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "BONAIRE" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "CHRISTIANE SCHULTE" GmbH, Hamburg	50,0 %
Verwaltung MS "COMMANDER" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "DELOS" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "FERNANDO" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "LLOYD DON GIOVANNI" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "LLOYD DON CARLOS" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "LLOYD DON PASCUALE" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "LLOYD EUROPA" Schifffahrtsgesellschaft mbH, Burg	50,0 %
Verwaltung MS "LLOYD PARSIFAL" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "METHAN" Schiffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "NATAL" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "NELSON" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "NEWARK" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "NORDPACIFIC" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS "NORO" Schifffahrtsgesellschaft mbH, Hamburg	50,0 %

Company	Share held by Group
Verwaltung MS “SAN ANTONIO” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS “SAN PABLO” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS “SAN PEDRO” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS “SAN RAFAEL” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS “SAN VICENTE” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS “Saxonia” Schiffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS “Scotia” Schiffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung “MS Sophie” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS “THIRA SEA” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS “VEGA FYNEN” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS “Wehr Blankenese” Schiffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS “Wehr Elbe” Schiffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS “Wehr Koblenz” Schiffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS “Wehr Schulau” Schiffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS “Wehr Weser” Schiffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MT “AMERICAN SUN” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MT “ATHENS STAR” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MT “CANADIAN SUN” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MT “CARIBBEAN SUN” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MT “CHEMTRANS RHINE” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MT “Green Point” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MT “HAMBURG STAR” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MT “LONDON STAR” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MT “MEXICAN SUN” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %

Company	Share held by Group
Verwaltung MT “ST. JACOBI” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MT “TAPATIO” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MT “TEAM JUPITER” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MT “TEAM NEPTUN” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Verwaltung MS “BENITO” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Zweite Beteiligung MS “ANNINA SCHULTE” Shipping GmbH, Hamburg	50,0 %
Zweite Beteiligung MS “PHILIPPA SCHULTE” Shipping GmbH, Hamburg	50,0 %
Zweite Beteiligung MS “SOFIA SCHULTE” Shipping GmbH, Hamburg	50,0 %
Zweite Beteiligung MS “VALENTINA SCHULTE” Shipping GmbH, Hamburg	50,0 %
Verwaltung MS “BAHIA” Schifffahrtsgesellschaft mbH, Hamburg	50,0 %
Vierte Verwaltung Lloyd Fonds Holland GmbH, Hamburg	49,0 %
Verwaltung SUBIC/SAPIAN GmbH, Hamburg	50,0 %
Dritte Verwaltung Lloyd Fonds Holland GmbH, Hamburg	49,0 %
MS “BAHIA” Schifffahrtsgesellschaft mbH & Co. KG, Hamburg	0,4 %
MS “BENITO” Schifffahrtsgesellschaft mbH & Co. KG, Hamburg	0,4 %
SIATON GmbH & Co. KG, Hamburg	50,0 %
SILAGO GmbH & Co. KG, Hamburg	50,0 %
SIMARA GmbH & Co. KG, Hamburg	50,0 %
Ocean Multipurpose Verwaltungsgesellschaft mbH, Hamburg	50,0 %

The disclosures on associates are set out in Notes 6.2.2.3 and 6.9.1.1.

6.9.5.3 Other disclosures

Please refer to Note 6.6.3 for details of the average number of employees. Details of the active and former members of the Management Board and the Supervisory Board can be found in Note 6.9.1.3.

6.9.6 Events after the reporting date

In February of this year, the management and advisory board of the “Zweite Lloyd Fonds Hotelportfolio GmbH & Co. KG” real estate fund submitted to the investors a proposal for the sale of the shares in the hotel assets in Berlin and Nuremberg. As 94.4% of the shareholders approved the proposal, the two assets were sold at a purchase-price factor of around 20.

PPA Beteiligungsgesellschaft mbH (PPA), a 100 % subsidiary of Lloyd Fonds AG, sold its share in the “Businesshotel Hamburg/ Ferienhotel Sylt” real estate fund of a nominal € 1.4 million to a member of the HTB Group, which acquires shares in real estate funds, at a nominal value of 83 %. The shares in the target funds of the prematurely closed “Premium Portfolio Austria” fund had been transferred to PPA in 2011. The proceeds of around € 1.2 million flowing to the Company from the transaction will be used to repay the loan which had been obtained from Raiffeisenbank Niederösterreich-Wien AG (RaiBa) to finance the acquisition of the shares. Thanks to the IFRS measurement of the fair value of the share in the “Businesshotel Hamburg/Ferienhotel Sylt“ fund held by the Lloyd Fonds Group, this transaction will generate net gains for around T€ 950 in 2016.

Lloyd Fonds Real Estate Management GmbH (LFREM) offered a hotel portfolio to a reputable Hamburg-based family office for acquisition a few months ago. The owner of the portfolio consisting of six tourist hotels on the German Baltic Sea coast and in the Harz region is the previous and future operator of the hotels. The negotiations between the buyer and the seller concerning the sale agreement went on for some time but have now been brought to a successful conclusion. The sale agreement was certified by a notary at the end of May. As a result, LFREM is entitled to an arrangement fee, which is dependent on the sale price.

No other events materially affecting the Group’s net assets, financial condition or results of operations occurred after the reporting date.

Hamburg, June 6, 2016

The Management Board

Dr. Torsten Teichert

7 Responsibility statement

To the best of my knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hamburg, June 6, 2016

The Management Board

Dr. Torsten Teichert

8 Auditors' report

To Lloyd Fonds AG:

We have audited the consolidated financial statements prepared by Lloyd Fonds AG, comprising the balance sheet, income statement and statement of comprehensive income, statement of changes in equity, cash flow statement, and notes as well as the Group management report for the business year from January 1 to December 31, 2015. The preparation of the consolidated financial statements and the Group management report in accordance with the International Financial Reporting Standards (IFRS), as they are to be applied in the EU, and the additional accounting provisions in accordance with Section 315a (1) HGB is the responsibility of the Company's Management Board. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB [Handelsgesetzbuch - German Commercial Code] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany - IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable principles of proper accounting and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes an assessment of the financial statements of the companies included in the Group, the definition of the scope of consolidation, the accounting and consolidation principles used and the significant estimates made by the Management Board as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the results of our audit, the consolidated financial statements comply with IFRS as they are to be applied in the EU, the supplementary provisions of German commercial law in accordance with Section 315a (1) HGB and in the light of these provisions give a true and fair view of the net assets, financial position and results of operations of the Group. The Group management report is consistent with the consolidated financial statements and on the whole provides a suitable understanding of the Group's position and suitably presents the opportunities and risks to future development.

Hamburg, June 7, 2016

TPW GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

gez. Roger Hönig	**gez. Oliver Pegelow**
Wirtschaftsprüfer	***Wirtschaftsprüfer***
(German public accountant)	***(German public accountant)***

9 Financial calendar

	2016
Annual report for 2015	June 8
Annual general meeting	July 20
Report on the first half of 2016	September 28

All dates are provisional only
and subject to change without notice.

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NB:

Lloyd Fonds AG 's annual report for 2015 is available as a PDF file on the Internet at www.lloydfonds.de. This English language version of the annual report is a convenience translation. In the event of any doubt, the German version is to apply.

LLOYD FONDS

AKTIENGESELLSCHAFT

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