HAMBURGER HAFEN UND LOGISTIK AKTIENGESELLSCHAFT

Annual Report 2013

Key Figures

	HHLA Group		
in € million	2013	2012	Change
Revenue and Earnings			
Revenue	1,155.2	1,128.5	2.4 %
EBITDA [1]	280.9	307.2	- 8.5 %
EBITDA margin in %	24.3	27.2	- 2.9 pp
EBIT [1]	158.0	186.0	- 15.0 %
EBIT margin in %	13.7	16.5	- 2.8 pp
Profit after tax [1]	80.4	111.7	- 28.0 %
Profit after tax and minority interests [1]	54.3	72.3	- 24.9 %
Cash Flow and Investments			
Cash flow from operating activities	188.1	210.5	- 10.7 %
Investments	114.9	196.5	- 41.5 %
Performance Data			
Container throughput in thousand TEU	7,500	7,183	4.4 %
Container transport [2] in thousand TEU	1,172	1,213	- 3.3 %
Pro forma container transport [2] in thousand TEU	1,172	993	18.0 %

in € million	31.12.2013	31.12.2012	Change
Balance Sheet			
Total assets	1,731.4	1,767.6	- 2.1 %
Equity	600.1	563.8	6.4 %
Equity ratio in %	34.7	31.9	2.8 pp
Employees			
Number of employees	4,994	4,915	1.6 %

	Port Logistics Subgroup [3,4]			Real Estate Subgroup [3,5]		
in € million	2013	2012	Change	2013	2012	Change
Revenue	1,127.2	1,101.2	2.4 %	33.1	32.4	2.3 %
EBITDA [1]	263.1	290.1	- 9.3 %	17.8	17.1	4.2 %
EBITDA margin in %	23.3	26.3	- 3.0 pp	53.7	52.7	1.0 pp
EBIT [1]	144.3	172.8	- 16.5 %	13.3	12.8	4.0 %
EBIT margin in %	12.8	15.7	- 2.9 pp	40.3	39.6	0.7 pp
Profit after tax and minority interests [1]	48.3	66.4	- 27.3 %	6.0	5.9	2.6 %
Earnings per share in € [6]	0.69	0.95	- 27.3 %	2.23	2.17	2.6 %
Dividend per share in € [7]	0.45	0.65	- 30.8 %	1.25	1.20	4.2 %

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R
[2] The transport volume was fully consolidated.
[3] Before consolidation between subgroups
[4] Listed Class A shares
[5] Non-listed Class S shares
[6] Basic and diluted
[7] 2013: Dividend proposal

Title photo: Large vessel handling at HHLA Container Terminal Altenwerder

Who we are

We are one of Europe's leading port logistics groups. At our seaport and hinterland hubs, we link three different carriers – ships, trains and trucks – to create powerful logistics chains which set both economic and ecological standards. With our pioneering, integrated services, we organise top-quality and reliable transport between the seaport and the European hinterland. To achieve this, we continuously develop our efficient container terminals, high-performance transport systems and diverse range of logistics services.

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Segments at a Glance

HHLA Container Segment
Port Logistics Subgroup

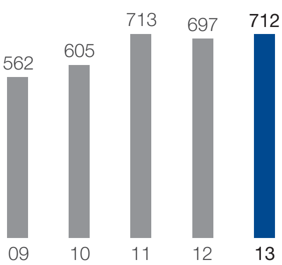
A Hub for World Trade

HHLA's container terminals link ships and rail networks to create efficient, eco-friendly transport chains. The company's three high-performance terminals – Altenwerder, Burchardkai and Tollerort – make the Port of Hamburg the most important container hub between Asia and Central/Eastern Europe. Technical innovations and automated work processes enable a level of productivity which sets both national and international benchmarks. With its Container Terminal Odessa in Ukraine, HHLA also operates one of the leading handling facilities in the fast-growing region around the Black Sea. Service companies complement HHLA's comprehensive range of services for all container handling needs.

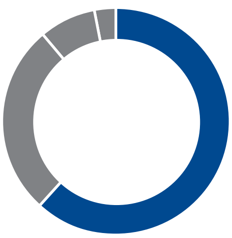
in € million	2013	2012	Change
Revenue	711.7	697.5	2.0 %
EBIT [1]	137.0	145.9	- 6.1 %
EBIT margin in %	19.2	20.9	- 1.7 pp
Employees as of 31.12.	2,939	2,935	0.1 %
Container throughput in thousand TEU	7,500	7,183	4.4 %

[1] Retrospective restatement of the figures for the previous year due to amendment of IAS 19R

Revenue
in € million



Container Share of Revenue
61.6 %



HHLA Intermodal Segment
Port Logistics Subgroup

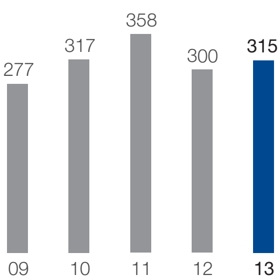
A Network for Europe

HHLA's Intermodal segment offers a comprehensive transport and terminal network for containers by rail and road. While the rail companies provide high-performance connections between ports on the North and Baltic seas and on the Northern Adriatic and its hinterland, the growing number of inland terminals provides a comprehensive range of services for maritime logistics. The market leader Metrans links the Czech Republic, Slovakia, Hungary, Slovenia, Austria, Switzerland and Germany with the seaports. Polzug Intermodal mainly focuses on Poland. The container forwarder CTD handles road transport and is the market-leading provider of transport services within the Port of Hamburg.

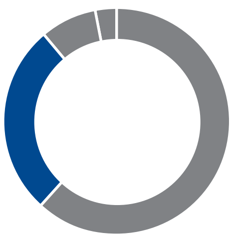
in € million	2013	2012	Change
Revenue	314.5	299.7	4.9 %
EBIT [1]	22.8	41.3	- 44.8 %
EBIT margin in %	7.3	13.8	- 6.5 pp
Employees as of 31.12.	1,128	1,010	11.7 %
Container transport of continued operations in thousand TEU	1,172	993	18.0 %

[1] Retrospective restatement of the figures for the previous year due to amendment of IAS 19R

Revenue
in € million



Intermodal Share of Revenue
27.2 %



HHLA Logistics Segment
Port Logistics Subgroup

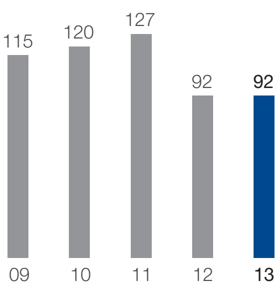
A Range of Services for an All-Purpose Port

A wide range of services are pooled in the Logistics segment – from consultancy and specialist handling services to storage and contract logistics. Unikai Lagerei und Spedition is the competence centre for vehicle logistics in the Port of Hamburg. The Frucht und Kühlzentrum is the German market leader for fruit handling, and Ulrich Stein GmbH offers essential services for the fruit import sector. Through Hansaport, HHLA also holds a stake in Germany's largest terminal for ore and coal handling. HHLA Logistics stands for high-quality logistics solutions, while HPC Hamburg Port Consulting and its subsidiaries Uniconsult and HPTI successfully market HHLA's expertise in infrastructure and project development around the world.

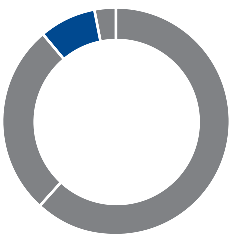
in € million	2013	2012	Change
Revenue	91.6	91.9	- 0.3 %
EBIT [1]	7.0	4.3	64.1 %
EBIT margin in %	7.7	4.7	3.0 pp
Employees as of 31.12.	288	311	- 7.4 %

[1] Retrospective restatement of the figures for the previous year due to amendment of IAS 19R

Revenue
in € million



Logistics Share of Revenue
7.9 %



HHLA Real Estate Segment
Real Estate Subgroup

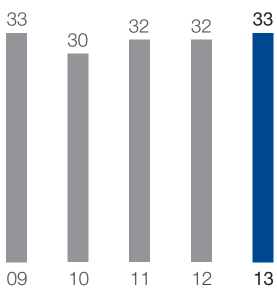
Formation of an Organic Redevelopment

HHLA Real Estate boasts a broad portfolio of services, from project and property development to modern district management and active urban redevelopment. At the heart of its activities is the careful, sustainable renovation of Hamburg's Speicherstadt historical warehouse district. HHLA aims to make this an exemplary redevelopment project. The unique atmosphere of this landmarked warehouse complex attracts tenants from the media, advertising, culture and fashion sectors. On the northern banks of the river Elbe, HHLA and FMH Fischmarkt Hamburg-Altona GmbH also preserve part of the city's fishing tradition. The property is now embedded in an intelligent site development concept that offers fish trading, offices and fine dining.

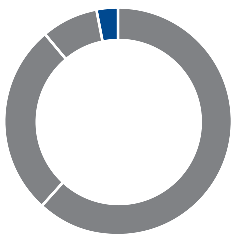
in € million	2013	2012	Change
Revenue	33.1	32.4	2.3 %
EBIT [1]	13.3	12.8	4.0 %
EBIT margin in %	40.3	39.6	0.7 pp
Employees as of 31.12.	35	37	- 5.4 %

[1] Retrospective restatement of the figures for the previous year due to amendment of IAS 19R

Revenue
in € million



Real Estate Share of Revenue
2.9 %



Ladies and Gentlemen,

Klaus-Dieter Peters, Chairman of the Executive Board

Despite a challenging operating environment, Hamburger Hafen und Logistik AG (HHLA) strongly expanded the market positions of its core business segments and generated a high level of earnings in the 2013 financial year. This increases our entrepreneurial scope and allows us to tap further growth potential.

Against the backdrop of a declining market environment, we succeeded in increasing container throughput by 4.4 percent. With a 20.4 percent share of all volumes handled by the major North Range ports, we returned to our record level of 2006. A key factor in this success has been the consistent expansion over the years of our Hamburg container terminals in order to improve the handling of large and very large ships.

We have also taken great strides in the implementation of our growth strategy for container transport in the European hinterland. Following the realignment of our Intermodal segment in 2012, our transport companies (now managed solely by HHLA) increased volumes by 18.0 percent in the reporting period. This strengthens the competitive position of our container terminals and attracts additional cargo to the Port of Hamburg. This trend is exemplified by our Container Terminal Altenwerder, which recorded a record handling volume of approx. 800,000 standard containers (TEU) for rail loading in 2013 – corresponding to growth of 40 percent over 2008, with a similar level of ship throughput. The D.A.CH. strategy (abbreviation for Germany, Austria and Switzerland) that we rolled out in late 2012 has played a major role in the success of our intermodal traffic. Over the course of 2013, we successfully established ourselves in new markets with new connections in Germany, as well as links with Austria and Switzerland. There was also growth in rail traffic on our existing connections with the Czech Republic, Slovakia and Hungary – as well as in Poland where we also operate links to the Polish seaports.

The expansion of our container throughput and rail transport is all the more impressive given that we faced major challenges and an adverse operating environment in the 2013 financial year. On the whole, global economic growth was modest in 2013. More importantly, growth in container traffic could only match the pace of global trade and economic output. Prior to the economic and financial crisis, it regularly exceeded global economic growth by a factor of two to three. For the years ahead, market research institutes believe that maritime container traffic in Northern Europe will continue to grow much more slowly than in the period before 2008. Container throughput in our company's competitive environment even fell slightly in 2013.

The development of ship sizes remains a particular challenge. The steadily rising number of ever-larger ships is leading to increasingly frequent and higher peak loads at our terminals. Compared with 2012 alone, the number of calls of vessels with a carrying capacity of at least 10,000 TEU at our terminals rose by 29 percent to 291 in 2013. This is causing a growing number of peaks in the capacity utilisation of our systems – with corresponding knock-on effects for productivity and costs. These difficulties have been aggravated by the continuing delay in dredging the river Elbe. All in all, these factors mean that we need additional personnel and equipment. This is the only way for us to cope with the higher throughput volumes per vessel and the increasingly tight time-frames for mega-ship arrivals and departures at the Port of Hamburg.

Our market share gains in 2013 show that we were well prepared to handle these demands. Our integrated business model – which links processes at our seaport terminals with the transport and logistics chain to and from customers in the European hinterland – has paid off, as has our expansion and modernisation programme. Improved handling of mega-ships and the successful expansion of our hinterland network have been key elements of these changes. Five state-of-the-art tandem gantry cranes were delivered in 2013 to Container Terminal Burchardkai and will go into operation one by one in 2014. They will enable us to handle even the 18,000-TEU generation of ships. Working practices at Burchardkai were comprehensively restructured in 2013 in order to cope with these new challenges. This means the terminal has significant capacity and productivity reserves, which will only benefit us though once significantly higher capacity utilisation has been reached.

With revenue of € 1.15 billion and an operating result of € 158.0 million, we were able to meet our earnings forecast – last specified in autumn 2013. However, these figures are only comparable with the results for the previous year to a limited extent. The consolidated profit for 2012 (€ 186.0 million) includes a one-off gain of € 17.6 million from the realignment of our Intermodal segment. This realignment also means that revenue in 2012 included income from a company which has now been discontinued. Adjusted for this effect and in view of the increased share of container throughput accounted for by low-income and low-margin feeder traffic, our company's revenue trend was largely in line with the volume trend. Apart from this one-off effect, the decrease in earnings is attributable to four main factors:

- increased expenditure due to the growing number of peak loads from handling mega-ships,
- unrealised productivity potential at the Container Terminal Burchardkai due to capacity utilisation levels,
- expenses for restructuring the Polzug Group and
- additional costs resulting from the flooding of the Elbe and Danube rivers along key routes of our rail companies.

All in all, however, we are satisfied with the 2013 financial year. We mastered major challenges and significantly improved our market position under difficult conditions. Our balance sheet profile remains strong, with excellent liquidity and a high level of earnings. In the period under review, we were therefore once again able to finance capital expenditure largely from our own funds.

Against this backdrop, the Executive and Supervisory Boards of Hamburger Hafen und Logistik AG (HHLA) will propose a dividend of €0.45 per entitled share for the 2013 financial year for the publicly listed shares of the Port Logistics subgroup at the Annual General Meeting on 19 June 2014. This amount represents 65 percent of distributable profit and is thus at the upper end of the 50 to 70 percent range of our sustainable dividend policy based on company earnings which we continue to pursue.

Sustainable goals and values are at the heart of HHLA's commercial activities. We document this by reporting in compliance with the guidelines produced by the Global Reporting Initiative (GRI). Moreover, HHLA was the first maritime logistics company to issue a declaration of compliance with the German Sustainability Code (GSC).

In 2013, we took a further major step towards our key sustainability goal of cutting specific CO_2 emissions per container by 30 percent between 2008 and 2020. We have now achieved a reduction of 24.9 percent.

What can we expect from the 2014 financial year? Economic developments to date in 2014 and current forecasts for container throughput and container transport suggest a restrained general trend for volumes in our core markets. With this in mind, we intend to build on our strengths in mega-ship handling in Hamburg and Odessa. Assuming that the current structure of freight flows remains intact, we expect container handling volumes to increase slightly. We intend to uphold the expansion course of our Intermodal companies while once again growing significantly faster than the market, and in this way secure and expand the position in our new transport routes. We aim to achieve moderate growth in transport volumes. Based on these volume forecasts, and in view of rising competition intensity we expect revenue in the 2014 financial year to be slightly higher than in the previous year.

The demands associated with the continuing growth in ship sizes will continue to rise. This is aggravated by the obstacles posed by current infrastructure deficits relating to the Port of Hamburg's seaward accessibility. Simultaneously, the competitive pressure caused by rising surplus terminal capacities grows. In addition, the consolidation processes under way in the liner shipping industry increase the possibility of relocating container services. There are also risks as a result of the current developments in Ukraine. In view of this, achieving a result in the 2014 financial year that is in line with that of the previous year remains an ambitious target.

2014 will be another extremely challenging year for maritime logistics in Europe – both economically and from an operational point of view. In view of the high quality and performance of our handling and transport services – which we continue to develop proactively – and our available growth and productivity potential, we are very well placed to face these challenges. The strength of our earnings despite the current burdens safeguards our entrepreneurial independence and gives us the financial scope to capitalise on opportunities for additional growth.

Yours,

Klaus-Dieter Peters
Chairman of the Executive Board

Executive Board

Dr. Stefan Behn
First appointed on 1 May 1996

Responsibility

- Container Segment
- Information Systems

Heinz Brandt
First appointed on 1 Jan. 2009

Responsibility

- Human Resources
- Purchasing & Materials Management
- Legal and Insurance
- Health and Safety in the Workplace

Klaus-Dieter Peters
First appointed on 1 Jan. 2003

Responsibility

- Coordination Executive Board
- Intermodal Segment
- Logistics Segment
- Corporate Communications
- Corporate Development
- Sustainability

Dr. Roland Lappin
First appointed on 1 May 2003

Responsibility

- Finance and Controlling
- Investor Relations
- Internal Audit
- Real Estate Segment

What We Achieved in 2013

- We further enhanced our container mega-ship handling capabilities and increased our share of the container handling market in Northern Europe.
- Thanks largely to the successful expansion of our network in Germany, Austria and Switzerland, we significantly strengthened our market position in the container rail transport sector and secured additional freight for the Port of Hamburg.
- We translated our consolidated profit into high cash inflows, once again funded capital expenditure from our own funds and reduced net debt.
- We achieved a further decrease in specific CO_2 emissions per container handled and transported. The growth in our rail services prompted a substantial rise in the percentage of environmentally friendly rail transport used for hinterland haulage from our terminals.

What We Aim to Achieve in 2014

- We will further improve the performance of our container terminals in Hamburg and Odessa and consolidate our current market positions in a persistently challenging competitive environment – one which will be hallmarked by growing surplus terminal capacities, structural changes in container liner shipping and increasingly volatile volumes.
- We will continue the implementation of our successful intermodal strategy with the expansion of our network, boost added value within our production systems and strengthen our market positions, not least by improving capacity utilisation rates for our new connections.
- We will strengthen our earnings power by optimising processes and improving cost efficiency. To achieve this, we will continue to uphold our sound balance sheet policy with stable liquidity reserves. This will provide the necessary scope to make investments and drive the company's development.
- We will make an even greater contribution towards climate protection and actively support the energy transition in Germany by participating in pilot projects focusing on the use of electric mobility.

Container

Ready for the Mega-Ships

The rapid growth of container ships poses increasing challenges for the port system as a whole. HHLA is equipped for the future. It already has container gantry cranes which can handle the latest generations of ships. It is also continuously refining its terminal and port processes, and has an exemplary hinterland network.

The mega-ship Hamburg
Express entering
the Port of Hamburg

Cranes for the Mega-Ships

HHLA is getting the Container Terminal Burchardkai ready for the latest generation of mega-ships. These giants can be handled by five, new container gantry cranes: a further milestone in the expansion and modernisation programme at Burchardkai.

On the morning of 8 August 2013, people out for a stroll on the northern bank of the river Elbe at Teufelsbrück were greeted with an impressive view. The Zhen Hua 26 lay opposite at the so-called 'Finkenwerder Pfähle'. This converted tanker had brought four of the world's largest and most modern container gantry cranes on an eight-week voyage from Shanghai to Hamburg. Their jibs are so long they had to be hoisted up to avoid disrupting shipping traffic at the Port of Hamburg. As a result, they towered a total of 130 metres into the sky.

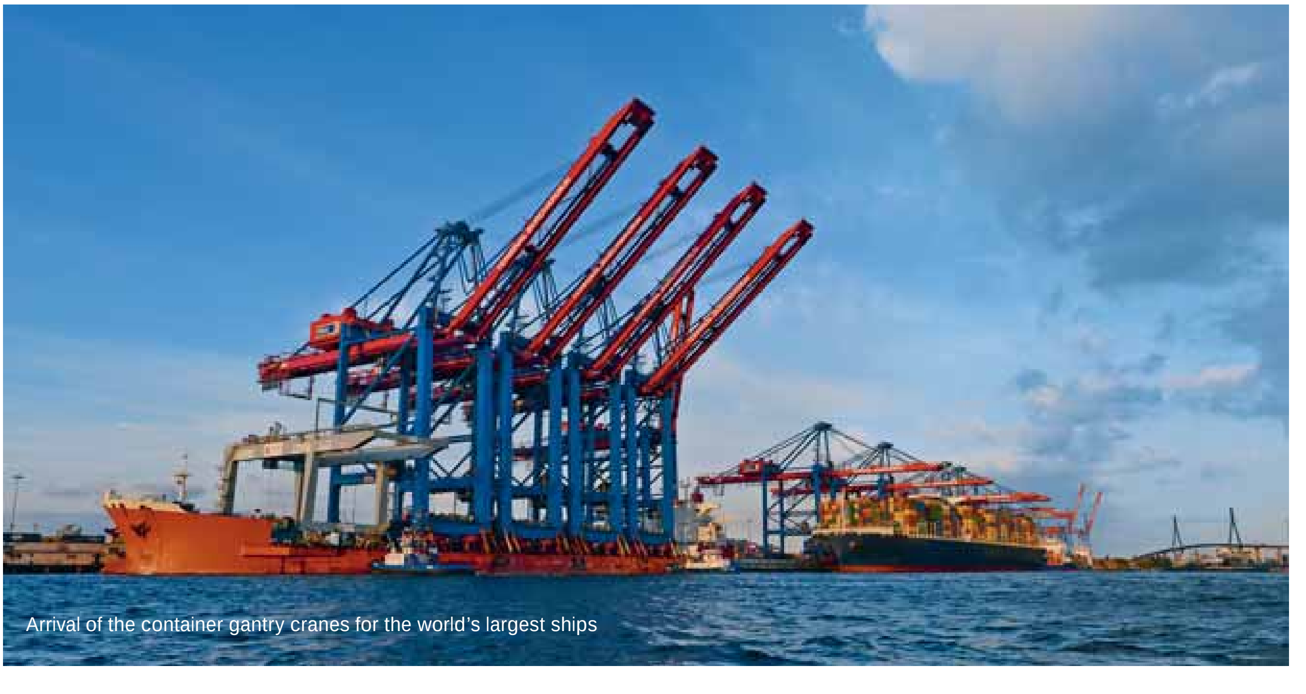
The dimensions of these cranes are truly impressive: their jibs are 74 metres long and they can handle 24 rows of containers in parallel. They are therefore perfectly suited for the latest mega-ships recently put into service, which can accommodate 18,000 standard containers (TEU). The height of the cranes has also been optimised: they can now handle nine containers placed on top of one another on deck at any time. Moreover, they have been designed for operating in tandem: two 40-foot containers or four 20-foot containers can be moved with a single lift.

HHLA is thereby strengthening Hamburg's position as an attractive port of call for the mega-ships. In 2013, the proportion of containers handled on ships with a capacity of more than 10,000 TEU at HHLA's Hamburg terminals already amounted to approximately 50 percent. The number of these ships calling at the Port of Hamburg also increased by 29 percent in the period from 2012 to 2013.

With these new cranes – a fifth arrived on schedule at the Container Terminal Burchardkai (CTB) in December 2013 – the CTB is technically equipped for the latest generation of mega-ships. Dr. Stefan Behn, the HHLA Executive Board member responsible for the Container segment, comments: "The acquisition of the container gantry cranes represents a cornerstone of our expansion programme at the CTB. It is crucial for us to be able to offer this service to our customers in good time, as the new generation of ships is commissioned." Thanks to this improved handling capacity, mega-ships can now be handled even more efficiently. This is important to enable them to meet their tight schedules more easily. In view of the delay to the dredging of the river Elbe, this is a crucial factor for HHLA's shipping customers.

The launch of these cranes will also mark the completion of the CTB's quayside expansion programme. Another key milestone has therefore been achieved in the modernisation and expansion programme which has been under way since 2004. Back then, ships such as the CMA CGM Alexander von Humboldt – which was the world's largest container ship at the time of its christening ceremony at the CTB – were not yet foreseeable. However, as far back as a decade ago, it was clear that a far-reaching programme of modernisation would be necessary to cope with the increased demands made on handling capacities at Burchardkai – HHLA's oldest and largest container terminal at the Port of Hamburg – due to growing ship sizes. There followed the biggest programme of investment in the history of HHLA. Over the past few years, the railway station, the mega-ship berths, the first storage blocks of the new, partly automated block storage system and, finally, the new system with a single control centre, remote controllers and an integrated terminal management system have been launched – without interrupting normal operations.

Now that they have gone into service, the new container gantry cranes are only just visible in the distance from Teufelsbrück. But passengers on tours of the port are offered a superb view: five of the most modern cranes capable of handling the world's largest container ships.



Arrival of the container gantry cranes for the world's largest ships

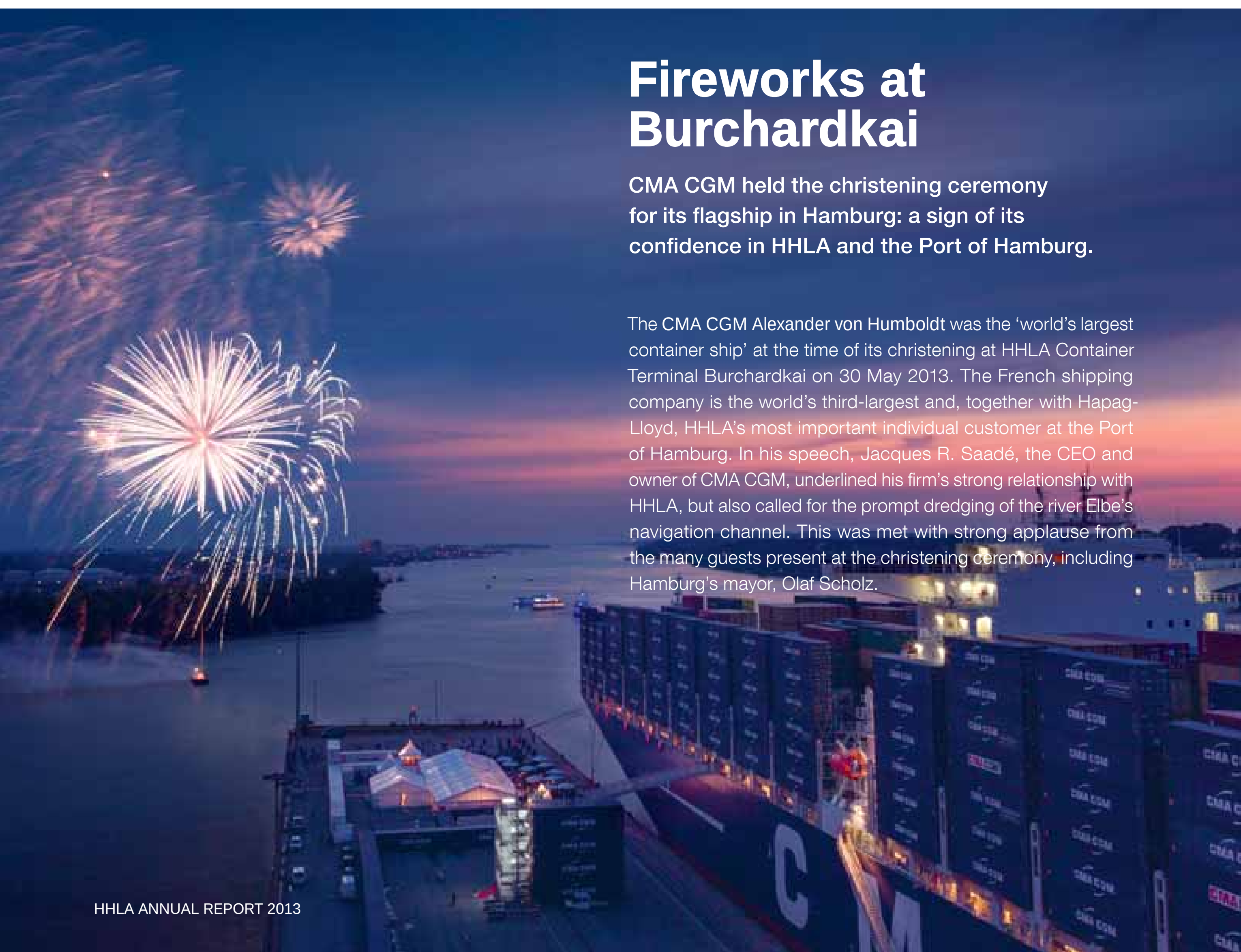
Intelligent Coordination of Feeder Calls

The world's only Feeder Logistics Center (FLZ) manages feeder traffic in the Port of Hamburg and ensures optimal workflows. In 2013, the FLZ handled around 5,000 calls to the terminals.

When a feeder ship – one of the smaller vessels which serve the giant container ships – arrives at the Port of Hamburg, it calls at an average of four terminals. Its handling is a communication and organisational challenge. As well as the terminals and the shipping company, it also involves pilots, tugs, mooring people and various authorities. They must all agree on a coordinated plan of the ship's workflows, waiting points, loading capacity and stowage planning. Flexibility is key for commercially viable operations.

Before HHLA launched the Feeder Logistics Center (FLZ), there was no central system to manage all these workflows. The FLZ fills this gap. It is the central point of contact for shipping companies and terminal operators in all matters relating to feeder ships. Since 2009, it has coordinated the handling of more than three million containers. HHLA operates the FLZ together with a competitor. The FLZ's employees focus on optimising workflows for the system as a whole. Everyone benefits from this – even if it sometimes means making compromises.

Feeder ships (centre/right) deliver load for ocean-going vessels.



Fireworks at Burchardkai

CMA CGM held the christening ceremony for its flagship in Hamburg: a sign of its confidence in HHLA and the Port of Hamburg.

The **CMA CGM Alexander von Humboldt** was the 'world's largest container ship' at the time of its christening at HHLA Container Terminal Burchardkai on 30 May 2013. The French shipping company is the world's third-largest and, together with Hapag-Lloyd, HHLA's most important individual customer at the Port of Hamburg. In his speech, Jacques R. Saadé, the CEO and owner of CMA CGM, underlined his firm's strong relationship with HHLA, but also called for the prompt dredging of the river Elbe's navigation channel. This was met with strong applause from the many guests present at the christening ceremony, including Hamburg's mayor, Olaf Scholz.

Intermodal

The Hinterland is Key

One of the most important factors for a port’s success is the quality of its hinterland links. With its own rail companies and efficient container rail terminals at the seaport and in the hinterland, HHLA offers a textbook example of an environmentally friendly transport chain. In 2013, its network was further expanded, with great success, in Germany, Austria and Switzerland in particular.

Railway station at HHLA
Container Terminal Tollerort
for 700-metre block trains

Railway Transportation Set for Growth

HHLA's rail operator Metrans is continuing the phased expansion of its network in Germany and Austria with great success. It recently added Switzerland to its network. The company's customers, the seaport and the environment all benefit.

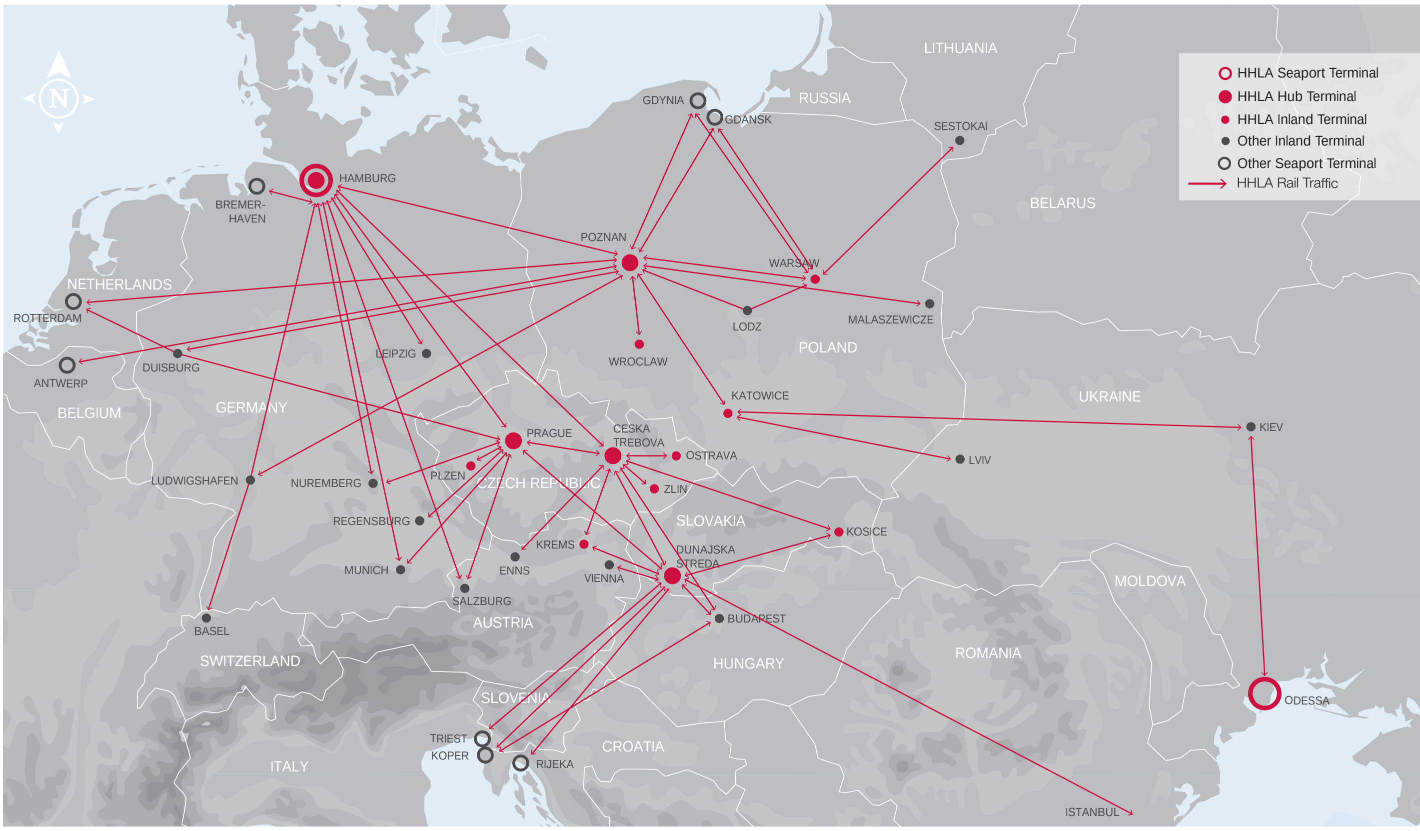
The growth rates are impressive. In the financial year 2013, HHLA's rail and road container transport volume increased by 18 percent. Besides the volumes which the Intermodal company Polzug has gained through its new connections with the Polish seaports, this is mainly attributable to HHLA's D.A.CH. strategy. This involves the development of new rail links in Germany (D), Austria (A) and Switzerland (CH). The services offered by HHLA's rail company Metrans to Vienna, Krems, Enns and Salzburg have reinforced Hamburg's role as Austria's leading export port.

The main focus in 2013, however, was the expansion of German and Swiss services. Metrans now links Hamburg with Munich six times a week, with Leipzig seven times a week and with Nuremberg as many as eight times a week. These short intervals offer an attractive and reliable service for customers. Since the autumn of 2013, the company has also served the Swiss market with three weekly connections to Basel/Weil am Rhein. This region is dominated by imports. Accordingly, Metrans trains pass through the export-oriented Ludwigshafen/Mannheim region on their return from Basel. The company's increased commitment to Germany and Austria and its entry into the Swiss market are consistent with its proven strategic approach: high levels of productivity in seaborne handling are complemented by high-performance and cost-effective rail and road hinterland systems. This secures market shares in the transport business and freight flows for the seaport container terminals – a genuine competitive advantage for HHLA and the Port of Hamburg as a whole, Europe's largest railway port.

For Jiri Samek, Metrans' long-serving Managing Director, reliability is key: "Our customers are used to receiving a high level of service from Metrans. It's important for us to deliver on this commitment to quality. We have therefore embarked on a careful and sustainable growth strategy. Our network is expanding step by step, but always at a pace where we can still guarantee a high level of productivity at all times." Metrans can only offer its customers this outstanding level of productivity if every single link in the transport chain is perfectly integrated. Metrans therefore relies on its own production materials: "We are increasingly using our own inland terminals, carriages and locomotives," explains Samek. The hub terminal which Metrans opened in Ceska Trebova in the eastern Czech Republic in 2013 is critical for the success of the D.A.CH. strategy. Metrans not only serves destinations in Austria from here, but the terminal also relieves some of the pressure on its Prague hub. This releases capacities for connections to southern Germany, for example. HHLA already acquired the terminal in Krems, Austria, in 2012. It has long established itself as a key hub for Austrian services.

In its Intermodal segment, HHLA relies on an environmentally friendly combination of ships and trains. With its D.A.CH. strategy, it is ideally placed to capture further market shares from road transport. With regard to its transport services within Germany, as well as to and from Austria and Switzerland, everything is set for further growth.

HHLA's rail transport network connects the port with the Alps.



HHLA's rail companies provide a dense transport network.

A Network for Europe

The hub-and-shuttle systems of the rail companies Metrans and Polzug provide a high-performance European transport network.

Four major, inland hubs now form the backbone for the European hinterland network of the HHLA rail companies: Prague, Ceska Trebova (Czech Republic), Dunajska Streda (Slovakia) and Poznan (Poland) – all excellently situated from the point of view of transport geography. They offer high-frequency shuttle connections with the seaports. Pooling goods flows at the hubs enables a high level of capacity utilisation and frequency for the shuttle trains. The customers of HHLA's intermodal systems can therefore rely on high-performance transport services which are equally reliable when handling large volumes.

HHLA's oldest and largest container hub is situated in Prague. It was launched in 1991 and has served as the model for HHLA's other inland hubs. Ideally positioned to serve transcontinental transport chains, Prague offers an extensive range of services deep in the hinterland. The site serves as a temporary storage facility and depot, with a full range of container-related services. As a hub, it offers a reliable range of rail connections with a high level of frequency. It also serves as a major freight traffic centre for the Prague region.

In order to optimise the efficiency of its hinterland network, HHLA continues to raise its value added. As a consequence, HHLA plans to significantly expand its stock of locomotives. The company's own terminals, carriages and locomotives are important components of its intermodal strategy. This involves the perfect dovetailing of all processes along the transport chain, thereby underlining HHLA's commitment to quality and cost leadership for intermodal transport in Europe.

An Innovative Hub

Technical innovations at the new Metrans hub terminal in Ceska Trebova improve the quality and reliability of transport chains.

With the official opening of the new Metrans terminal in Ceska Trebova in May 2013, HHLA's rail company was able to offer a further hub terminal in the Czech Republic.

Many of its Austrian services are handled from Ceska Trebova. The facility also serves the whole south-east of the Czech Republic, as well as Slovakia and Hungary. With regard to its technology and design, the inland terminal sets new standards. Its innovative operating concept no longer requires shunting operations with diesel locomotives, which is common elsewhere. This shortens transport times to and from south-eastern Europe by up to eight hours.

The new Metrans terminal makes shunting dispensable.

Logistics

Intelligent Management of Maritime Logistics

Extensive know-how and innovative technologies are the hallmarks of HHLA's activities in consultancy, specialist handling services and project/contract logistics. In Hamburg, it therefore makes an important contribution to enhancing the quality of the all-purpose port. Through its consultancy companies, HHLA markets its maritime logistics expertise worldwide.

The highly automated Hansaport bulk cargo terminal is the most modern facility of its kind.

Know-How for North America

HHLA's consultancy company Hamburg Port Consulting (HPC) is providing a fresh impetus in North America and improving the ecological efficiency of rail-based container transportation. The company is able to draw on its experience from numerous automation projects.

The opening of the Northwest Ohio Intermodal Terminal by the eastern seaboard rail company CSX has ushered in a new era of rail-based container traffic in North America. This huge facility, which occupies a total area of around two square kilometres, is the USA's first hub terminal. The containers of west-coast rail companies can be transferred directly to eastern seaboard trains here. Previously, this change process generally took place in Chicago and containers had to be transported across the city by truck, taking an average of two days. In addition, there are new direct trains from the state-of-the-art terminal in Ohio to destinations which were mainly served by truck in the past.

The partly automated rail gantry cranes positioned over the sidings are at the heart of this facility, which opened in 2011. They enable goods to be transferred directly from one train to another, and serve a large container yard next to the sidings. The terminal layout and operating concept were created by HPC, a subsidiary of HHLA. HPC has now handled 18 rail projects in North America, both at seaports and in the hinterland, and is thus overseeing a paradigm shift in the terminal strategies of many major rail operators.

Container stacking and automation are the new keys to success. As their existing operating concepts are often highly space-intensive, conventional rail terminals are increasingly reaching the limits of their capacity in view of steadily growing demand. Unlike in Europe, containers are often not stacked here. Instead, they are stored on chassis across huge areas for collection by truck trailers. HPC is transferring European know-how in relation to automation and efficient use of space to the North American market. HPC's experience as a terminal developer – with high-tech reference projects such as the HHLA Container Terminal Altenwerder – plays a key role here. It is also in demand for its insight into rail-based container transportation from a seaport perspective. Success also requires North American specifics to be taken into account. HPC has developed solutions which enable a smooth changeover from wheeled container storage to storage blocks served by cranes. This avoids imposing excessive demands on partners along the logistics chain such as forwarding companies.

When it comes to rail transportation, operators in the USA are in a league of their own. Rail companies in Europe can only dream of container trains of up to three kilometres in length with double-stacked boxes. In North America, a single train can transport more than 400 standard containers (TEU), while in Germany trains may not exceed 710 metres in length and 108 TEU. However, the ideas proposed by HPC's consultants continue to gain ground among North America's rail terminals. The website of the long-established west-coast rail company Union Pacific documents the modernisation of its one-square-kilometre container rail terminal serving the ports of Los Angeles and Long Beach by prominently featuring a photo of the block storage cranes at the Container Terminal Altenwerder. Union Pacific aims to double its current capacity with the help of storage crane systems like the ones in Altenwerder in an area of just 800,000 square metres, while simultaneously reducing its CO_2 emissions by 74 percent.

HPC developed the terminal layout and operating concept for the Northwest Ohio Intermodal Terminal.

Creating Value

HHLA complements its handling services at the Port of Hamburg with modern contract and project logistics.

HHLA Logistics offers extensive services for a broad range of goods: from huge power station turbines to small parcels of fashion items. The company handles the direct delivery of online orders as well as seaworthy packing for shipping.

"We offer more than just warehouse logistics; we generate logistics value," says the company's Managing Director Jürgen Frank of its concept. In the spring of 2013, HHLA strengthened its contract logistics by concentrating this segment at its Übersee-Zentrum storage and distribution centre and modernising it with new shelf systems and efficient IT.

HHLA also improved its project and heavy-lift logistics at the same time. A 12,000 square meter shed at the adjacent O'Swaldkai was modernised for this purpose and is now in service, enabling direct transshipment via the quayside. This is ideal for the large cargo items typical of German industrial exports which are not suitable for container transportation. HHLA Logistics' project logistics thus represents an important addition to the services provided by HHLA's Hamburg container terminals.

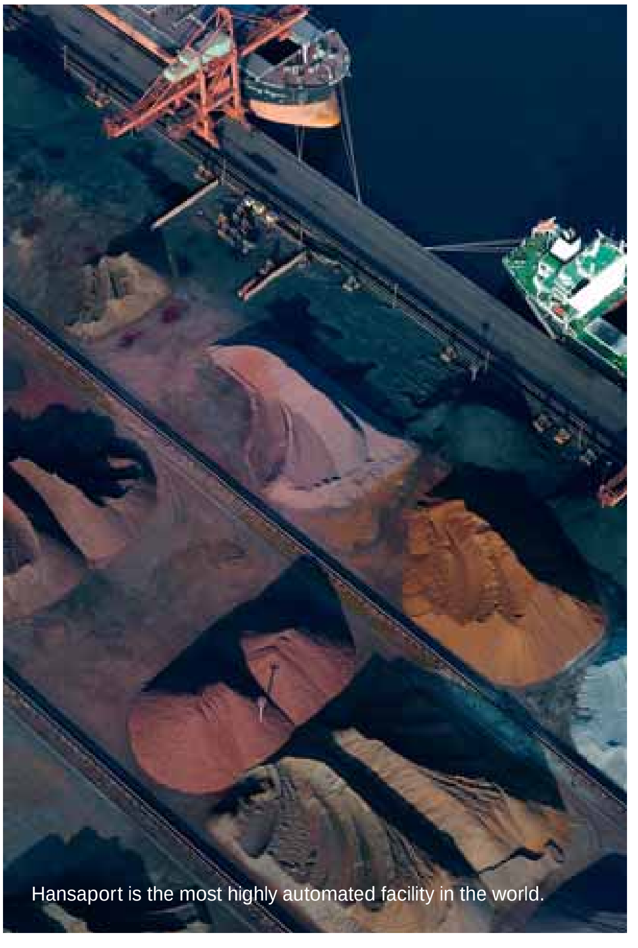
IT-supported warehouse logistics with a high level of value creation

Hidden Champion

Hansaport is Germany's largest terminal for bulk cargo – an almost fully automated and technically fascinating facility.

The view southwards from the Köhlbrand Bridge high across the Port of Hamburg resembles a mining area: large heaps of coal and ore in shades of red, brown and black rise up in front of the Container Terminal Altenwerder. At first glance, you would scarcely expect to find the world's most highly automated bulk cargo terminal here at Hansaport. "We have gradually automated Hansaport over the past few years. We are now able to tranship coal or ore fully automatically from ocean-going vessels via a storage area to goods trains," says Hansaport's Managing Director Erhard Meller.

This relatively compact 350,000 square meter facility processes around 15 million tonnes a year, more than 10 percent of the total volume handled at the Port of Hamburg. "We have a degree of automation of 95 percent," Meller reports. These days, even Hansaport's goods locomotives are driverless. The facility features the world's only fully automated unloaders. The steelworks at Eisenhüttenstadt and Salzgitter are important customers (Salzgitter Klöckner Werke GmbH holds 51 percent of the shares in Hansaport, while HHLA has 49 percent). Two-thirds of the volume handled is transported onward by rail, while the rest is moved by inland waterway vessels – with the corresponding ecological benefits.



Hansaport is the most highly automated facility in the world.

E-mobility

An Energy Transition Pioneer

HHLA Container Terminal Altenwerder has become an open-air laboratory for Germany's energy transition. After successfully pioneering the use of battery-powered automatic vehicles, this facility is now trialling the use of spikes in the supply of green energy to charge the batteries. The terminal is thus demonstrating how to reconcile commercial viability, peak performance and climate protection.

Battery-powered automatic vehicles number 85 and 86 transporting containers without emitting any CO_2

Environmentally friendly container handling at Altenwerder

An Energised Terminal

HHLA is committed to e-mobility, and this is particularly apparent at the Container Terminal Altenwerder. Innovative electric technology is used here with such great success – both commercially and ecologically – that it is now being imitated worldwide.

Moving a container from a ship to the railway tracks without generating CO_2 emissions is no mere utopia at the Container Terminal Altenwerder (CTA). Containers can already be transported here using electricity alone, except for a few metres between the yard and the rail loading area. From the end of 2014 onwards, HHLA will close this last gap by means of a prototype. CTA only uses electricity from renewable sources. While polluting diesel technology predominates at conventional port terminals, CTA has used electricity right from the start. Its large container gantry cranes have always been electrically powered, as too are its 52 block storage cranes used for storage and sorting tasks. Only the automated guided vehicles (AGVs) which transport boxes between the container gantry crane and the yard are diesel-powered. These AGVs cover around 3.8 million kilometres a year, so significant emissions savings could be made by switching them to electricity.

E-mobility is a particularly big challenge for heavy goods transportation in view of the demanding payload and transportation requirements. Together with the crane and machinery manufacturer Gottwald Port Technology, HHLA was one of the first companies to tackle this issue. At CTA, they developed the world's first battery-powered heavy goods vehicles. Two of these battery-powered AGVs have since been incorporated into the fleet of vehicles at Altenwerder, where they are in use 24 hours a day. They have proven their viability for use in ports with such great success that Gottwald has now received orders for entire fleets of battery-powered AGVs for new container terminals at Rotterdam and Long Beach.

All-electric AGVs are not only ecological pioneers but also commercially attractive. "On the whole, electric motors are considerably more efficient than combustion engines," says Jan Hendrik Pietsch, HHLA's Sustainability Officer. Diesel-electric AGVs offer an efficiency level of 26 percent, compared to 56 percent for battery-powered vehicles. In addition, diesel engines take time to warm up and cool down, while a battery-powered vehicle can be turned on and off in a fraction of a second. An electric motor also has significantly fewer components than a combustion engine. Electric motors thus have lower wear and tear and require less maintenance. Here too, the commercial and ecological benefits go hand in hand.

A further win-win situation is expected at the end of HHLA's latest innovative research project, BESIC. Together with partners from research and business, HHLA is examining in Altenwerder how AGV batteries can be charged in a switching station whenever there is a peak of wind or solar energy in the grid. If this works, it will make an innovative contribution to the success of the energy transition. Proof of the commercial viability of such a model would pave the way for the use of this technology in many related areas – for instance, to run electric buses in the public transport network or battery-powered apron vehicles at airports. "CTA is not interested in environmental gimmicks," says Boris Wulff, who is responsible for BESIC as a Terminal Development Project Manager at CTA. "These projects must make commercial sense, otherwise they're not sustainable."

Electricity Is Key

Altenwerder has successfully started switching from diesel technology to e-mobility for container transportation.

When the Altenwerder terminal was opened in 2002, it was initially served by automated guided vehicles (AGVs) powered by diesel alone. The next AGV generation used diesel-electric propulsion and thus reduced CO_2 emissions by around 30 percent. In a widely acclaimed pilot project, HHLA and the crane and machine manufacturer Gottwald Port Technology developed the first all-electric, CO_2-free AGVs in 2010–2011. The vehicles are well suited to the special demands of terminal operations and their batteries can be replaced fully automatically at a switching station in just five minutes. This project was awarded the Hanse Globe sustainability prize in 2011.

A Flagship Project

HHLA is examing how to charge vehicle batteries using peaks in the supply of green energy. An important contribution to the energy transition.

E-mobility is already a reality at HHLA Container Terminal Altenwerder (CTA), where it is in use 24 hours a day, 360 days a year. The world's first two battery-powered automated guided vehicles (AGVs) are in operation here. Since the start of 2013, the research project BESIC (Battery Electric Heavy Goods Transports within the Intelligent Container Terminal Operation) has gone one step further. It is examining how to identify the best possible time – in both operational and ecological terms – to charge AGV batteries.

These electricity storage devices weigh approx. twelve tonnes and can be replaced fully automatically at the large switching station in just five minutes. Since the AGVs operate around 17 hours with a battery charge, while loading takes just seven hours, the charging time can be chosen relatively freely without disrupting operations.

This is the starting point for the BESIC project, which is being subsidised by the German Federal Ministry of Economics and Energy and which HHLA is conducting together with the AGV manufacturer Gottwald/Terex, Vattenfall and three universities. The pilot project aims to develop a battery management system which will determine suitable charging times by exchanging data between Vattenfall's load forecasting systems and CTA's terminal management system. This would mean that wind or solar power could be used whenever a surplus became available. The project team is examining both the practical feasibility and the commercial viability of such a model. This might also be of interest for other companies seeking to move large volumes of cargo by means of battery-powered vehicles within a limited radius. Since this project is expected to make an innovative contribution to the energy transition, the German government already selected BESIC as a flagship e-mobility project in late May 2013.

In future, containers shall be moved at Altenwerder using peaks of green energy.

The Share

Upward Trend on Stock Markets

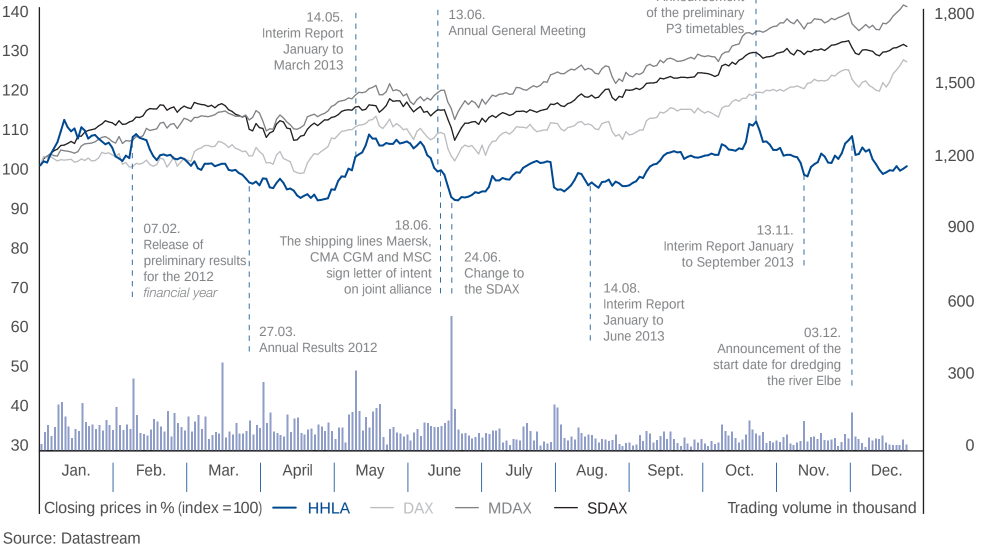
Contrary to forecasts at the start of the year, the German stock market made excellent progress in 2013. Its performance reflected the positive trend on the international stock markets, which entered the new trading year buoyed by optimistic economic forecasts and a persistently high level of liquidity. In view of the difficulties in Italy to form a new government and the financial situation of Cyprus, sentiment on the capital markets was depressed in the first quarter and led to falling prices. However, the situation stabilised and prices recovered following the decision to bail out Cyprus. This confidence was further bolstered by hopes of a new government in Italy, speculation that the ECB would cut its base rate and the continued expansionary policy of the US Federal Reserve. As a result, the stock markets experienced new record highs in the middle of the second quarter. This positive trend was interrupted in late August as the conflict in Syria threatened to escalate. The market was only soothed after the USA and Russia were able to arrive at an agreement. Positive economic data buoyed the upward trend and pushed the DAX to an interim high for the year. In late September, fears surrounding the US budget dispute and impending insolvency triggered temporary price falls. However, the agreement reached by the Republicans and Democrats in mid-October helped share prices recover lost ground. The market's optimistic mood continued to set the trend in the final months of the year. The DAX reached a record of 9,594 points at year-end with year-on-year growth of 25.5 % in 2013. The SDAX outperformed Germany's blue-chip index with growth of 29.3 % to close the year at 6,789 points.

HHLA Share Stable Despite High Volatility

The HHLA share was subject to considerable price volatility in 2013. The price trend was shaped, in particular, by increased operational expenditure required to compensate for peak loads caused by the increasing number of ever-larger ships. This was additionally exacerbated by nautical restrictions caused by the delay in dredging the river Elbe and in realising economies of scale from the expansion and modernisation programme at the Container Terminal Burchardkai (CTB), which are not possible with the current level of utilisation. The share price was also affected by uncertainties over future market developments due to idle capacities in the North Range and the effects of the planned alliance (P3) announced between the shipping lines Maersk, CMA CGM and MSC.

At the start of the year, the share recovered from the losses of the previous year. Unexpectedly high throughput data from China and positive economic forecasts lifted the share beyond the € 19 mark to

Share Price Development 2013



Source: Datastream

reach a year-high of € 19.81 in early January. The publication of preliminary figures for the 2012 financial year in early February consolidated this price level. However, most of this growth was subsequently lost with increasing awareness that the strong start to the year in Asia merely based largely on early shipping of throughput volumes. Concerns about the economy in view of the stalemate in the Italian election and the fiscal situation in Cyprus put further pressure on the share price. Furthermore, the temporary shut-down of the Kiel canal for maintenance work at the beginning of March once again emphasised the importance of public infrastructure projects – such as the maintenance and enlargement of key waterways including the river Elbe – to the Port of Hamburg. Nor was the proposal of a stable dividend of €0.65 per share able to halt the downward trend. In late April the share quoted with an all-time low of € 16.29.

A general market recovery and the publication of better-than-expected quarterly results led to a share price increase in mid-May and lifted it above the € 19 mark again. As expected, Deutsche Börse announced in early June that HHLA would change from the MDAX to the SDAX index. Although HHLA still fulfilled all the standard MDAX criteria on the review date, it was forced out of the index by the initial public offering of another company with higher figures in the relevant criteria of market capitalisation and trading volume. From the perspective of HHLA, it will not result in any long-term changes.

Following the dividend payment on 14 June, the HHLA share was traded with corresponding discounts. It briefly returned to its year-low of € 16.29 before quickly recovering on the back of more friendly economic prospects.

The increased proportion of low-margin feeder traffic, the adjustments of the working structure at CTB and the flooding along the Elbe and Danube rivers in early summer burdened results for the first six months. This triggered rating downgrades by two analysts. However, the share price picked up again ahead of a fourth-quarter hearing by the Federal Administrative Court in Leipzig on the dredging of the river Elbe. Steadied by positive economic data from China, the USA and the eurozone, the share closed the third quarter at a price of € 18.18.

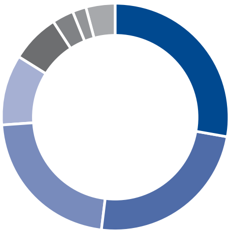
At the start of the fourth quarter, HHLA's share price stabilised above the € 18 mark. In late October, the preliminary schedule of the P3 alliance – confirming the Port of Hamburg as a key port of call for Asian traffic – gave a further momentum to the share's positive performance and lifted it to a quarterly high of € 19.64. On publication of its results for the first nine months, HHLA maintained its forecast and announced that operating result were likely to reach the lower end of the previously given range. This reflected the tougher environment and higher-than-expected operational expenses. HHLA's share price fell immediately before recovering shortly afterwards. In early December, the

Key Figures HHLA Share

in €	2013	2012
Closing price at year-end [1]	17.78	17.82
Highest share price [1]	19.81	26.59
Lowest share price [1]	16.29	17.00
Performance in %	- 0.2	- 21.9
Average daily trading volume [1]	85,310	88,585
Number of shares	72,753,334	72,753,334
Listed shares (Class A shares)	70,048,834	70,048,834
Non-listed shares (Class S shares)	2,704,500	2,704,500
Dividend per Class A share	0.45 [2]	0.65
Dividend yield in %	2.5	3.6
Market capitalisation as of 31.12. (Class A shares) in € million	1,245.5	1,248.3
Price-earnings ratio as of 31.12.	20.0	16.7
Earnings per share	0.68	0.95

[1] XETRA
[2] Dividend proposal for 2013 financial year

Regional Coverage of IR Activities

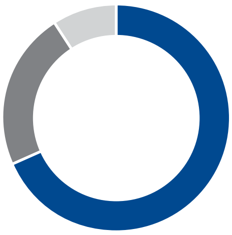


28 %	Germany
24 %	UK
22 %	USA
10 %	Switzerland
7 %	Austria
3 %	France
2 %	Scandinavia
4 %	Other countries

Source: Investment Conferences and Roadshows 2013

Shareholder Structure

per Class A share as of 31.12.2013



68.4 %	Free and Hanseatic City Hamburg
22.7 %	Institutional Investors
8.9 %	Retail investors

Source: Share register

official announcement that proceedings to dredge the river Elbe would commence on 15 July 2014 led to a strong temporary rise in the share price and drove it beyond the €19 mark. Towards the end of the year, the share lost these gains and closed 2013 with a slight fall of 0.2 % on the previous year.

Dialogue with Capital Market Intensified Further

In view of the share price development and increasing uncertainty among capital market participants regarding the further delay in dredging the river Elbe, it was particularly important for HHLA's investor relations team to ensure short reaction times, provide comprehensive information and maintain an open dialogue with financial analysts and investors. These activities were expanded during the reporting year with the aim of increasing the transparency of all business model aspects relevant to create a fair enterprise value by effective financial communication. In order to serve the interests of both institutional and private investors, HHLA attended a number of investor conferences in the key financial cities of Frankfurt, London and New York as well as private investor events in Germany. These initiatives were supplemented by roadshows in further financial centres in continental Europe and the UK. Investors were also invited to a large number of meetings at the company's headquarters in Hamburg. These opportunities for information and discussion generated great interest. In addition, the Executive Board provided details on the development of business during its quarterly analysts conferences.

A wide range of information was once again made available in 2013: in addition to financial reports, tables of key performance figures and share price information, HHLA also offered website visitors the possibility to download its latest presentations as well as video footage of terminal operations. Furthermore, the company made use of the communication channel Twitter to draw attention to current and upcoming financial announcements. Full use was also made of the opportunity to contact the IR team via email and telephone.

In addition to HHLA's volume and earnings trends, the key topics of interest to shareholders in the financial year 2013 were the expansion of handling capacity in Northern Europe and its impact on the competitive situation. The financial standing of shipping lines and building of new consortia and alliances were further keenly discussed topics. Once again, interest also focused on central infrastructure projects, such as the dredging of the river Elbe and the necessary maintenance for the Kiel canal. The development of modernisation work at CTB was also of particular interest.

HHLA's communications activities were once again commended by the capital market: in a survey of more than 2,000 capital market participants conducted by the US 'Institutional Investor' magazine, HHLA was awarded first place in the category 'Europe's Best Investor Relations Professional' in the transport sector. HHLA's annual report was also voted one of the top ten MDAX publications in the competition held by the University of Münster and "manager magazine" for the best annual report.

Widespread Shareholder Base

HHLA's shareholder base remained largely stable in 2013. In terms of the listed Class A shares, the Free and Hanseatic City of Hamburg remained the company's largest shareholder with an unchanged stake of 68.4 %. The free float amounted to 31.6 %. According to the voting rights notifications received by HHLA until year-end 2013, the US investor First Eagle Investment Management LLC was the only free float shareholder to exceed statutory reporting thresholds with a stake of 5.2 %. Among the daily traded shares, ownership structure shifted slightly towards private investors, who held 8.9 % of nominal capital at the end of the year (previous year: 8.5 %). By contrast, institutional investors continued to hold the majority of free floating shares, with 22.7 % of all shares (previous year: 23.1 %). Overall, HHLA's nominal capital remained widely distributed among approximately 35,000 registered shareholders. In regional terms, the largest free float shareholders were based primarily in Germany, the USA, the UK and other countries, especially in continental Europe.

Interest Among Analysts Remains High

The number of analysts covering HHLA's business development and issuing research reports and estimates fell slightly year on year, from 25 to 23. This was mainly due to consolidation in the banking sector. However, the HHLA share still has a broad range of coverage for an SDAX company. The majority of analysts recommend the HHLA share as a buy or a hold. They point out growth potential in core markets due to the dredging of the river Elbe, as well as efficiency gains and potential economies of scale through the forerunning CTB investments as the key value drivers. Analysts with a sell recommendation mainly emphasise the rising intensity of competition among North Range ports and the risks associated with the continued delay in dredging the river Elbe.

HHLA attaches great importance to broad and well-informed coverage of its share as this enhances investors' understanding of the company's business model and ensures a comprehensive range of sentiments. The Group therefore remains in close contact with all financial analysts and constantly intends to expand the number of independent studies on its business development.

Annual General Meeting Resolves Dividend at Same Level as Previous Year

The sixth Annual General Meeting since HHLA's initial public offering in 2007 was held in Hamburg on 13 June 2013. Around 1,000 shareholders or 83 % of nominal capital were represented (previous year: 82 %). The resolutions proposed by the Supervisory Board and Executive Board were all adopted by the shareholders present with large majorities. These included to pay out the same dividend per dividend-bearing share of the listed Port Logistics subgroup (Class A share) as in the previous year. HHLA thus distributed dividends totalling €45.5 million, as in the previous year. This corresponded to a pay-out ratio of 68.4 % of the Port Logistics subgroup's net profit after minority interests for the year. The dividends were paid out to the shareholders on 14 June. In relation to the closing price at the end of the year, the HHLA share thus achieved a dividend yield of 3.6 %.

On the basis of the earnings achieved in 2013, the Executive Board and Supervisory Board will propose a dividend of €0.45 per Class A share at the Annual General Meeting to be held on 19 June 2014. This corresponds to an overall distribution of €31.5 million. In relation to earnings per share, the dividend payout ratio would once again represent a high level of 65.3 %. HHLA would therefore continue to pursue its dividend policy of distributing between 50 and 70 % of the Port Logistics subgroup's relevant net profit for the year to its shareholders.

Basic Data HHLA Share

Type of shares	No-par-value registered shares
ISIN International Security Identification Number	DE000A0S8488
SIC	A0S848
Symbol	HHFA
Stock exchanges	Regulated market: Frankfurt/Main, Hamburg Open market: Berlin, Düsseldorf, Hanover, Munich, Stuttgart
Stock exchange segment	Prime Standard
Sector	Transport & Logistics
Indices	SDAX, MSCI Germany, HASPAX, CDAX, HDAX, Prime All Share, Classic All Share
Ticker symbol Reuters	HHFGn.de
Ticker symbol Bloomberg	HHFA:GR
First listing	2 November 2007

Recommendation by Financial Analysts

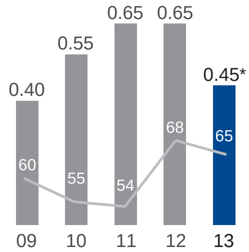
as of 31.12.2013

- 18 % Buy/overweight
- 52 % Hold/neutral
- 30 % Sell/underweight

You can find an overview of financial analysts who cover HHLA on ► www.hhla.de

Development of Dividend

per Class A share in €



*Dividend proposal
— Payout ratio refering to earnings per share of Port Logistics subgroup in %

HHLA_IR

You can find current and future company announcements also on the Twitter channel HHLA_IR.

Use the QR code:

Corporate Governance Report

Responsible and transparent corporate management geared towards sustainable value has always been an essential foundation of HHLA's commercial success. For this reason, HHLA's Supervisory Board and Executive Board expressly support the German Corporate Governance Code ('the Code') and the objectives and purposes which it pursues.

Corporate Management Declaration

Division of Responsibilities between the Executive Board and the Supervisory Board

In accordance with the stipulations of German stock corporation law, HHLA has a dual system of management with an Executive Board and a Supervisory Board as management bodies, both of which have their own defined areas of competence. This system is characterised by having separate personnel to carry out the management and supervision functions: the Executive Board manages the company on its own responsibility, while the Supervisory Board monitors the Executive Board and discusses relevant matters with it. Simultaneous membership of both bodies is not permissible. HHLA's Executive Board and Supervisory Board work closely together for the company's benefit in an atmosphere of mutual trust.

Function of the Supervisory Board

The Supervisory Board oversees the Executive Board's management of the company, advises it on company management, and is involved in decisions of fundamental importance. Decisions of fundamental importance must be approved by the Supervisory Board. It also decides on the composition of the Executive Board. The examination and approval of the Annual Financial Statements is another of the Supervisory Board's main tasks.

In accordance with the company's articles of association, Sections 95 and 96 of the German Stock Corporation Act (AktG) and Section 7 of the German Co-Determination Act (MitbestG), the Supervisory Board consists of six shareholder representatives elected by the Annual General Meeting and six employee representatives elected in accordance with the German Co-Determination Act (MitbestG). No former members of HHLA's Executive Board sit on the Supervisory Board. Unless the Annual General Meeting specifies a shorter period of office, Supervisory Board members are elected for a period ending with the Annual General Meeting which passes a resolution discharging the Board for the fourth financial year following the start of its term of office. The financial year in which the term of office begins is not included.

Members of the Supervisory Board are obliged to disclose any conflicts of interest to the Supervisory Board as a whole, especially resulting from any advisory role or seat on a management body involving customers, suppliers, creditors or other business partners. If a member of the Supervisory Board has significant conflicts of interest which are not merely temporary, this should result in the termination of his/her period of office. The Supervisory Board is required to give notification of any conflicts of interest which arise and how they are being handled in its report to the Annual General Meeting.

The company has arranged for D&O insurance with an appropriate deductible for members of the Supervisory Board.

The Supervisory Board carries out its work both in full council and in individual committees. The Supervisory Board has adopted its own rules of procedure, which also outline the committees' responsibilities. In order to fulfil its duties as efficiently as possible, the Supervisory Board has currently constituted the following six committees:

- The Finance Committee prepares Supervisory Board meetings and resolutions of major financial importance, such as approvals or other resolutions to be adopted concerning significant borrowing and lending, guarantees for third-party liabilities, financial investments and other financial transactions. It also deals with planning and investment issues, such as the budget and medium-term planning.

- The Audit Committee monitors accounting processes and the audit of financial statements, particularly the independence of the auditor and the additional services provided by the auditors. The committee prepares the Supervisory Board's resolution proposal to the Annual General Meeting on the election of the auditor and, after the auditor has been elected by the Annual General Meeting, awards the audit assignment for the Consolidated and Annual Financial Statements. It also deals with the fee agreements and determines which areas the audits should focus on. In addition, it concerns itself with the effectiveness of the internal accounting control system, the risk management system, the internal audit system and the compliance system. As an independent member of the Supervisory Board, the Chairman of the Audit Committee, Dr. Norbert Kloppenburg, has expertise and experience in the areas of accounting, the audit of financial statements and the internal monitoring procedures.

- The Arbitration Committee was constituted for the purposes laid down in Section 31 (3) of the German Co-Determination Act (MitbestG). Its task is to make proposals for appointing members of the Executive Board if the statutory majority of two thirds of the Supervisory Board members' votes is not reached after the first round of voting.

- The Personnel Committee prepares the personnel decisions to be taken by the Supervisory Board. The committee ensures there is a long-term succession plan in place and that diversity considerations are taken into account in the Executive Board's composition. It prepares the Supervisory Board resolution specifying the remuneration of the Executive Board and the examination of the remuneration system for the Executive Board and handles the Executive Board contracts, provided the German Stock Corporation Act (AktG) does not require the full council of the Supervisory Board to handle these responsibilities. Furthermore, the Personnel Committee fulfils the role of Nomination Committee – consisting solely of shareholders' representatives when performing this role – in compliance with the Code. In line with the criteria stipulated in Section 5.4.1 of the Code, it proposes suitable candidates to the Supervisory Board for its suggestions to the Annual General Meeting for the shareholder representatives on the Supervisory Board.

- As HHLA is divided into two subgroups (Port Logistics subgroup [A division] and Real Estate subgroup [S division]), a **Real Estate Committee** was constituted for the latter. This committee receives all Executive Board reports on behalf of the Supervisory Board and is involved in discussing all affairs that relate to the Real Estate subgroup. It also decides on whether to grant Supervisory Board approval for all legal transactions relating to the Real Estate subgroup which require such approval and all other matters which affect the Real Estate subgroup, either primarily or in their entirety. In addition, the Real Estate Committee is responsible for examining the documents relating to the Annual Financial Statements and preparing the Supervisory Board's decision on the adoption of the financial statements, but only insofar as these relate to the affairs of the Real Estate subgroup. Its tasks also include preparing the approval of the Consolidated Financial Statements and confirming the Executive Board's proposal for appropriation of the distributable profit by the Supervisory Board, insofar as these relate to the Real Estate subgroup.

For the current composition of the Supervisory Board and its committees, please ► see Board Members and Mandates, page 38 et seqq.

Function of the Executive Board

The Executive Board manages the company's business under the joint responsibility of its members. It determines the company's goals, its fundamental strategic orientation, and Group policy and organisation. These tasks include, in particular, steering the Group and managing its financing, developing a personnel strategy, appointing and developing managers and representing the company before the capital markets and the general public.

HHLA's Executive Board currently consists of four members. For its composition please ► see Board Members and Mandates, page 38 et seq. In accordance with Article 8 of the articles of association, the Executive Board must consist of at least two members. The Executive Board's members are appointed by the Supervisory Board. Executive Board members are given responsibility for particular departments in line with a schedule of responsibilities, which forms part of the code of practice specified by the Supervisory Board for the Executive Board. When appointing company executives, the Executive Board takes diversity considerations into account. In particular, it aims to ensure the appropriate inclusion of women.

The Executive Board provides the Supervisory Board with regular, timely and comprehensive information on all matters that are relevant for the Group. These include, in particular, the intended business policy, corporate profitability, the course of business and position of the company, planning, the current risk position, risk management and compliance. The Executive Board must notify the Chairman of the Supervisory Board without undue delay of any important events of fundamental significance for the assessment of the position and development or the management of the Group. These include operational malfunctions and illegal actions which disadvantage the company, for example. Certain actions and transactions of fundamental importance by the Executive Board require the approval of the Supervisory Board in accordance with the Executive Board's code of practice. No conflicts of interest regarding members of the Executive Board requiring immediate disclosure to the Supervisory Board arose in the reporting year. Executive Board members may only take on other duties, especially supervisory board posts at companies outside the Group, with the approval of the Supervisory Board. Transactions of material importance between Group companies and members of the Executive Board, parties related to them, or companies closely associated with them also require the approval of the Supervisory Board. All such transactions must be performed at generally accepted market terms. There were no transactions of this nature in the reporting period.

Declaration of Compliance

The Executive Board and Supervisory Board of Hamburger Hafen und Logistik AG hereby state after due examination that in the period starting 7 December 2012 (the date on which the previous declaration of compliance was issued), HHLA complied with the recommendations of the German Corporate Governance Code ('the Code' or 'GCGC') in the version dated 15 May 2012 and – subsequent to its taking effect – the version dated 13 May 2013 with the following exceptions. Furthermore, HHLA shall comply with the Code in the future with the following exceptions. This shall apply subject to the changes stated below:

a) Section 4.2.3 of the GCGC specifies that in concluding Executive Board contracts care is to be taken to ensure that payments made to an Executive Board member on premature termination of contract without serious cause or as a result of change of control do not exceed certain levels (severance payment caps) and that the severance payment cap in question is based on the total remuneration for the previous year and, where applicable, on the probable total compensation for the current financial year. According to the compensation provision in the current contracts of employment, any Executive Board member whose contract is terminated early without good cause, or who loses their Executive Board seat due to a change of control or similar circumstances, does not receive compensation exceeding the remaining term of their contract. This arrangement only partially complies with the GCGC's requirements. In our view, an additional inclusion of severance payment caps would not be practicable since the existing contracts of Executive Board members are concluded for the duration of the term for which they are appointed and a regular termination of these contracts is impossible.

b) According to Section 7.1.2 of the GCGC, half-yearly and any quarterly financial reports are to be discussed with the Executive Board by the Supervisory Board or its Audit Committee prior to publication.

HHLA does not currently comply with this recommendation because compiling such reports on the basis of individual segment reporting for the A and S divisions takes more time than for companies with only one class of shares. As a result, an effective prior discussion by the Supervisory Board or its Audit Committee cannot be assured at present. In order to increase the level of detail and frequency with which the company's reports are examined, the half-yearly financial report and the interim management report were reviewed by the auditor again this year. It is intended that this will continue in the future.

c) Sections 4.2.2 and 4.2.3 in the new version of the GCGC dated 13 May 2013 contain a total of three new recommendations. Section 4.2.3 (2) sentence 6 of the GCGC requires that total remuneration for members of the Executive Board and the individual variable components of remuneration be capped. For the service contracts with Executive Board members in existence at the time of the new recommendation, this is currently not always the case for other benefits. The intention is to implement this and the two other aforementioned recommendations of the Code (which we believe can only apply when Executive Board remuneration is determined again in the future) at the latest when new service contracts with Executive Board members are signed or existing contracts renewed. Amending these contracts retroactively would not be consistent with the principle that agreements must be kept; neither could it be enforced unilaterally by the company, nor do we believe that it is required by the Code.

d) According to Section 5.4.6 (2) of the Code, if a commitment is given to pay performance-related remuneration to members of the Supervisory Board, it should be dependent on sustainable corporate development. The variable remuneration applicable to the members of the Supervisory Board until 31 December 2012 was adopted by the Annual General Meeting in 2007. It was linked to a dividend payment to shareholders and did not correspond to this sustainability criterion. The Supervisory Board therefore reviewed changes to remuneration in compliance with the Code and the Executive Board and Supervisory Board proposed a new system of fixed remuneration for resolution by the Annual General Meeting. On 13 June 2013, this system was adopted by the Annual General Meeting with effect from the financial year beginning 1 January 2013, so that compliance with this recommendation of the Code is now assured.

Hamburg, 11 December 2013

The Executive Board
of Hamburger Hafen und Logistik Aktiengesellschaft

The Supervisory Board
of Hamburger Hafen und Logistik Aktiengesellschaft

The above declaration and the declarations of compliance relating to previous years can be viewed on HHLA's website at ► www.hhla.de/en/corporategovernance

Key Corporate Governance Practices

Compliance

Compliance with corporate guidelines and the statutory provisions relevant to the company's activities (hereinafter also referred to as 'compliance') is regarded as an essential part of corporate governance at HHLA. The management team in each corporate unit is therefore responsible for working to achieve compliance with the regulations that are relevant for their field of activity and area of responsibility. Workflows and processes must be structured in line with these regulations. The cornerstone of HHLA's compliance management system is a code of conduct, which formulates overriding principles on topics with special relevance for compliance, such as conduct in the competitive environment, the prevention of corruption, discrimination and conflicts of interest, and how to deal with sensitive corporate information, especially insider information. please also ► see www.hhla.de/en/compliance The overall coordination of the compliance management system is performed by a Compliance Officer, who reports directly to the Chief Financial Officer and synchronises his or her activities closely with those of the Internal Audit and Risk Management departments. In 2013, further extensive steps were taken to enhance HHLA's compliance management system. These included stepping up preventive work, e. g. by producing and updating Group guidelines and conduct guidance, systematically analysing compliance risks, and training staff at HHLA companies in Germany and abroad on the code of conduct and special issues, such as preventing corruption or observing insider trading rules. The Audit Committee also monitored the development of the compliance management system in the reporting period by means of regular reports from the Executive Board and the Compliance Officer. The system will be further extended in the future.

Sustainability

Sustainability has been an integral part of HHLA's business model since the company was established. Port terminals provide an ecologically sound link between global goods flows on the one hand and hinterland networks and logistics centres on the other. HHLA's actions are characterised by responsibility towards its employees, the environment and society as a whole and by taking responsibility for its business activities. To reinforce this, HHLA was the first maritime company to issue a declaration of compliance with the German Sustainability Code (GSC). ► www.deutscher-nachhaltigkeitskodex.de
In addition, HHLA applied the Global Reporting Initiative guidelines on sustainability reporting – the most commonly used standard of its kind in the world – in this Annual Report. ► see also Sustainability, page 55 et seqq.

Further Information about Corporate Governance at HHLA

Diversity Objectives for the Supervisory Board and Progress to Date

At its meeting on 7 December 2012, the Supervisory Board of Hamburger Hafen und Logistik Aktiengesellschaft most recently updated the statement of intent for its future composition, which was first adopted on 15 December 2010, as per Section 5.4.1 of the GCGC:

The HHLA Supervisory Board must always be composed in such a way that its members have the necessary knowledge, skills and industry expertise to fulfil their responsibilities properly.

In addition, the GCGC calls in Section 5.4.1 for concrete objectives to be defined regarding the Supervisory Board's composition. Against the backdrop of an organisation's specific situation, these should take into account the company's international operations, potential conflicts of interest, the number of independent Supervisory Board members as defined by Section 5.4.2, a definable age limit for Supervisory Board members and diversity. In particular, these concrete objectives should stipulate the appropriate inclusion of women.

HHLA's Supervisory Board has incorporated these requirements into its rules of procedure (Section 7 [4]). The following objectives have been defined for the composition of the Supervisory Board:

Diversity

Diversity should be taken into account in the composition of the Supervisory Board.

Diversity in the Supervisory Board is – inter alia – reflected by shareholder representatives with different career paths and fields of activity who can draw on a wide range of different experiences (e.g. from international assignments).

With regard to the appropriate inclusion of women on the Supervisory Board, the company is pursuing the medium-term goal of increasing the proportion of female shareholder representatives to at least 40%. Due to the existing provisions of the German Co-Determination Act, the company has no influence over which employee representatives are selected.

International Orientation

International orientation also plays a role when appointing members to the Supervisory Board. Due to HHLA's business model, the company's operations have a predominantly regional and local focus, which means that it is currently not of paramount importance that members have extensive relevant experience of managing international companies. However, some of the members of the company's Supervisory Board are in possession of such experience.

Age Limit for Supervisory Board Members

The rules of procedure of HHLA's Supervisory Board (Section 7 [1] sentence 3) stipulate that only candidates under the age of 70 may stand for election or re-election as members of the company's Supervisory Board.

Conflicts of Interest

To prevent conflicts of interest, the rules of procedure of HHLA's Supervisory Board (Section 7 [3]) state that Supervisory Board members may not hold a seat on a management body or fulfil an advisory role involving major competitors of the company.

Members of the Supervisory Board are obliged to disclose any conflicts of interest to the Supervisory Board as a whole, especially conflicts which may arise as a result of an advisory role or seat on a management body involving customers, suppliers, creditors or other third parties. If a member of the Supervisory Board has significant conflicts of interest which are not merely temporary, this should result in the termination of his/her period of office. The Supervisory Board is required to give notification of any conflicts of interest which arise and how they are being handled in its report to the Annual General Meeting.

Independent Supervisory Board Members

The company is still working towards recruiting at least two independent Supervisory Board members from amongst its shareholders. In the view of the Supervisory Board, this currently corresponds to the structure of equity investments, business sectors and, by extension, HHLA's specific situation. However, it is the opinion of the Supervisory Board that employee representatives should not automatically be considered independent. It is important to consider the specific circumstances in each case. The Supervisory Board must have at least one member who is independent as defined by Section 100 (5) of the German Stock Corporation Act (AktG) and who has expertise in the fields of accounting or the auditing of financial statements.

Progress to Date

As regards the goal of increasing the share of female shareholder representatives to at least 40% in the medium term, a ratio of 33.33% was achieved through the Supervisory Board elections in 2012. In terms of the shareholder representatives, this ratio actually exceeds the figure of 30% prescribed in the new German government's coalition agreement. The targets regarding the number of independent members specified in the updated statement of intent and the existing requirements concerning international orientation, age limit and conflicts of interest were met in 2012. They will continue to be taken into account when selecting candidates and making election proposals.

Directors' Dealings

In the 2013 financial year, the company did not receive any notifications regarding directors' dealings with HHLA shares.

As of 31 December 2013, the Executive Board and Supervisory Board overall did not possess more than 1% of the shares issued by HHLA.

Risk Management

The HHLA Group's risk management system is described in detail in the Risk and Opportunity Report, which forms part of the Group Management Report. ► see page 79 et seqq.

Transparency

HHLA informs capital market participants and interested members of the general public comprehensively about the position of the Group and important company developments, particularly by means of its financial reporting (Annual Report and Interim Reports), press conferences for analysts and financial press conferences, dialogue with analysts and the press, press releases and ad hoc announcements as required, and its Annual General Meetings. As a permanently available and up-to-date communication medium, the website ► www.hhla.de provides all the relevant information in both German and English. In addition to comprehensive information about the HHLA Group and the HHLA share, it contains a financial calendar which provides an overview of the main events. Any enquiries over and above this from shareholders, investors and analysts should be addressed to the Investor Relations department.

Shareholders and Annual General Meeting

Shareholders exercise their rights, in particular their voting rights, at the Annual General Meeting. According to the articles of association, the Annual General Meeting is held in Hamburg, another major German city or the seat of a German stock exchange within the first eight months of each financial year. Each share entitles its holder to one vote at the Annual General Meeting. There are no shares with multiple voting rights, no preference shares and no caps on voting rights.

Shareholders may exercise their voting rights at the Annual General Meeting in person, by appointing a representative of their choice or by giving voting instructions to a proxy designated by the company. The articles of association also authorise the Executive Board to provide for shareholders to cast their votes in writing or by means of electronic communication without attending the Annual General Meeting (postal vote). The invitation to the Annual General Meeting includes explanations of the participation conditions, the voting procedure (including proxy voting) and the rights of shareholders. In addition, the company has a telephone hotline for shareholders' questions. The reports and documents required by law for the Annual General Meeting, including the Annual Report, are published on the company's website at ► www.hhla.de/agm together with the agenda. Information on attendance at the Annual General Meeting and the voting results can likewise be found on the company's website after the Annual General Meeting.

Accounting and Auditing

HHLA prepares its Consolidated Financial Statements and its Interim Reports in accordance with International Financial Reporting Standards (IFRS). This Annual Report provides further information on IFRS in the Notes to the Consolidated Financial Statements. The individual financial statements for HHLA Aktiengesellschaft are prepared in line with the accounting regulations of the German Commercial Code (HGB). The appropriation of profits is based solely on the individual financial statements.

Arrangements have been made with the auditor for the 2013 financial year – Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Hamburg – for the Chairman of the Audit Committee to be informed immediately of any possible grounds for exclusion or bias arising during the audit, insofar as these are not rectified without delay. The auditor should also report immediately on any findings or incidents arising from the audit of the financial statements which are of significance for the Supervisory Board's remit. Furthermore, the auditor is to inform the Supervisory Board and/or record in its report if – when conducting the audit – it identifies facts which indicate that the declaration of compliance issued by the Executive Board and Supervisory Board as per Section 161 of the German Stock Corporation Act (AktG) is incorrect. The audit conducted includes an extended audit as stipulated under Section 53 of the German Budgetary Procedures Act (HGrG). This requires an audit and assessment of the propriety of the company's management and its financial situation as part of the audit of the Anual Financial Statements.

Report of the Supervisory Board

Prof. Dr. Peer Witten
Chairman of the
Supervisory Board

Working Relationship between the Supervisory Board and the Executive Board

In the 2013 financial year, the Supervisory Board fulfilled the responsibilities entrusted to it by law, the company articles of association and rules of procedure, and the German Corporate Governance Code. It carefully and regularly monitored the Executive Board's management of business and provided advice on the company's further strategic development as well as on important individual measures.

At the Supervisory Board's meetings, as well as in written and verbal reports, the Executive Board provided the Supervisory Board with prompt, regular and comprehensive information, especially on the situation of HHLA and the Group, corporate planning, fundamental issues of company policy and strategy, investment plans and personnel. Other focal points were risk management, the internal accounting control system and HHLA's compliance management system. The Chairman of the Supervisory Board was regularly in touch with the Executive Board and was informed about HHLA's current business situation, significant transactions and risk management. The Supervisory Board was involved in all decisions of major significance for HHLA and the HHLA Group. On the basis of its own thorough examination and in-depth discussions with the Executive Board, the Supervisory Board approved all measures submitted to the Supervisory Board for approval by the Executive Board in accordance with the law, the articles of association and the Executive Board's rules of procedure.

Meetings

In the financial year 2013, the Supervisory Board held four routine meetings. With the exception of those members who left office as planned during the reporting year, none of the Supervisory Board members attended fewer than half of the Supervisory Board meetings held in the period under review.

At each meeting, the Supervisory Board dealt with the current development of business and the HHLA Group's position in detail. On each occasion, the Executive Board gave a detailed report, focusing in particular on revenue, results and the personnel situation for the Group and the individual segments, as well as on the financial position and the Group's further strategic and structural development. Furthermore, individual meetings concentrated especially on the following items:

The financial statements meeting held on 25 March 2013 focused on the reporting, auditing and approval of the Annual Financial Statements and the Management Report of HHLA, including the individual divisional financial statements for the A and S divisions, the Consolidated Financial Statements and the Group Management Report as well as the reports on transactions with related parties and on the relationship between the A and S divisions for the 2012 financial year. Representatives of the auditors were present at this meeting. They reported on the main results of their audit and were available to answer questions. The Supervisory Board discussed the Executive Board's proposal on the appropriation of profit and the proposal made by the Audit Committee regarding the choice of auditor for the 2013 financial year. In addition, the Supervisory Board discussed matters including the agenda for the 2013 Annual General Meeting – notably the proposal for revising the remuneration granted to Supervisory Board members, the Supervisory Board's report to the Annual General Meeting and the Corporate Governance Report. The Supervisory Board also considered strategic growth options and the issuing of guarantees and comfort letters.

At its meeting on 7 June 2013, the Supervisory Board addressed issues including the situation of the HHLA Group and, in particular, the financial position of HHLA's fruit and refrigeration centre. The Supervisory Board also considered Executive Board matters, particularly the remuneration system for the Executive Board following the expiry of the contractually agreed period from 2011 to 2013. Following prior consideration by the Personnel Committee, the Supervisory Board resolved not to increase this remuneration.

At its meeting held on 5 September 2013, the Supervisory Board considered the position of the HHLA Group in detail, especially its Container segment, and also powers of procuration.

At the last meeting in the reporting period, held on 11 December, the Supervisory Board mainly considered the budget for 2014 – which it duly approved – and the medium-term corporate planning for 2015 to 2018. It also discussed the position of the HHLA Group. Another focus of the Supervisory Board meeting was HHLA's risk management system and, in particular, the results of the risk inventory. The Executive Board and the Supervisory Board also discussed the declaration of compliance with the German Corporate Governance Code, and the Supervisory Board resolved to issue the annual declaration of compliance.

Executive Board members participated in all Supervisory Board meetings. When dealing with agenda items relating to Executive Board or Supervisory Board issues, the Supervisory Board met without the Executive Board.

Committee Work

The Supervisory Board has set up a total of six committees: the Finance Committee, the Audit Committee, the Real Estate Committee, the Personnel Committee, the Nomination Committee and the Arbitration Committee. They prepare the resolutions of the Supervisory Board in full council and, if permitted, make decisions on behalf of the Supervisory Board in certain cases. With the exception of the Nomination Committee, all of the committees include an equal number of shareholder and employee representatives. For details of the composition of the committees ► see Board Members and Mandates, page 38 et seqq.

The Finance Committee met a total of four times in the reporting period: in March, May, August and November 2013. It regularly looked at the Group's financial results as well as its general financial position and investments. The March meeting also considered guarantees or letters of comfort serving as collateral for customs guarantees for Polzug Intermodal GmbH and HHLA Logistics GmbH, while December's meeting included a detailed preliminary review of the budget for 2014 and the medium-term planning for 2015 to 2018.

The Audit Committee also convened four times in the past financial year. The March meeting focused on an in-depth discussion and examination of HHLA's Annual Financial Statements, Consolidated Financial Statements and Management Reports for the 2012 financial year. The committee also recommended that the Supervisory Board should submit a proposal to the Annual General Meeting regarding the choice of auditor for the 2013 financial year, as well as for the auditor's review of the condensed financial statements and interim management report for the first half of the 2013 financial year. Representatives of the auditors were present when the Annual Financial Statements were discussed. They reported on the results of the audit and were available to answer questions. According to the auditor's representatives, there were no circumstances demonstrating any bias of the auditor. The Interim Report for the first quarter of 2013 and the report on the work done by Internal Audit were the main items discussed at the May meeting. The Head of Internal Audit attended this meeting in a reporting capacity and provided comprehensive information. At its third meeting, in August, the Audit Committee was primarily concerned with the auditors' review for the first half of 2013, as well as with changes to the German Corporate Governance Code in the reporting period. Representatives of the auditors were present when the auditors' review was discussed. They reported on the results of the review and were available to answer questions. The meeting in November focused on the Interim Report for the third quarter of 2013, a discussion of focal points for the audit and the contract to audit the 2013 Annual and Consolidated Financial Statements, as well as a discussion of the findings of the 2013 risk inventory. It also focused on preparations for the declaration of compliance with the German Corporate Governance Code as well as the compliance management system. HHLA's Compliance Officer provided his annual report at this meeting. The Compliance Officer also routinely attended the other meetings of the Audit Committee, where he spoke about his role, kept the committee abreast of current developments, and was available to answer questions. The Audit Committee acquired the necessary declaration of independence from the auditors.

The Chairman of the Executive Board and the Chief Financial Officer regularly attend the meetings of both the Finance Committee and the Audit Committee.

The Real Estate Committee met three times in the 2013 financial year. It focused on the general development of business and the discussion and audit of HHLA's Annual Financial Statements – including the separate financial statements of the S division – and the Consolidated Financial Statements and Management Reports for the 2012 financial year (March meeting). The committee also dealt with current construction projects (September meeting), the budget for 2014 and the medium-term planning for 2015 to 2018 (November meeting). Each of these issues was examined in relation to the Real Estate subgroup (S division).

The Personnel Committee convened once in the 2013 financial year. At its May meeting it considered Executive Board matters, particularly remuneration arrangements for the Executive Board.

Neither the Nomination Committee nor the Arbitration Committee convened in the reporting period.

Following each meeting, the chairpersons of the committees reported back to the Supervisory Board about the activity of each committee and their findings, and made recommendations on resolutions to be taken, where appropriate.

Corporate Governance

The declaration of compliance with the German Corporate Governance Code was discussed in detail and prepared together with the Executive Board at the Audit Committee meeting on 27 November 2013. The joint declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) was passed at the Supervisory Board's December meeting and issued on 11 December 2013. This has been made permanently available to the general public on the HHLA website ► www.hhla.de/en/corporategovernance.

The Supervisory Board does not include any former members of the company's Executive Board.

No conflicts of interest regarding members of the Executive Board or the Supervisory Board requiring immediate disclosure to the Supervisory Board arose in the reporting year.

Details of the declaration of compliance and corporate governance at HHLA have been provided by the Executive Board and Supervisory Board in the Corporate Governance Report for 2013. ► see also the Corporate Governance Report, page 27 et seq.

Audit of Financial Statements

Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Hamburg, were elected as auditors for the financial statements and for the auditor's review of the condensed financial statements and the interim management report for the first half of the financial year 2013 at the Annual General Meeting on 13 June 2013 and instructed by the Supervisory Board. The auditors carried out an audit of HHLA's Annual Financial Statements as provided by the Executive Board, including the divisional financial statements for the A division (Port Logistics subgroup) and the S division (Real Estate subgroup) presented as part of the Notes, in line with the provisions of the German Commercial Code (HGB), the Consolidated Financial Statements including the subgroup financial statements for the A and S divisions in accordance with International Financial Reporting Standards (IFRS), and the Management Reports for HHLA and the Group. They issued an unqualified opinion with respect to the foregoing.

The HHLA Executive Board also prepared a report on company transactions with related parties for the 2013 financial year in line with Section 312 of the German Stock Corporation Act (AktG). Any expenses and income which could not be attributed directly to one division were divided among the divisions in line with the articles of association.

The auditors audited this report, delivered a written report on their findings and, having no objections to make, gave the Report the following unqualified opinion:

"On the basis of our audit and in our professional opinion we confirm that
1. the factual statements in the report are correct,
2. the consideration paid by the company for the transactions mentioned was not inappropriately high,
3. the measures detailed in the report give us no grounds to reach a substantially different opinion to that of the Executive Board."

In accordance with Section 4 (5) of the articles of association in line with Section 312 of the German Stock Corporation Act (AktG), the Executive Board of HHLA also prepared a report on the relationship between the A division and the S division in the 2013 financial year. Any expenses and income which could not be attributed directly to one division were divided among the divisions in line with the articles of association. The auditors audited this report, delivered a written report on their findings and, having no objections to make, gave the Report the following unqualified opinion:

"On the basis of our audit and in our professional opinion we confirm that
1. the factual statements in the report are correct,
2. the consideration paid by the company for the transactions mentioned was not inappropriately high."

As soon as they had been prepared and audited, the Annual Financial Statements including the divisional financial statements, the Consolidated Financial Statements including the subgroup financial statements, the Management Reports for HHLA and the Group, the report on transactions with related parties, the report on the relationship between the A and S divisions and the auditors' report were distributed to all members of the Supervisory Board.

The Audit Committee and the Real Estate Committee each carried out a preliminary review of the financial statements and reports as well as of the proposal for appropriating profits at their respective meetings on 19 March 2014. In the financial statements meeting of the Supervisory Board on 24 March 2014, the Supervisory Board examined in detail the aforementioned financial statements and reports as well as the proposal for appropriating profits and discussed them thoroughly. The auditors were also present at this meeting; they reported on the main results of their audit and were available to answer questions. According to the auditor's representatives, there were no circumstances demonstrating any bias of the auditor. In addition to the audit of the annual financial statements, the auditors completed a review of the interim financial statements and provided a small number of other audit-related services. The auditors gave comprehensive information to the Supervisory Board regarding the nature and extent of these services.

Having discussed the course and the results of the audit in detail, and after an in-depth review of the auditors' reports and the Executive Board's proposal for appropriating distributable profit, and on the basis of its own review and evaluation of the Annual Financial Statements including the divisional financial statements, the Consolidated Financial Statements including the subgroup financial statements, the Management Reports for HHLA and the Group, the report on transactions with related parties, the report on the relationship between the A and S divisions and the Executive Board's proposal for appropriating distributable profit, the Supervisory Board approved the results of the audit. The Supervisory Board concluded that in the final analysis it had no objections to make and, at the financial statements meeting held on 24 March 2014, approved the Annual Financial Statements, including the divisional financial statements, the Consolidated Financial Statements including the subgroup financial statements, the Management Report and the Group Management Report as recommended by the Audit Committee and the Real Estate Committee. HHLA's Annual Financial Statements for the 2013 financial year have therefore been adopted. The Supervisory Board also concluded that following its review it had no objections to make to the Executive Board's statements on related parties and on the relationship between the A and S divisions. After carrying out its own audit, the Supervisory Board concurred with the Executive Board's proposal on the appropriation of profit.

Personnel Changes

Supervisory Board

The previous Vice Chairman of the Supervisory Board and employees' representative Mr. Wolfgang Rose resigned his seat with effect as of the end of the Annual General Meeting on 13 June 2013. As a successor for Mr. Rose, in July 2013 the District Court of Hamburg appointed Mr. Wolfgang Abel, Bad Oldesloe, an executive at the trade union ver.di Hamburg, as a member of the Supervisory Board representing the employees, and the Supervisory Board elected him as its new Vice Chairman.

Executive Board

There were no changes on the Executive Board in the reporting period.

Hamburg, 24 March 2014

The Supervisory Board

Prof. Dr. Peer Witten
Chairman of the Supervisory Board

Remuneration Report

The following Remuneration Report is part of the Group Management Report.

Executive Board Remuneration

Following preparatory work by its Personnel Committee, the Supervisory Board in its entirety is responsible for setting remuneration for individual Executive Board members in accordance with Section 87 (1) of the German Stock Corporation Act (AktG) and a corresponding provision in the Supervisory Board's rules of procedure. The German Corporate Governance Code also stipulates that the full Supervisory Board does not merely provide advice on, and examine the structure of, the remuneration system, but also decides the remuneration system for the Executive Board, including the core contractual components. When conducting their reviews, the Personnel Committee and the Supervisory Board take into account HHLA's size and activities, its financial and economic position and the amount and structure of Executive Board remuneration at comparable companies. They also look at the relationship between the amount paid to the top executives and that paid to the workforce as a whole. The responsibilities and services provided by each Executive Board member are also taken into consideration.

In the period under review, the remuneration of Executive Board members was made up of non-performance-related fixed remuneration, a performance-related bonus and other benefits.

Executive Board members receive their fixed remuneration in the form of twelve monthly payments. This fixed salary includes benefits in the form of non-monetary compensation. These consist of the right to use an appropriate company car (for business and private purposes) and the payment of insurance premiums by the company. The members of the Executive Board pay tax on these benefits as components of their remuneration.

The performance-related bonus is usually set using a three-year assessment period as a basis. The calculation is based on the average earnings before interest and taxes (EBIT) for the last three years (before additions to pension provisions and reduced by any extraordinary income from the disposal of real estate and companies), the average return on capital employed (ROCE) and the achievement of targets relating to environmental issues (reduction of the carbon footprint of each container handled and transported) and social issues (broken down into training and continuing professional development, health and employment) in the same period. Target ranges were set for each of the sustainability components. Achieving these targets triggers the payment of the relevant bonus. When making these calculations, roughly equal weight is given to EBIT on the one hand and the above-mentioned sustainability components on the other. The variable remuneration is capped at 150 % of the basic salary. It is paid out once the annual financial statements have been approved.

In addition to this, there is a pension commitment for each Executive Board member. Pensions are paid to former Executive Board members after a minimum of five or eight years' service on the Executive Board if they leave the Board for reasons unrelated to the Board member, or as a result of incapacity or due to reaching retirement age. Pensions consist of a percentage of the entitlement salary, which in turn is based on the annual basic salary. This percentage is between 35 and 50 %. Several different forms of income are taken into account on a case-by-case basis, such as earnings from self-employment or employment and, in some cases, income from statutory pensions and related benefits from public funds.

Surviving spouses of Executive Board members receive a widow(er)'s pension of 55 to 60 % of the pension entitlement and children receive an orphan's allowance of 12 to 20 % of the pension. Should the pension entitlement have been suspended or no longer apply, transitional or interim pay applies for a limited period on the basis of the fixed remuneration.

After leaving the Executive Board on 31 December 2011, Dr. Jürgens received his contractually agreed fixed remuneration until 31 December 2013. The sum of € 325,000 was stipulated as the basis for calculating his performance-related pay. Following the departure of Dr. Jürgens, the Executive Board has now been reduced to four members. For the time being, this position on the Executive Board will remain vacant.

The service contracts valid in the reporting period include a compensation provision relating to change of control or comparable circumstances. This entitles Executive Board members to receive their remuneration entitlements as a lump sum for the remaining duration of their respective contracts, discounted by 2 % per annum, should they lose their Executive Board seat in such circumstances. This does not affect their pension entitlements. Should the service contracts be terminated prematurely for another reason without good cause, the payment of compensation by the company shall be limited to the remaining term of the contract.

The members of the Executive Board were not granted any loans or similar payments. The members of the Executive Board received total remuneration of approximately € 2.97 million for their services in the 2013 financial year (previous year: € 3.13 million), which was less than in the 2012 financial year. Former members of the Executive Board and their surviving dependants received total remuneration (including the severance payments made to Dr. Jürgens in 2013) of € 1,333,507 (previous year: € 1,384,630). Total provisions of € 10,955,771 were formed for pension obligations to former members of the Executive Board and their surviving dependants (previous year: € 11,416,961).

Annual Level of Remuneration of Executive Board Members Based on Different Scenarios

	0 % minimum	← The payment level of the variable remuneration is capped at 150 % of the basic salary. →		150 % maximum
Performance-related components Calculated based on a three-year assessment period		Average EBIT (before pension provisions, less extraordinary income)		
		Sustainability targets	Economy Average return on capital employed (ROCE)	
			Environment CO_2 reduction [1]	
			Society Continuing education and training, health and employment	
Non-performance-related basic salary [2]				

[1] per container handled and transported
[2] plus supplementary payments

Individual Remuneration of Executive Board Members

The following figures comply for the first time with the recommendations in Section 4.2.5 of the German Corporate Governance Code (GCGC) newly introduced in 2013.

	Klaus-Dieter Peters, Chairman of the Executive Board					
	Benefits granted (target)				Allocation (amount disbursed)	
in €	2012 [2]	2013 [2]	2013 minimum	2013 maximum [3]	2012	2013
Fixed remuneration	465,000	465,000	465,000	465,000	465,000	465,000
Other benefits	13,066	12,792	12,792	12,792	13,066	12,792
Total	478,066	477,792	477,792	477,792	478,066	477,792
One-year variable remuneration [1]	503,797	468,592	0	697,500	529,547	478,895
Other	0	0	0	0	0	0
Total remuneration	981,863	946,384	477,792	1,175,292	1,007,613	956,687
Service cost [4]	250,423	414,388	414,388	414,388	250,423	414,388
Total expenses	1,232,286	1,360,772	892,180	1,589,680	1,258,036	1,371,075

	Dr. Stefan Behn, Executive Board member					
	Benefits granted (target)				Allocation (amount disbursed)	
in €	2012 [2]	2013 [2]	2013 minimum	2013 maximum [3]	2012	2013
Fixed remuneration	325,000	325,000	325,000	325,000	325,000	325,000
Other benefits	12,484	12,496	12,496	12,496	12,484	12,496
Total	337,484	337,496	337,496	337,496	337,484	337,496
One-year variable remuneration [1]	352,277	327,659	0	487,500	370,315	334,878
Other	0	0	0	0	0	0
Total remuneration	689,761	665,155	337,496	824,996	707,799	672,374
Service cost [4]	153,644	221,297	221,297	221,297	153,644	221,297
Total expenses	843,405	886,452	558,793	1,046,293	861,443	893,671

	Heinz Brandt, Executive Board member					
	Benefits granted (target)				Allocation (amount disbursed)	
in €	2012 [2]	2013 [2]	2013 minimum	2013 maximum [3]	2012	2013
Fixed remuneration	325,000	325,000	325,000	325,000	325,000	325,000
Other benefits	11,710	11,802	11,802	11,802	11,710	11,802
Total	336,710	336,802	336,802	336,802	336,710	336,802
One-year variable remuneration [1]	352,277	327,659	0	487,500	370,315	334,878
Other	0	0	0	0	0	0
Total remuneration	688,987	664,461	336,802	824,302	707,025	671,680
Service cost [4]	177,120	280,142	280,142	280,142	177,120	280,142
Total expenses	866,107	944,603	616,944	1,104,444	884,145	951,822

	Dr. Roland Lappin, Executive Board member					
	Benefits granted (target)				Allocation (amount disbursed)	
in €	2012 [2]	2013 [2]	2013 minimum	2013 maximum [3]	2012	2013
Fixed remuneration	325,000	325,000	325,000	325,000	325,000	325,000
Other benefits	9,142	9,479	9,479	9,479	9,142	9,479
Total	334,142	334,479	334,479	334,479	334,142	334,479
One-year variable remuneration [1]	352,277	327,659	0	487,500	370,315	334,878
Other	0	0	0	0	0	0
Total remuneration	686,419	662,138	334,479	821,979	704,457	669,357
Service cost [4]	94,455	149,763	149,763	149,763	94,455	149,763
Total expenses	780,874	811,901	484,242	971,742	798,912	819,120

[1] The one-year variable remuneration includes the elements of the performance-related bonus indicated in the text (EBIT and sustainability components), calculated on the basis of a three-year assessment period.
[2] For 2012 and 2013, a level of goal achievement of 100 % was assumed for each sustainability component and an average probability scenario was used for the EBIT figure (based on the forecasts announced to the capital market at the start of each year) in accordance with the GCGC.
[3] The maximum figure indicated corresponds to the maximum possible variable remuneration in line with the upper limit of 150 % indicated in the text.
[4] In accordance with the comments on model table 1 in the appendix to the GCGC, this column shows service cost and interest expenses as defined in IAS 19R and the associated additions to pension provisions. Although pension commitments remained unchanged, service cost increased year on year in 2013. This was due to a reduction in the assumed interest rate for the reporting date as per IFRS from the previous years.

Supervisory Board Remuneration

In accordance with Article 16 of HHLA's articles of association, Supervisory Board members are remunerated as resolved by the Annual General Meeting. This remuneration is based on the scope of the Supervisory Board members' activities as well as on the company's financial position and results. The current remuneration clause was adopted at the Annual General Meeting held on 13 June 2013. The members of the Supervisory Board receive fixed remuneration of € 13,500 per financial year. The Chairman receives three times this amount and the Vice Chairman is paid one and a half times the basic figure. Supervisory Board members who belong to a committee receive an additional € 2,500 per committee per financial year, while the Chairman of the respective committee receives € 5,000, but altogether no more than € 10,000. Supervisory Board members who have belonged to the Supervisory Board or a committee for less than a whole financial year receive a corresponding pro rata payment. Furthermore, Supervisory Board members receive a meeting attendance fee of € 250 for each meeting of the Supervisory Board or one of its committees. Following the resolution on the Supervisory Board's remuneration which was passed by the Annual General Meeting held on 13 June 2013, there will be no variable remuneration component as of the 2013 financial year.

No loans or similar payments were granted to members of the Supervisory Board. Other than the remuneration payable to the employee representatives under their contracts of employment, the members of the Supervisory Board did not receive any other payment for additional services rendered. The total remuneration paid to members of the Supervisory Board amounted to € 291,417 (previous year: € 282,143).

Individual Remuneration of Supervisory Board Members

in €

	Fixed remuneration		Variable remuneration		Remuneration for committee work		Meeting fee		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Prof. Dr. Peer Witten	40,500	30,000	0	10,500	4,167	5,000	1,250	1,750	45,917	47,250
Wolfgang Abel	10,125	0	0	0	0	0	500	0	10,625	0
Wolfgang Rose	10,125	15,000	0	5,250	1,250	0	750	1,500	12,125	21,750
Torsten Ballhause	13,500	10,000	0	3,500	5,000	5,000	2,500	3,250	21,000	21,750
Petra Bödeker-Schoemann	13,500	5,492	0	1,922	7,500	2,842	2,500	1,250	23,500	11,505
Dr. Bernd Egert	13,500	10,000	0	3,500	2,500	2,500	1,250	1,000	17,250	17,000
Holger Heinzel	13,500	10,000	0	3,500	2,500	1,298	1,500	1,500	17,500	16,298
Jörg Klauke	0	4,536	0	1,587	0	2,268	0	1,000	0	9,391
Dr. Rainer Klemmt-Nissen	0	4,536	0	1,587	0	5,669	0	1,250	0	13,042
Dr. Norbert Kloppenburg	13,500	5,492	0	1,922	7,500	3,511	3,000	1,750	24,000	12,675
Frank Ladwig	13,500	5,492	0	1,922	5,000	1,298	2,250	1,000	20,750	9,712
Thomas Mendrzik	0	4,536	0	1,587	0	1,134	0	1,000	0	8,257
Arno Münster	13,500	10,000	0	3,500	10,000	7,500	4,000	4,000	27,500	25,000
Norbert Paulsen	13,500	5,492	0	1,922	5,000	2,596	2,750	1,500	21,250	11,510
Michael Pirschel	13,500	10,000	0	3,500	7,500	7,500	3,000	3,250	24,000	24,250
Dr. Sibylle Roggencamp	13,500	5,492	0	1,922	10,000	4,809	2,500	1,500	26,000	13,723
Walter Stork	0	4,536	0	1,587	0	2,268	0	1,250	0	9,641
Jörg Wohlers	0	4,536	0	1,587	0	2,268	0	1,000	0	9,391
Total	195,750	145,137	0	50,798	67,917	57,459	27,750	28,750	291,417	282,143

All figures exclude VAT.

Board Members and Mandates

The Supervisory Board Members and Their Mandates*

Prof. Dr. Peer Witten
Chairman
Fully qualified business administration manager, Hamburg
Former member of the Otto Group Executive Board
Other mandates
- KWG Kommunale Wohnen AG, Hamburg (Chairman)
- Lufthansa Cargo AG, Frankfurt am Main
- Verwaltungsgesellschaft Otto mbH, Hamburg
- Otto AG für Beteiligungen, Hamburg
- Forum Grundstücksgesellschaft GmbH & Co. KG, Hamburg
- Röhlig & Co. Holding GmbH & Co. KG, Bremen

Wolfgang Rose (until 13 June 2013)
Vice Chairman
Banker, Hamburg
Social education worker, Hamburg
Other mandates
- Hapag-Lloyd AG, Hamburg (until 30 June 2013)
- Asklepios Kliniken Hamburg GmbH, Hamburg (until 30 September 2013)
- Ernst-Deutsch-Theater, Hamburg
- AOK Rheinland/Hamburg Administrative Board

Wolfgang Abel (since 26 July 2013)
Vice Chairman
Postal worker, Bad Oldesloe
Executive, ver.di Hamburg
Other mandates
- Asklepios Kliniken Hamburg GmbH, Hamburg
- HGV, Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg

Torsten Ballhause
Fully qualified business and employment lawyer (HWP), Hamburg
Local manager of the Transport division, ver.di Hamburg
Other mandates
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg

Petra Bödeker-Schoemann
Fully qualified business administration manager, Hamburg
Managing Director of HGV, Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH
Other mandates
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- Hamburger Wasserwerke GmbH, Hamburg
- P+R-Betriebsgesellschaft mbH, Hamburg
- Gesellschaft zur Beseitigung von Sonderabfällen mbH, Kiel
- SGG Städtische Gebäudeeigenreinigung GmbH, Hamburg
- IMPF Hamburgische Immobilien Management Gesellschaft mbH, Hamburg
- SAGA Siedlungs-Aktiengesellschaft Hamburg, Hamburg
- Vattenfall Stromnetz Hamburg GmbH, Hamburg (until 31 October 2013)
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (formerly: GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Block D mbH, Hamburg) (Chairwoman)
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg (Chairwoman)
- SBH Schulbau Hamburg, Hamburg (since 26 March 2013)
- GMH Gebäudemanagement Hamburg GmbH, Hamburg (since 26 March 2013)
- HADAG Seetouristik und Fährdienst AG, Hamburg (since 10 December 2013)

Dr. Bernd Egert
Physicist, Winsen a. d. Luhe
State Secretary at the Hamburg Ministry for the Economy, Transport and Innovation
Other mandates
- Flughafen Hamburg GmbH, Hamburg
- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg
- HWF Hamburgische Gesellschaft für Wirtschaftsförderung mbH, Hamburg (Chairman)
- Erneuerbare Energien Hamburg Clusteragentur GmbH, Hamburg (Chairman)
- ZAL Zentrum für Angewandte Luftfahrtforschung GmbH, Hamburg (Chairman)
- hySOLUTIONS GmbH, Hamburg (Chairman)
- DEDALUS GmbH & Co. KGaA, Stuttgart (until 30 April 2013)
- Norgenta GmbH, Hamburg (since 10 April 2013)
- WTSH Wirtschaftsförderung und Technologietransfer Schleswig-Holstein GmbH, Kiel

Holger Heinzel
Fully qualified business administration manager, Hittfeld
Director of Finance and Controlling at HHLA
Other mandates
- Member of the Management Committee of Hafenfonds der Gesamthafen-Betriebsgesellschaft mbH, Hamburg
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (formerly: GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Block D mbH, Hamburg)
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg

Dr. Norbert Kloppenburg
Member of the Executive Board of KfW Bankengruppe, Frankfurt am Main
Other mandates
- DFS Deutsche Flugsicherung GmbH, Langen (until 26 April 2013)
- KfW IPEX-Bank GmbH, Frankfurt am Main (Chairman)
- Deutsche Energie-Agentur GmbH, Berlin
- DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne (First Vice Chairman)

Frank Ladwig
Port technician, Hamburg
Chairman of the works council of HHLA Container Terminal Tollerort GmbH

Other mandates
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg

Arno Münster
Port technician, Hamburg
Chairman of the works council of HHLA (until 22 September 2013)
Chairman of the Group works council
Other mandates
- HHLA Container Terminal Burchardkai GmbH, Hamburg
- Service Center Burchardkai GmbH, Hamburg
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA-Personal-Service GmbH, Hamburg
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (formerly: GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Block D mbH, Hamburg)
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg

Norbert Paulsen
Fully qualified engineer, Hamburg
HHLA flood protection officer
Other mandates
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (formerly: GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Block D mbH, Hamburg) (Vice Chairman)
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg (Vice Chairman)

Michael Pirschel
Fully qualified economist, Bispingen
Departmental Head at the Hamburg Ministry for the Economy, Transport and Innovation
Other mandates
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- Fischmarkt Hamburg-Altona Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (formerly: GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Block D mbH, Hamburg)
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg

Dr. Sibylle Roggencamp
Fully qualified economist, Molfsee
Head of the Office for Asset and Investment Management at the Hamburg Ministry of Finance
Other mandates
- Flughafen Hamburg GmbH, Hamburg
- Hamburger Hochbahn AG, Hamburg
- SpriAG – Sprinkenhof AG, Hamburg (Chairwoman)
- Hamburgischer Versorgungsfonds AöR, Hamburg
- Hamburg Musik GmbH, Hamburg
- Elbphilharmonie und Laeiszhalle Service GmbH, Hamburg
- Universitätsklinikum Hamburg KöR, Hamburg
- Vattenfall Wärme Hamburg GmbH, Hamburg
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (formerly: GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Block D mbH, Hamburg)
- GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg

Supervisory Board Committees

Finance Committee
Dr. Sibylle Roggencamp (Chairwoman)
Arno Münster
Frank Ladwig (Vice Chairman)
Torsten Ballhause
Dr. Norbert Kloppenburg
Michael Pirschel

Audit Committee
Dr. Norbert Kloppenburg (Chairman)
Arno Münster (Vice Chairman)
Torsten Ballhause
Petra Bödeker-Schoemann
Norbert Paulsen
Michael Pirschel

Real Estate Committee
Petra Bödeker-Schoemann (Chairwoman)
Norbert Paulsen (Vice Chairman)
Holger Heinzel
Arno Münster
Michael Pirschel
Dr. Sibylle Roggencamp

Personnel Committee
Prof. Dr. Peer Witten (Chairman since 29 May 2013)
Wolfgang Abel (Vice Chairman, since 26 July 2013)
Arno Münster
Dr. Bernd Egert
Frank Ladwig
Dr. Sibylle Roggencamp
Wolfgang Rose (Vice Chairman from 29 May 2013 until 13 June 2013)

Nomination Committee
Prof. Dr. Peer Witten (Chairman)
Dr. Bernd Egert (Vice Chairman)
Dr. Sibylle Roggencamp

Arbitration Committee
Prof. Dr. Peer Witten
Wolfgang Abel (since 26 July 2013)
Dr. Bernd Egert
Frank Ladwig
Wolfgang Rose (until 13 June 2013)

* Seats on statutory supervisory board or comparable supervisory bodies at domestic and foreign companies

The Executive Board Members and Their Mandates*

Klaus-Dieter Peters

Chairman
Forwarding agent, Hamburg
First appointed: 2003

Areas of responsibility

- Coordination Executive Board
- Intermodal Segment
- Logistics Segment
- Corporate Communications
- Corporate Development
- Sustainability

Other mandates

- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA Container-Terminal Altenwerder GmbH, Hamburg
- HHLA CTA Besitzgesellschaft mbH, Hamburg
- SCA Service Center Altenwerder GmbH, Hamburg
- HHLA Container Terminal Tollerort GmbH, Hamburg
- HHLA Container Terminal Burchardkai GmbH, Hamburg
- Service Center Burchardkai GmbH, Hamburg
- HPC Hamburg Port Consulting Gesellschaft mit beschränkter Haftung, Hamburg
- CTD Container-Transport-Dienst GmbH, Hamburg
- POLZUG Intermodal GmbH, Hamburg
- METRANS a. s., Prague, Czech Republic
- Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA Logistics GmbH, Hamburg
- HHLA Logistics Altenwerder GmbH & Co. KG, Hamburg
- HHLA Immobilien Speicherstadt GmbH, Hamburg (formerly: HHLA Logistics Altenwerder Verwaltungsgesellschaft mbH, Hamburg)
- HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg
- UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg (since 5 September 2013)

Dr. Stefan Behn

Fully qualified business administration manager, Hamburg
First appointed: 1996

Areas of responsibility

- Container Segment
- Information Systems

Other mandates

- HHLA Container-Terminal Altenwerder GmbH, Hamburg
- HHLA CTA Besitzgesellschaft mbH, Hamburg
- SCA Service Center Altenwerder GmbH, Hamburg
- HHLA Container Terminal Tollerort GmbH, Hamburg
- HCCR Hamburger Container- und Chassis-Reparatur- Gesellschaft mbH, Hamburg
- HHLA Container Terminal Burchardkai GmbH, Hamburg
- Service Center Burchardkai GmbH, Hamburg
- Cuxcargo Hafenbetrieb Verwaltungs-GmbH, Cuxhaven
- Cuxcargo Hafenbetrieb GmbH & Co. KG, Cuxhaven
- HHLA Rosshafen Terminal GmbH, Hamburg
- HPC Hamburg Port Consulting Gesellschaft mit beschränkter Haftung, Hamburg
- DAKOSY Datenkommunikationssystem AG, Hamburg
- CuxPort GmbH, Cuxhaven
- HCC Hanseatic Cruise Centers GmbH, Hamburg
- UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg (until 5 September 2013)
- SC HPC Ukraina, Odessa, Ukraine

Heinz Brandt
Legal assessor, Bremen
First appointed: 2009
Areas of responsibility
- Human Resources
- Purchasing and Materials Management
- Legal and Insurance
- Health and Safety in the Workplace

Other mandates
- HHLA Logistics GmbH, Hamburg
- HHLA Logistics Altenwerder GmbH & Co. KG, Hamburg
- HHLA Immobilien Speicherstadt GmbH, Hamburg (formerly: HHLA Logistics Altenwerder Verwaltungsgesellschaft mbH, Hamburg)
- HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH, Hamburg
- HPC Hamburg Port Consulting Gesellschaft mit beschränkter Haftung, Hamburg
- GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg
- Gesamthafenbetriebs-Gesellschaft mbH, Hamburg
- HHLA-Personal-Service GmbH, Hamburg
- Member of the Management Committee of Hafenfonds der Gesamthafen-Betriebsgesellschaft mbH, Hamburg

Dr. Roland Lappin
Fully qualified industrial engineer, Hamburg
First appointed: 2003
Areas of responsibility
- Finance and Controlling
- Investor Relations
- Internal Audit
- Real Estate Segment

Other mandates
- HHLA Rosshafen Terminal GmbH, Hamburg
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA Container Terminal Burchardkai GmbH, Hamburg
- Service Center Burchardkai GmbH, Hamburg
- Hansaport Hafenbetriebsgesellschaft mbH, Hamburg
- GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg
- Fischmarkt Hamburg-Altona Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg
- Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA Intermodal Polska Sp. z o.o., Warsaw, Poland
- METRANS a. s., Prague, Czech Republic
- POLZUG Intermodal GmbH, Hamburg
- IPN Inland Port Network GmbH & Co. KG, Hamburg
- IPN Inland Port Network Verwaltungsgesellschaft mbH, Hamburg
- SC HPC Ukraina, Odessa, Ukraine

* Seats on statutory supervisory board or comparable supervisory bodies at domestic and foreign companies

Business Development at a Glance

Growth in Volumes in a Stagnating Market Environment

- Market positions in container handling and container transport further expanded
- Recovery in Asia volumes, strong increase in feeder traffic to the Baltic Sea and throughput in Odessa
- Significant growth in transport volumes of continued Intermodal operations

Group Revenue Increases to € 1,155.2 million

- After adjustment for consolidation effects, revenue largely reflects volume trend
- Earnings quality affected by lower-margin feeder traffic, decline in storage fees and highly competitive market environment

Operating Result (EBIT) of € 158.0 million Generated

- Double-digit EBIT margin reached
- Absence of previous year's one-off effects associated with consolidation
- Potential economies of scale mainly due to capacity utilisation level not yet realisable at CTB

Free Cash Flow Increases to € 79.3 million

- High operating cash flow of € 188.1 million
- Capital expenditure below previous year
- Funds used for dividend payment

Balance Sheet Total Amounts to € 1,731.4 million

- Increase in equity and equity ratio
- Reduction in net debt
- Strong capital resources with financial scope

Business Forecast for the Financial Year 2014

- Adjustment of comparative figures for revenue and EBIT 2013 due to consolidation effects
- Slight increase in container throughput
- Moderate rise in container transport
- Slight growth in Group revenue
- Group EBIT in a range of € 138 million to € 158 million

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HHLA

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- Provision of shared services

- Floating crane operations
- Development and letting of port-related real estate

Subgroups

Port Logistics	Real Estate
Listed Class A shares	Non-listed Class S shares

	Container	Intermodal	Logistics	Real Estate
Segments	**Container**	**Intermodal**	**Logistics**	**Real Estate**
Main Services	• Container handling • Container transfer between modes of transport (ship, rail, truck) • Container-related services (e. g. storage, maintenance, repair)	• Container transport in the ports' hinterland • Loading and unloading of carriers • Operation of inland terminals	• Special handling of bulk cargo, general cargo, vehicles, etc. • Handling cruise ships • Warehousing and contract logistics • Consulting and training	• Management of real estate in Hamburg's Speicherstadt historical warehouse district and of Fischmarkt Hamburg-Altona GmbH • Development • Tenancy • Facility management
Selected Group Companies with % shareholding	HHLA Container Terminal Burchardkai 100.0 % HHLA Container Terminal Altenwerder 74.9 % HHLA Container Terminal Tollerort 100.0 % SC HPC Ukraina 100.0 %	Metrans Group 86.5 % Polzug Group 100.0 % CTD Container-Transport-Dienst 100.0 %	HHLA Logistics 100.0 % HPC Hamburg Port Consulting 100.0 % UNIKAI Lagerei- und Speditionsgesellschaft 51.0 % Hansaport 49.0 %	Speicherstadtimmobilien der Hamburger Hafen und Logistik AG 100.0 % Fischmarkt Hamburg-Altona GmbH 100.0 %

► Please see page 152 et seq. for a full list of HHLA's shareholdings, listed by business sector.

Group Management Report

Group Overview

Hamburger Hafen und Logistik AG (HHLA) is a leading logistics company in the European seaport transportation industry. As an integrated handling, transport and logistics provider, the HHLA Group offers services along the logistics chain between international ports and their European hinterland. Since its foundation, HHLA's activities have always included the development and letting of properties in Hamburg as well. HHLA runs the Group as a strategic management holding company. Its operations are carried out by the 31 domestic and eight foreign subsidiaries which make up the consolidated group. No significant legal or organisational changes were made to the company structure in the 2013 financial year.

As a German stock corporation (Aktiengesellschaft), HHLA has a dual structure consisting of an Executive Board and a Supervisory Board: the Executive Board manages the company on its own responsibility, while the Supervisory Board appoints, advises and monitors the Executive Board. In 2013, the Executive Board of HHLA comprised four members, whose areas of responsibility are defined by their specific tasks and operating segments. The Supervisory Board consists of twelve members in total, with six representing the shareholders and six representing the employees. ▶ see also Board Members and Mandates, page 38 et seqq.

The HHLA Group is divided into two subgroups, Port Logistics and Real Estate. The Port Logistics subgroup encompasses the Container, Intermodal and Logistics segments. The Holding/Other division is likewise part of the Port Logistics subgroup, although according to International Financial Reporting Standards (IFRS) it does not constitute a separate segment. The Holding division is responsible for strategic corporate development, the central management of resources and processes, and the provision of services for the operating companies. It also includes the properties specific to HHLA's port handling business and the Group's floating crane operations. The Class A shares, which are listed on the stock exchange, relate to the Port Logistics subgroup and entitle shareholders merely to participate in the result and net assets of these commercial operations.

Through its **Port Logistics subgroup**, HHLA conducts maritime logistics. The geographical focus of its commercial activities is on the Port of Hamburg and its hinterland. The Port of Hamburg is an international hub for container transport by sea and land, with an optimal hinterland link to the economies of Central and Eastern Europe, Scandinavia and the Baltic region.

The **Real Estate subgroup** includes those HHLA properties which are not specific to port handling, i. e. the properties in Hamburg's Speicherstadt historical warehouse district and at Fischmarkt Hamburg-Altona. The performance and financial result of the Real Estate subgroup, which also follows urban development objectives, are represented by the Class S shares. These shares are not traded on the stock exchange and are held solely by the Free and Hanseatic City of Hamburg (FHH). In the unlikely and unprecedented case of the Real Estate subgroup reporting a loss, this would be indirectly transferred to the Free and Hanseatic City of Hamburg in line with a separate agreement to assume losses.

Organisational Structure

Supervisory Board				
Executive Board				
Klaus-Dieter Peters	Dr. Stefan Behn	Heinz Brandt	Dr. Roland Lappin	Executive Board Members
ı Coordination Executive Board ı Intermodal Segment ı Logistics Segment ı Corporate Communications ı Corporate Development ı Sustainability	ı Container Segment ı Information Systems	ı Human Resources ı Purchasing and Materials Management ı Legal and Insurance ı Health and Safety in the Workplace	ı Finance and Controlling ı Investor Relations ı Internal Audit ı Real Estate Segment	Fields of Responsibility

Important Income and Expense Items

Income

- Handling fees
- Transport fees
- Fees for additional services (storage, repairs, maintenance, etc.)
- Consulting fees
- Building rental

Expenses

- Wages and salaries
- Fuel and energy
- Leases for land and quay walls
- Usage fees (locomotives, railway tracks)
- Depreciation and amortisation
- Maintenance and repair
- External services
- Financing costs

Group Segments

Container Segment

The Container segment pools the Group's container handling operations and is its largest business unit in terms of revenue and results. The Group's activities in this segment consist primarily of handling container ships (the loading and discharging of containers) and transferring containers to other carriers (rail, truck, feeder ship or barge). HHLA operates three container terminals in Hamburg – Altenwerder (CTA), Burchardkai (CTB) and Tollerort (CTT) – and another container terminal in Odessa, Ukraine (CTO). The portfolio is rounded off by supplementary container services, such as maintenance and repairs provided by the HHLA Group company HCCR.

Intermodal Segment

The Intermodal segment is the second-largest of HHLA's segments in terms of revenue and results. As a further key element of HHLA's business model, which is vertically integrated along the transport chain, the segment provides a comprehensive seaport–hinterland rail and truck network. HHLA operates two rail companies, Metrans and Polzug, which offer regular direct train connections between the Northern European and Northern Adriatic seaports and Central and Eastern Europe, including Germany, Austria and Switzerland. The service portfolio also includes loading and discharging carriers and operating hinterland terminals. The trucking company CTD transports containers in the Hamburg, Berlin, Munich and Stuttgart metropolitan areas, as well as over long-haul distances within Europe.

Logistics Segment

The Logistics segment is the third pillar of HHLA's vertically integrated business model and offers a supplementary range of services. ▶ see also Corporate Strategy, page 51. These encompass a wide range of contract and warehouse logistics, specialist handling services and consulting. Its service portfolio comprises both stand-alone logistics services and entire process chains for the international procurement and distribution of merchandise, including the operation of handling facilities for dry bulk, motor vehicles and fruit, as well as the processing of cruise ships. In this segment, HHLA also provides consulting and management services for clients in the port and transport industry. Some of these logistics services are provided together with partner companies.

Real Estate Segment

The HHLA Real Estate segment corresponds to the Real Estate subgroup. Its business activities encompass the development, letting and management of properties in the Port of Hamburg's peripheral area. These include the Speicherstadt historical warehouse district, the largest complex of traditional warehouses in the world. Here, HHLA offers some 300,000 m^2 of commercial space in a central location. Other prime properties totalling around 63,000 m^2 are managed by Fischmarkt Hamburg-Altona GmbH in the exclusive environs of the river Elbe's northern banks. The segment's core competencies are special properties tailored to customers' requirements, as well as services such as sales, property management, facility management, project development and construction engineering.

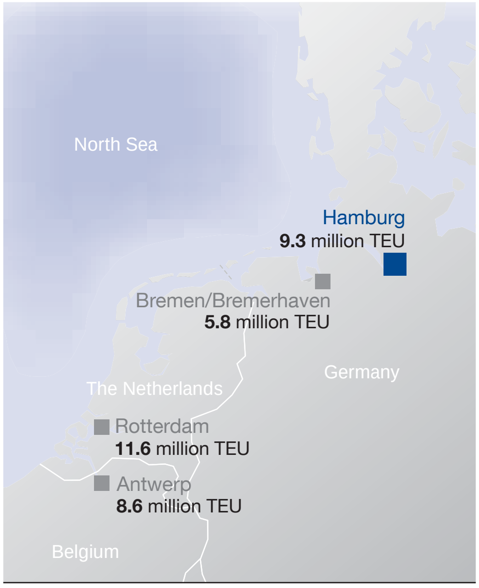
Market Position

With its listed core business Port Logistics, HHLA operates on the European market for international sea freight services. The company's handling, transportation and logistics services focus primarily on the interface between overseas traffic and seaborne feeder services, as well as on land-based pre- and onward-carriage systems.

Sea freight shipping as a whole is regarded as a growth market. Transport costs are low in relation to merchandise value which, together with looser trade restrictions, has created a favourable environment for the global division of labour in procurement, production and sales. Maritime shipping is by far the most important mode of transport used in intercontinental trading as it is the most cost-effective and environmentally friendly option per transported unit. Due to its efficiency benefits, the use of standardised containers has played a key role in driving this trend. In addition, the increasing integration of the emerging economies of Central and Eastern Europe and Asia has led to rising freight volumes at the Northern European ports. On the one hand, trade momentum is influenced by the strong export focus of these countries. On the other hand, growing prosperity is leading to increased demand for high-quality consumer goods. The emerging economies are thus becoming increasingly important as sales markets for the industrialised nations.

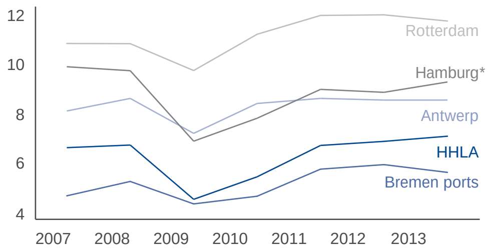
The market for port services on the Northern European coast (the North Range) of relevance for HHLA

Largest North Range Ports
by container throughput, 2013



Source: Port Authorities

Change in Container Throughput at the North Range Ports, 2007–2013
in million TEU



Source: Port Authorities
* incl. HHLA

is characterised by its high preponderance of ports. Competition is currently strongest between the major North Range ports of Hamburg, HHLA's main hub, the Bremen ports, Rotterdam and Antwerp.

Other handling sites – such as Wilhelmshaven, Le Havre and Zeebrügge – are considerably smaller in terms of their current freight volume. At present, the ports in the Baltic Sea are primarily served by feeder traffic which operates via central distribution points in the North Range. Overseas services calling directly at ports, such as Gdansk in Poland, compete with this network system.

As well as the geographical position and hinterland links of a port, its accessibility from the sea also affects the competitive position of terminal operators and thus local freight volumes. Other key competitive factors – apart from pricing – are the reliability and speed of ship handling, as well as the scope and quality of container handling services.

Following the opening of a new container terminal in Wilhelmshaven (JadeWeserPort) in autumn 2012 and the London Gateway terminal downstream of the British capital in November 2013, the market will gain further capacity in Rotterdam (APM Terminals and Rotterdam World Gateway) in late 2014. This will lead to much fiercer competition, especially for freight volume with greater geographical flexibility such as feeders. In contrast to this, the market position for handling volumes which are tied to the natural catchment area inland is normally stable – given that it is vital to take the shortest route for the disproportionately more expensive land-bound transportation.

The **Container segment** benefits from the Port of Hamburg's position as the most easterly North Sea port, which makes it the ideal hub for the entire Baltic region and for hinterland traffic to and from Central and Eastern Europe. Furthermore, the long-standing trading relationships between the Port of Hamburg and the Asian markets are advancing Hamburg's role as an important European container hub. With a throughput of 9.3 million standard containers (TEU), Hamburg remained Europe's second-largest container port behind Rotterdam in 2013. Hamburg ranks 16th in the list of the world's leading international ports.

Top 20 Ports
by container throughput, 2013

in million TEU	
1. Shanghai, China	33.6
2. Singapore	32.6
3. Shenzhen, China	23.3
4. Hong Kong, China	22.3
5. Busan, South Korea	17.7
6. Ningbo, China	17.3
7. Qingdao, China	15.5
8. Guangzhou, China	15.3
9. Los Angeles/Long Beach, USA	14.6
10. Dubai, United Arab Emirates	13.6
11. Tianjin, China	13.0
12. Rotterdam, The Netherlands	11.6
13. Port Kelang, Malaysia	10.4
14. Kaohsiung, Taiwan	9.9
15. Dalian, China	9.9
16. Hamburg, Germany	9.3
17. Antwerp, Belgium	8.6
18. Xiamen, China	8.0
19. Tanjung Pelepas, Malaysia	7.6
20. Laem Chabang, Thailand	6.0

Source: AXS Alphaliner

Seaborne Container Throughput
by shipping region in the Port of Hamburg, 2013

- 52 % Asia
- 14 % Eastern Europe (Baltic Sea)
- 11 % Scandinavia
- 7 % Rest of Europe
- 6 % North America
- 6 % South America
- 3 % Africa
- 1 % Other

Source: Hamburg Hafen Marketing e.V.

In Hamburg, HHLA maintained its position as the largest container handling company with a throughput volume of 7.1 million TEU in 2013. A good 76 % of container throughput (previous year: 78 %) at the Port of Hamburg was handled by HHLA. The most important shipping regions were again Asia, Eastern Europe (Baltic Sea) and Scandinavia. ► see also Container Segment, page 68.

The **Intermodal segment** strengthens HHLA's market position by offering a complementary range of seaport–hinterland traffic services. In particular, HHLA utilises the advantages of the Port of Hamburg's rail infrastructure – Europe's most important rail traffic hub. The companies which transport containers by train compete with other rail and intermodal operators, but also with other carriers such as trucks and feeder ships. As the rail infrastructure is for the most part publicly owned, various authorities guard against discrimination in both access and usage fees. These include the Federal Network Agency and the Federal Railway Authority in Germany and corresponding bodies abroad and at EU level. Against this background, key competitive factors include the density of the available network, the frequency of departures, opportunities for freight pooling and storage in the hinterland, the geographical distance to destinations, on-schedule operation and infrastructural capacity.

The Metrans Group – part of the HHLA rail network – has steadily expanded its market position as a leading rail company for intermodal transportation through its routes between the seaports of Northern Europe (Hamburg, Bremen/Bremerhaven, Rotterdam) and the Northern Adriatic coast (Koper, Rijeka, Trieste) as well as the Czech Republic, Slovakia, Hungary and the German-speaking countries. The Polzug Group is an established provider of hinterland rail services between Hamburg, Bremerhaven, Rotterdam, Antwerp, the Polish ports of Gdynia/Gdansk and the Central and Eastern European hinterland, particularly Poland.

Proprietary inland terminals play a major role in HHLA's service offering in Central and Eastern Europe and give the company a significant competitive edge. They enable the use of more productive direct trains with shorter transit times and allow the efficient pooling of rail freight to and from the port. This is distributed and collected using a hub-and-spoke model centring on facilities such as those in Prague, Ceska Trebova and Poznan. In addition to its core business – intermodal seaport–hinterland traffic services linking the ports with the Czech Republic, Slovakia and Hungary – Metrans develops and operates train connections within Germany and to and from Austria, where it also has an inland terminal at the Austrian port of Krems on the river Danube. As of October 2013, Metrans has also been offering its customers regular services between Hamburg and Basle/Weil am Rhein and the Mannheim/Ludwigshafen region. In the delivery and collection of containers by truck, Container-Transport-Dienst (CTD) has a sound market position in the greater Hamburg region and also offers services throughout Germany in cooperation with a nationwide trucking company. ► see also Intermodal Segment, page 69.

The **Logistics segment** serves various market sectors, some of them highly specialised. Via Hansaport, for example, HHLA has a stake in Germany's largest seaport terminal for handling iron ore and coal. HHLA's complementary range of warehouse and contract logistics services supports the Group's market positions in the handling and transportation sectors. In the field of port consultancy, the companies Hamburg Port Consulting (HPC) and Uniconsult work on pioneering development projects around the world. ► see also Logistics Segment, page 70.

With its population of around 1.8 million and its significance as an economic centre, Hamburg is one of the largest and most interesting property markets in Germany for the Real Estate segment. The HHLA **Real Estate segment** owes its outstanding market position to the special attractiveness of the properties it manages in Hamburg's Speicherstadt historical warehouse district and on the northern bank of the river Elbe, as well as their customer-specific and sustainable enhancement. The segment competes with German and international investors marketing high-quality properties in comparable locations. ► see also Real Estate Segment, page 71.

Sales and Customer Structure

The customer base in the Container and Intermodal segments consists mainly of shipping companies and freight forwarders. The services provided in the Logistics segment are aimed at various customer groups, ranging from steel companies and power stations (in the field of bulk cargo handling) to international operators of ports and other logistics centres (in the field of port consulting). The Real Estate segment lets its office space and commercial premises to German and international corporate customers from a variety of sectors, ranging from logistics and trading companies to media, consulting and advertising agencies, fashion firms and restaurants.

Globally operating container shipping companies are the customers which account for the largest share of HHLA's revenue. In ship handling, HHLA's container terminals work on a neutral basis with many shipping companies (multi-user approach) and are therefore geared to offering a wide range of high-quality services. In the 2013 financial year, HHLA's customer base included all 20 major container shipping companies. HHLA therefore believes that it is able to respond flexibly to changes in the consortia and alliances formed by its clients in the shipping sector. In the 2013 financial year, HHLA's five most important customers accounted for approximately 51 % (previous year: 50 %), its ten most important for 77 % (previous year: 74 %) and its 15 most important for 90 % (previous year: 87 %) of revenue generated by the HHLA container terminals in Hamburg. This was a slight change on the previous year. HHLA has maintained commercial relationships with the vast majority of its most important customers for more than two decades.

HHLA generally concludes individual framework contracts with its shipping customers. These contracts contain comprehensive descriptions of the services to be rendered and of the remuneration arrangements. As the usage volume for these services is not fixed, there is no order backlog in the traditional sense for HHLA's logistics services.

Sales activities are organised by means of key account management. Selling the services on offer is not the only objective of these activities. They are also aimed at optimising processes and thereby helping to increase added value for customers.

Top 20 Shipping Companies

by transportation capacity, 2013

in thousand TEU		
1.	APM-Mærsk	2,584
2.	MSC	2,358
3.	CMA CGM	1,502
4.	Evergreen Line	847
5.	COSCO	781
6.	Hapag-Lloyd	725
7.	APL	641
8.	Hanjin	627
9.	CSCL	592
10.	MOL	547
11.	OOCL	458
12.	NYK	458
13.	Hamburg Süd	447
14.	PIL (Pacific Intl. Line)	374
15.	Yang Ming Line	370
16.	K Line	348
17.	Hyundai M.M.	336
18.	Zim	332
19.	UASC	278
20.	CSAV	273

Source: AXS Alphaliner

The Intermodal and Logistics segments are aligned locally with the specific needs of their customers. Sales activities are usually managed by the individual companies. As far as possible, they follow the strategic approach of vertical integration, i. e. offering comprehensive transport and logistics services from a single source. The companies in the Intermodal segment each maintain their own sales departments at their headquarters in Hamburg, Prague and Warsaw. They also use regional offices at the seaports, in the target markets and in central locations overseas to provide local support for their shipping and forwarding customers and to acquire new business.

In the Real Estate segment, sales activities are organised according to the two main locations, Hamburg's Speicherstadt historical warehouse district and the northern banks of the river Elbe, as well as logistics properties in and around the port. Real estate staff specialising in the respective properties can therefore advise potential customers and tenants across the whole spectrum of services and offer customised solutions based on their location expertise.

Revenue Distribution

split by customers in the Container segment at the main hub Hamburg, 2013

- 51 % Top 1– 5
- 26 % Top 6 –10
- 13 % Top 11–15
- 10 % Other

Legal Framework

In its business operations, HHLA is subject to numerous German and foreign statutory provisions and regulations such as public law, trade, customs, labour, capital market and competition regulations.

As the bulk of HHLA's commercial activities are concentrated in and around the Port of Hamburg, its regulatory environment is largely determined by the Hamburg Port Development Act (Hamburgisches Hafenentwicklungsgesetz – HafenEG). HafenEG formulates the structural framework for the sound development of commercial activity in the Hamburg port area. HafenEG's objectives are to maintain the Port of Hamburg's competitiveness as an international all-purpose port, to safeguard freight volumes and to use the public infrastructure as effectively as possible. To this end, the Port of Hamburg currently employs a 'landlord model', by which the Hamburg Port Authority (HPA) retains ownership of the port area and responsibility for building and maintaining the infrastructure, while the privately owned port operators are responsible for the development and maintenance of the superstructure (buildings and facilities). HHLA has concluded a long-term lease agreement with HPA for those port areas of importance for its business operations.

For the construction, alteration and operation of its handling facilities, HHLA is reliant on the issuance and continued existence of authorisations under public law, especially official authorisations in accordance with the German Federal Emissions Control Act (Bundes-Immissionsschutzgesetz – BImSchG), the applicable local building regulations and water and waterways laws. All construction and extension measures require separate authorisations by the respective authorities, irrespective of the plan approval procedure for the expansion of the handling areas. HHLA's Group companies are subject to a number of strict regulatory requirements, especially if they are involved in the handling of materials which can have damaging effects on people or the environment, e. g. the handling, storage and transportation of environmentally dangerous materials and hazardous goods. These regulatory requirements also include regulations on technical safety, health and safety in the workplace and environmental protection.

HHLA's commercial activities are governed predominantly by the provisions of German and European competition law. This means that its pricing is determined by the market and is, as a matter of principle, not regulated.

Due to the dangers posed by international terrorism, there are strict security precautions at all ports. An essential component of these precautions is the International Ship and Port Facility Security Code (ISPS Code), which requires the internationally standardised installation of measures to prevent terrorist attacks on ocean-going vessels and port facilities. For the operators of port facilities, compliance with the code involves observing strict access control and implementing numerous other measures for averting danger.

The aforementioned international provisions are implemented in the Port of Hamburg's area by means of the German Port Security Act (Hafensicherheitsgesetz – HafenSG). The act contains far-reaching regulations which take account of the increased security requirements of the Port of Hamburg.

The legal framework for HHLA is subject to constant change at national and international level, particularly by the European Community, in order to keep pace with technical progress and increasing sensitivity with regard to safety and environmental issues. In specific terms, the European Commission is currently working on guidelines for the issuing of licences and/or construction, service or supply agreements in the transport sector. Depending on which form these guidelines take, they may affect HHLA in the future. The same applies to the German 'Regulation on Installations for the Handling of Substances Hazardous to Water', which is currently under development at national level. In the 2013 financial year, however, there were no amendments to the legal framework with a significant impact on the Group's operating activities or its assets, financial or earnings position.

Corporate Strategy

HHLA's strategy is aimed at attaining a leading position as a port logistics provider and thus achieving sustainable growth in its enterprise value. This long-term approach to corporate development considers the company's economic, ecological and social responsibilities in equal measure with the goal of strengthening the Group's competitiveness. With its business model of vertical integration along the transport chain between the international seaport and its European hinterland, HHLA believes it is favourably positioned to exploit the intensification in global trade and achieve profitable growth. This is underlined by Hamburg's role as an international hub linking the Far East, especially China and India, with the economies of Central and Eastern Europe.

In order to consolidate and expand the Group's market position, HHLA pursues the following strategic guidelines:

Port Logistics Subgroup

Enhancing Quality and Efficiency Leadership

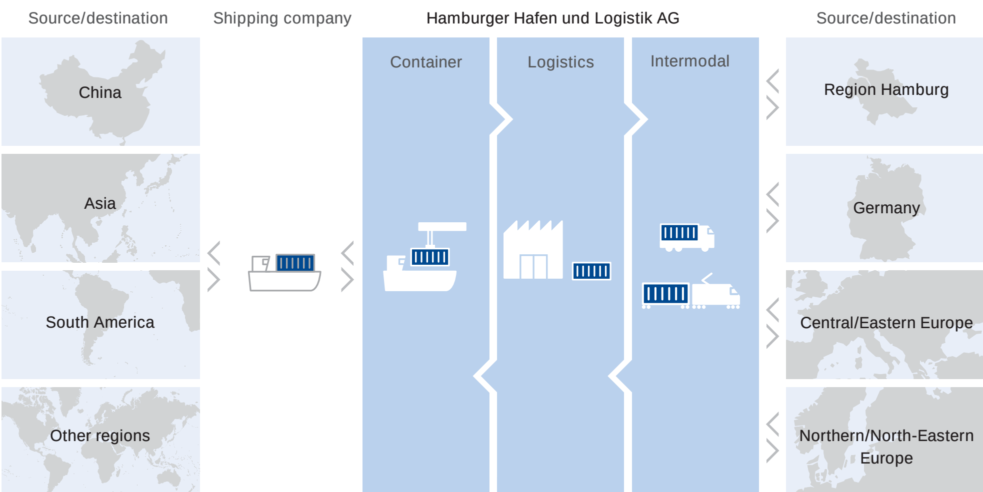
HHLA plans to constantly improve its competitiveness by further enhancing its service quality and technological capabilities. It concentrates both on retaining its broad customer base and attracting new clients.

In order to ensure a consistently high standard of service, HHLA will continue to pursue its multi-user principle in the Container segment, i. e. providing a neutral service to as many shipping companies as possible in the handling of ships and the allocation of berths. The company believes that this concept will secure the long-term existence of a balanced customer portfolio, the best possible capacity utilisation and the profitability of its services.

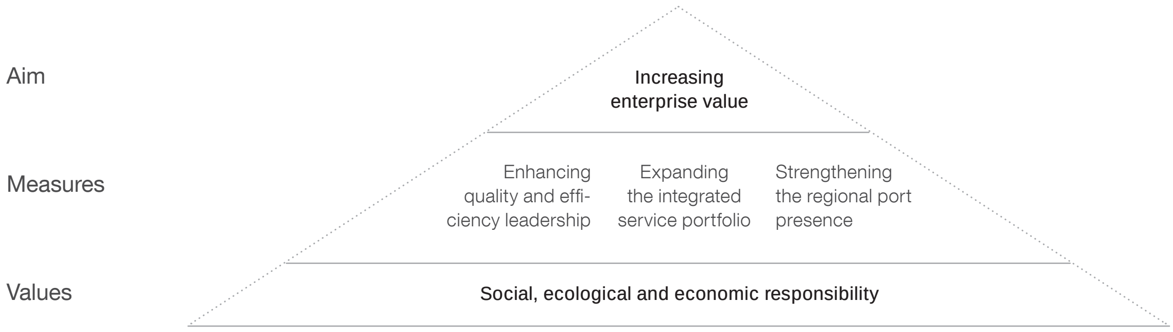
Its ship handling activities focus primarily on improving the efficiency of its handling services and responding to the requirements of container mega-ships which are increasingly prompting peak load conditions. This involves systematically gearing the design and operation of facilities towards maximising the productivity of land usage, manpower and capital.

HHLA also aims to become a quality and efficiency leader in its Intermodal activities by investing a growing amount in its own facilities and equipment, such as inland terminals, container-carrying rail wagons and locomotives. Thanks to its increased control of pre- and onward-carriage systems and their integration into maritime transport chains, HHLA is able to offer its customers a perfectly coordinated range of services.

Vertical Integration
HHLA's strategic foundation



Corporate Strategy
Sustainably increasing enterprise value at HHLA



Expanding the Integrated Service Portfolio

HHLA plans to continuously improve the services it provides by expanding intermodal transport between the international port and the rail and road networks. Besides increasing the scope and range of its services, HHLA also focuses on raising its value added. This approach is geared primarily towards making effective use of the Port of Hamburg's advantageous geographical position in terms of transport links by utilising synergies between handling and transport services and by adding complementary services (container repairs, empty container storage facilities, etc.). HHLA's activities are therefore mutually beneficial: greater handling volumes in the Port of Hamburg result in more traffic for hinterland transport and increased demand for logistics services. At the same time, the provision of efficient transport systems and high-quality logistics services generates additional handling volumes for the HHLA container terminals. ► see also Container Segment, page 68.

In the rail sector, HHLA will continue to strengthen the market position of its Intermodal subsidiaries with the main geographical focus on the growth markets of Central and Eastern Europe. Investments here will concentrate primarily on inland terminals and their connection via highly efficient shuttle systems, i.e. direct links to distribution centres, in order to further enhance the level of value added by means of vertical integration. To this end, the company is also gradually increasing its own rolling stock (container-carrying wagons and locomotives) so that it can operate as independently as possible on the market. HHLA will accompany these measures by expanding its trucking company, which focuses on offering a comprehensive network for delivering and collecting sea containers over the 'last mile' inland. ► see also Intermodal Segment, page 69.

Strengthening the Regional Port Presence

In addition to purely organic growth, HHLA constantly examines opportunities for acquisitions. Potential acquisitions and equity investments focus on port projects and shareholdings in attractive growth markets. Based on the economies of scope offered by the existing network and the opportunities it presents to tap additional potential – and stemming from its base on the North Sea coast – HHLA's primary interest is in the catchment area between the Baltic region, the Northern Adriatic and the Black Sea. However, it does not rule out potential projects and shareholdings in other high-growth regions. HHLA pursues a strategy which has already proved successful with the takeover of terminal operations in Odessa on the Black Sea, for example. Both the Group's international consultancy activities and its ongoing corporate development work can provide starting points for this approach. In addition to strategic compatibility, key decision-making criteria include growth prospects, the anticipated return on capital employed, and the commercial risks and opportunities.

Real Estate Subgroup

In its non-listed Real Estate subgroup, HHLA pursues a long-term and value-oriented approach to enhancing the activities pooled in this segment. This includes in particular the development of areas and properties, their marketing, commercial property management and facility management.

Financial Resources

HHLA's strategic development as a whole is supported and safeguarded by sound financial resources and a good corporate credit rating, based on the criteria for investment-grade ratings. This ensures that HHLA can seize opportunities for value-enhancing corporate development and actively shape consolidation processes in the port logistics sector at any time. ► see also Financial Position, page 71 et seq.

Strategic Key Figures

HHLA uses a system of key figures to assess the achievement of its objectives. This is based on the return on capital employed (ROCE), which acts as a central gauge of the contribution made by business activities to value creation. The system is also embedded in a number of financial and non-financial progress indicators. ► see also Corporate and Value Management, below.

Corporate and Value Management

HHLA's primary objectives include the long-term, sustainable growth of its enterprise value. The company believes this is only possible in the long run if economic success is coupled with ecological and social responsibility. For this reason, all corporate decisions observe the principle of achieving a balance between economic, environmental and social considerations. ► see also Sustainability, page 55 et seqq., and Corporate Strategy, page 51 et seqq.

HHLA uses a Group-wide value management system for the planning, management and monitoring of its commercial activities. No changes were made to this system in the 2013 financial year.

Financial Performance Indicators

The central financial management control figure is the key performance indicator ROCE (return on capital employed). This benchmark takes account of all the Group's relevant earnings and assets parameters, thereby encouraging value-generating corporate decisions in the interest of a closely coordinated management of profitability and capital employed.

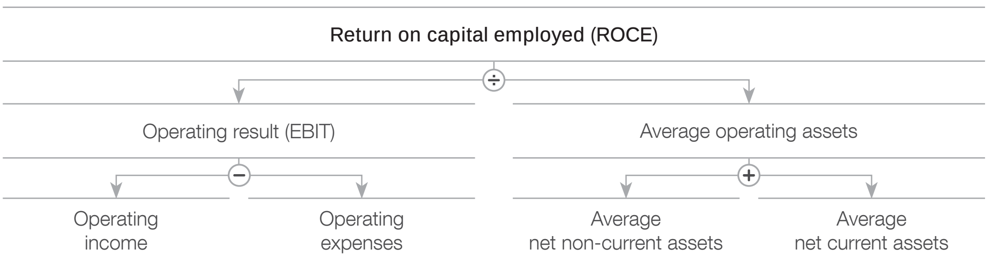
The HHLA Group calculates ROCE as a ratio of the operating result (EBIT) and the average operating assets used. The earnings indicator ROCE principally represents the average return on that capital which is employed to generate the operating performance.

Return on capital employed is not only a central criterion for assessing investments, but also a significant parameter for determining variable remuneration components for executives with operational responsibility. Performance-related remuneration components at executive level are calculated over a period of several years. This further enhances the focus on this target.

Value-oriented management via the key performance indicator ROCE therefore serves to align all operating activities with the aim of promoting sustainable economic growth and raising enterprise value. Commercial activities are generally regarded as value-generating if the return on capital employed exceeds the cost of capital and they therefore make a positive value contribution. Such capital costs correspond to the weighted average of equity costs and the cost of borrowed capital. As in the previous year, HHLA used a weighted average cost of capital of 10.5 % before tax to calculate its value growth at Group level in the 2013 financial year. This cost of capital is based on the Executive Board's assessment of a stable, long-term rate of return arising from a balanced relationship between equity and borrowed capital. This approach

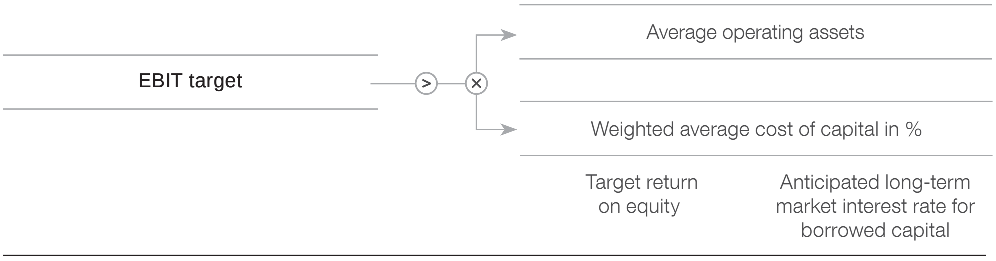
Value Management

ROCE – defining parameters and influential factors



Value Management

EBIT – target indicator



is intended to avoid short-term fluctuations in interest rates on the capital markets which may distort the information provided by the value management system.

Group management follows a vertically integrated business model which enables the operating units to derive a high level of mutual benefit from their business activities. For this reason, the segments and companies are not measured in isolation using a central return target. Instead, they are steered individually depending on their contribution to the Group, i. e. with regard to their specific segment and company characteristics.

HHLA's objective is to earn a sustainable premium on its capital costs. For this reason, considerable importance is attached to managing capacities in line with demand and in dialogue with customers – wherever allowed by the highly capital-intensive nature of the industry and investment projects that often take several years to realise. Potential acquisition and investment possibilities that might constitute strategically useful additions are also mainly assessed according to their expected value contributions. The Group discontinues commercial activities with negative value contributions if they are unlikely to achieve the required internal return targets in future.

While average operating assets remained virtually unchanged in the 2013 financial year, the operating result (EBIT) decreased significantly on the previous year. This was partly due to the one-off gain of € 17.6 million recorded in the previous year due to the realignment of Intermodal activities. ROCE declined accordingly by 2.0 percentage points to 11.6 %, but still remains above the weighted average cost of capital of 10.5 %. Adjusted for this one-off income, ROCE fell only slightly by 0.7 percentage points. Despite the decline in EBIT, HHLA once again realised a positive value contribution of € 15.1 million in 2013.

Key Performance Indicators

in € million	2013	2012	Change
Operating income	1,198.8	1,187.6	0.9 %
Operating expenses [1]	- 1,040.8	- 1,001.6	3.9 %
EBIT	**158.0**	**186.0**	**- 15.0 %**
Ø Net non-current assets	1,271.6	1,269.8	0.1 %
Ø Net current assets	89.2	93.4	- 4.6 %
Ø Operating assets	**1,360.8**	**1,363.2**	**- 0.2 %**
ROCE [1] in %	11.6	13.6	- 2.0 pp
Cost of capital before tax [2] in %	10.5	10.5	0.0 pp
Cost of capital before tax [2]	142.9	143.1	- 0.2 %
Value added in %	1.1	3.1	- 2.0 pp
Value added	15.1	42.9	- 64.7 %

[1] Retrospective restatement of the figures for the previous year due to amendment of IAS 19R
[2] Of which 7.5 % for the Real Estate subgroup

Non-Financial Performance Indicators

In the operating business units, various non-financial performance indicators are used in addition to the ROCE benchmark. For example, the number of handling moves per hour, energy efficiency or the number of containers handled per square metre – the so-called land usage productivity – are important indicators for the quality of services rendered and the container terminals' performance. These and other performance indicators are therefore used intensively for the ongoing optimisation of specific operational processes, although they also serve the overriding objective of value-generating management. ► see also Sustainability, below.

In addition to the continuous dialogue which HHLA maintains with its customers, the company makes extensive use of macroeconomic forecasts as early indicators for its operating activities. These include the anticipated development of gross domestic product for important trading partners, and the subsequent estimates for foreign trade and import/export flows, as well as for container traffic on relevant routes.

Sustainability

HHLA's actions have always been guided by economic considerations and a sense of responsibility towards its employees, the environment and society as a whole. Due to high levels of capital intensity and long useful lives, those who build and operate handling facilities, hinterland networks and logistics centres are compelled to take a wider view and gear their business operations towards long-term success spanning several economic cycles. Ever since it was established, the Group has therefore attached the utmost importance to sustainable business practices.

HHLA's business model aims to provide an ecologically sound link between global goods flows at port terminals on the one hand and hinterland networks and logistics centres on the other. ► see also Corporate Strategy, page 51 et seqq. Ecological transport chains are therefore central to HHLA's sustainability strategy. By extending its facilities and networks, HHLA is paving the way for a disproportionately high increase in the percentage of hinterland transport accounted for by rail. The central interfaces in international goods flows are operated in an environmentally friendly manner which also conserves land and resources. They are constantly developed with an eye on the future.

Organisation

For five years now, HHLA has had a Sustainability Council headed by the Chairman of the Executive Board. Its members meet regularly with HHLA's stakeholder groups – especially customers, staff, investors, suppliers, non-governmental organisations and the general public – to discuss key sustainability issues of relevance to HHLA. Since the council was established, the Group has also had a specialist team dedicated to sustainability which reports directly to the Chairman of the Executive Board.

Strategy

HHLA's sustainability strategy is based on three pillars: the environment, society and the economy. Ten fields of activity and guidelines have been defined and implemented within these areas. This puts HHLA in a position to take a leading role in the area of sustainability. The fields of activity focus on environmentally friendly transport chains, climate protection and efficient land use.

Principles and Reporting Standards

HHLA's commitment to sustainability is binding, transparent, measurable and comparable. Since the reporting year 2012, the company has applied the Global Reporting Initiative (GRI) guidelines on sustainability reporting, the most commonly used standard of its kind in the world. In doing so, HHLA also facilities comparison at an international level. Furthermore, HHLA was the first maritime company to issue a declaration of compliance with the German Sustainability Code (GSC). This declaration of compliance is available at ► www.nachhaltigkeitsrat.de. By publishing this declaration, HHLA has made a firm commitment to its sustainable business model. The GSC lists 20 different criteria relating to environmental, social and corporate governance aspects, each with up to two performance indicators. Issues such as the usage

Sustainability Initiative

	Fields of activity	Guidelines
Environment	Ecological transport chains	Actively networking with other logistics operators and creating sustainable, environmentally friendly transport chains
	Space conservation	Increase the efficient use of port and logistics areas
	Nature conservation	Minimise the impact on nature and actively protect natural habitats
	Climate protection	Utilise technically and economically viable means of reducing CO_2 emissions
Society	Occupational safety/ health protection	Ensure safety, provide appropriate working conditions and promote health-conscious behaviour
	Staff development	Offer vocational and ongoing specialist training and tailored staff development programmes
	Social responsibility	Step up dialogue with society; information and discussions regarding port logistics
Economy	Added value	Make an ongoing and significant contribution to value added and consequently raise prosperity at all locations
	Business partners	Offer tailor-made customer solutions and reliable cooperation with suppliers
	Shareholders	Safeguard a long-term increase in company value and transparency for investors

Direct CO_2 Emissions

in thousand tonnes

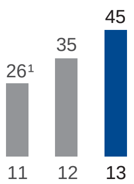
Direct and Indirect Energy Consumption

	Diesel in millions of litres	Heating oil in millions of litres	Petrol in millions of litres	Natural gas in millions of m³	Electricity in millions of kWh	District heating in millions of kWh
2011	26.0	0.1	0.1	2.0	145 [2,3]	5.2
2012	26.5	0.1	0.1	2.1	157 [4]	4.6
2013	**26.7**	**0.1**	**0.1**	**3.1** [1]	**187** [5]	**4.6** [1]

[1] Consumption of natural gas and district heating in 2013 is based on measured and estimated figures.
[2] 2011 without traction current for using e-locomotives in Germany, Austria, Czech Republic, Slovakia and Hungary
[3] Of which approx. 72 million kWh from renewable energies
[4] Of which 70.2 million kWh from renewable energies
[5] Of which 78.0 million kWh from renewable energies

Indirect CO_2 Emissions

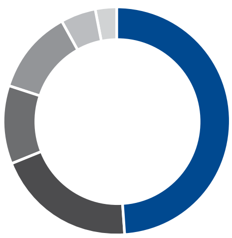
in thousand tonnes



[1] 2011 without traction current of Metrans

CO_2 Emissions

by equipment type



- 49 % Straddle carriers
- 20 % AGVs
- 12 % Container and rail gantry cranes
- 11 % Lighting for buildings and open areas
- 5 % Reefer containers
- 3 % Storage cranes

The CO_2 emissions are based on measured and calculated data as well as estimates. The data refer to the container terminals of Hamburg.

of resources, compliance, equal opportunities and health protection for employees play an important role in the code. Companies are also expected to provide clear sustainability targets.

Environment

Emissions and Energy

HHLA has published its carbon footprint regularly since 2008 as part of the international Carbon Disclosure Project (CDP). The CDP is a non-profit initiative which now manages one of the world's largest databases of corporate greenhouse gas emissions on behalf of institutional investors and makes this information widely available. HHLA calculates its CO_2 emissions on the basis of the Greenhouse Gas Protocol, a global standard for recording greenhouse gas emissions. Within the HHLA Group, air pollution is largely restricted to absolute CO_2 emissions, which are primarily influenced by throughput and transportation volumes, use of its own traction stock and the use of electricity from renewable sources. In line with the Greenhouse Gas Protocol, electricity from renewable sources was classified as carbon-neutral. The power needed by a terminal depends largely on the number of seaborne containers it handles and the number of containers transported by land. HHLA uses seaborne and overland throughput as an effective indicator to determine specific CO_2 emissions in line with the recommendations of the European Economics Environment Group (EEEG).

HHLA has set itself the climate protection target of reducing CO_2 emissions by at least 30 % for each container which it handles by 2020. 2008 figures serve as the baseline here. In the period from 2008 to 2013, the company already succeeded in reducing CO_2 emissions by 24.9 % per container handled and transported. Specific CO_2 emissions fell by 0.6 % in the year under review.

Absolute CO_2 emissions rose year on year by 14,391 tonnes (or 12.9 %) to 126,095 tonnes in the reporting period. Of this figure, 16.4 % or 20,662 tonnes were CO_2 emissions resulting from the use of traction current in the Intermodal segment. The rise over the last few years is attributable to increasing use of the Group's own locomotives, which are powered exclusively by electricity and thus more environmentally friendly. A long-term increase in the percentage of electricity used within the Group's energy mix will enable the company to utilise a greater share of renewables and thereby substantially reduce its carbon footprint. To achieve this goal, HHLA is converting more and more of its equipment and machinery at the terminals to electricity. Such equipment and machinery produces fewer emissions and less noise and is also easier to service. HHLA has been making greater use of power from renewable sources since 2009. As of this date, the electricity required by all office buildings and workshops in Hamburg occupied by HHLA has come from renewable energies. The Container Terminal Altenwerder (CTA) has been making exclusive use of green electricity since 2010. In the year under review, these measures reduced CO_2 emissions by 24,712 tonnes (previous year: 22,255 tonnes).

In addition to power from renewable sources, HHLA continued with a number of CO_2 reduction projects at the Group's various affiliates to improve its carbon footprint. Four additional battery-powered automated guided vehicles went into service at the Container Terminal Altenwerder (CTA) in 2013 which produce zero local emissions. This fleet of all-electric automated guided vehicles (AGVs) will be expanded further in the future. ► see also Research and Development, page 59 et seq. In the year under review, the fleet of all-electric cars grew by 12.5 % to 27. That means electric vehicles are now in use at three of the four seaport terminals in Hamburg. These vehicles are powered by renewable electricity and are a quiet, low-maintenance solution which does not generate any local emissions. Using them saves approx. 90 tonnes of CO_2 every year.

Hamburger Container- und Chassis Reparatur Gesellschaft (HCCR) joined the Hamburg environment partnership by replacing 19 of its older units with vehicles which are significantly more environmentally friendly, with reduced diesel consumption and considerably lower harmful emissions.

As well as choosing highly energy-efficient machinery and equipment, HHLA is actively stepping up its use of renewable energy. In 2011, a photovoltaic system was installed on the roof of the Container Terminal Tollerort (CTT). Set up and operated by the energy supplier Hamburg Energie Solar, this system provided 116,600 kWh of CO_2-free electricity in the year under review.

In addition, the computer-aided optimisation of container storage positions minimises the distance travelled by transport equipment, thereby reducing energy consumption and noise pollution. The use of retreaded tyres for various container handling machines also helps to protect the environment.

Water Consumption

Water is mostly used in the HHLA Group to clean large-scale equipment and containers and for employee hygiene. Compared to the previous year, the amount of water consumed by operations in Germany, Poland, Slovakia, the Czech Republic and Ukraine fell by 3,670 m³ or 3.2 % to 111,165 m³ in 2013. HHLA's facilities in Hamburg draw water from the public supply network.

Waste and Recycling

HHLA reduces refuse and separates rubbish for recycling wherever possible so that reusable waste can be fed back into the resource cycle. Excluding soil and building rubble, the amount of waste produced at the sites in Germany fell in 2013 by 6.2 % compared with the previous year, taking it to 8,790 tonnes. Waste classified as hazardous also decreased further in the same period by 12.3 % to 2,845 tonnes. This is equivalent to a share of 32.4 % (previous year: 34.6 %). 2,188 tonnes or 24.9 % of the annual waste total was attributable to sludge from oil/water separators collected at the washing, fuelling and parking spaces for straddle carriers and AGVs. This mixture of sludge, oil and water undergoes treatment at a chemical water treatment plant operated by a specialist waste disposal company. Once it has been separated from the oil, the water passes through a biological waste water treatment plant. Commercial waste accounted for 22.0 % of the total figure (1,931 tonnes), while scrap metal made up 12.2 %, at 1,072 tonnes. Of the total waste volume, 965 tonnes or 11.0 % was made up of overripe bananas and other foodstuffs unsuitable for processing or consumption. More than 68 % of this food waste was recycled to generate biogas. In this way, some 150,000 kWh of zero-carbon electricity was produced in the reporting year. Waste wood and structural timber accounted for a share of 6.8 %. Paper-based waste represented 6.1 %, while road sweepings amounted to 4.6 %. Other waste came to 12.4 %.

HHLA strives to conserve resources at its terminals, e. g. by using a total of 48,000 tonnes of recycled building materials to maintain its terminal areas during 2013. Of this 48,000 tonnes, electric furnace slag accounted for the largest share (25,500 tonnes). This results from the melting of steel scrap and mineral additives in electric arc furnaces which is now reused as aggregate. The use of this recycled building material means that less natural stone needs to be mined, thus protecting the landscape.

Society

In addition to its corporate social responsibility, HHLA's key fields of activity include providing staff training and ensuring occupational health and safety.
▸ see also Employees, page 59 et seqq.

Regional Responsibility

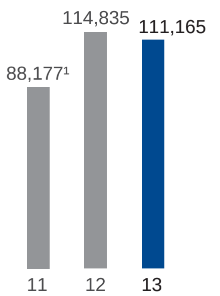
Approximately one in eight jobs in Hamburg has some connection with cargo handling at the Port of Hamburg. This means that the port and associated industries are major employers in the greater Hamburg metropolitan region. HHLA processes around 76 % of Hamburg's container throughput (in TEU), or more than 50 % of the total throughput in tonnes. The company therefore sees itself as an integral part of economic developments in the greater Hamburg metropolitan area. It is well aware of its responsibility towards society both here and at all its other sites.

Social Dialogue

The company's dialogue with society focuses on raising awareness of port and logistics-related issues. Its most important education project is the Aqua-Agenten initiative launched by the Michael Otto Foundation. This project has already received multiple awards (e. g. as an official project of the UN's World Decade 'Education for Sustainable Development' and as a 'Landmark in the Land of Ideas'). It takes a fun approach to teaching schoolchildren aged about eight or nine why water is important for people, nature and the economy. School classes learn about the significance of shipping and ports for world trade at HHLA's container terminals. In the reporting year, around 230 schoolchildren visited HHLA facilities as part of this education project. Since the project was launched in 2009, another 6,475 children have been taught about the importance of water and ports at school.

Water Consumption

at HHLA's sites in Germany, Poland, the Czech Republic, Slovakia and Ukraine in m³



[1] 2011 excluding Poland the Czech Republic and Slovakia

Commercial Waste

by type

- 25 % Sludge from oil/water separators
- 22 % Commercial waste
- 12 % Scrap metal
- 11 % Food unsuitable for processing/consumption
- 7 % Waste wood and lumber
- 6 % Paper waste
- 5 % Road sweepings
- 12 % Other waste

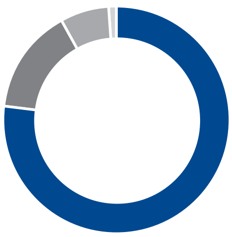
Source of Added Value

Production value
€1,178 million = 100%

- 45% Added value
- 32% Cost of materials
- 12% Other expenses
- 11% Depreciation/amortisation

Application of Added Value

Added value
€532 million = 100%



- 77% Employees
- 15% Shareholders
- 7% Public authorities
- 1% Lenders

Compliance

Compliance with legal requirements and internal company guidelines is a key part of HHLA's corporate governance policy. HHLA's compliance system centres on a code of conduct which formulates overriding principles on relevant topics for compliance, such as conduct in the competitive environment, the prevention of corruption and conflicts of interest, and how to deal with sensitive corporate information.
▸ see also Compliance, page 28 et seq.

Economy

Net added value fell by €18.8 million to €532.2 million in 2013, primarily as a result of expenses. At 45.2%, added value was lower than in the previous year. In particular, this was due to the development of interest expenses and the cost of materials. Net added value serves as an indicator of business activities' economic value creation. It is calculated by taking the value of production and deducting all intermediate inputs, depreciation and amortisation. Added value is shared between employees, lenders, the state (taxes) and shareholders. The largest proportion, 76.5% or €407.3 million, went to employees. Shareholders accounted for the second-largest share of €80.4 million (15.1%), followed by the public authorities with €36.9 million (6.9%) and payments to lenders amounting to €7.6 million (1.5%).

Added Value in the HHLA Group

in € million	2013	2012	Change
Employees	407.3	389.5	4.6%
Shareholders	80.4	111.7	- 28.0%
Public authorities	36.9	41.5	- 11.1%
Lenders	7.6	8.3	- 7.5%
Total	532.2	551.0	- 3.4%

Research and Development

One of HHLA's strategic objectives is to continuously improve the efficiency of its operating systems, and consequently its competitiveness, by developing application-oriented technologies. The main focus of these activities is therefore on engineering and IT-based innovation projects. HHLA's project portfolio comprises a range of overarching pilot schemes. A good example is the HHLA Container Terminal Altenwerder (CTA), which is regarded as one of the world's most technologically advanced handling facilities. The intelligent, compact terminal layout, cutting-edge handling technology, innovative IT systems and high level of automation all ensure that loading and discharging is conducted efficiently. Especially in the case of container mega-ships, this leads to shorter lay times, giving the terminal a significant competitive advantage.

Development activities are carried out in a decentralised manner at HHLA's respective operating sites. The specialist departments assemble teams of employees with a wide range of qualifications for the various development projects based on the specific requirements. In some cases, these teams include staff from different departments and even different Group companies. Due to close collaboration with technical universities, institutes, industry partners and government authorities, joint projects can be planned, managed and developed by task forces. A unique feature, however, is the largely proprietary software for terminal operations at the port.

In the 2013 financial year, HHLA mainly focused its resources and available capacity on the successful completion or continuation of the following model projects.

Innovative Seaport Technologies II

New technologies for German seaports and their hinterland links were explored and developed as part of the support initiative Innovative Seaport Technologies II (ISETEC II) of the German Federal Ministry of Economics and Energy. The aim is to enable them to cater for fast-growing transport volumes, which remain a long-term trend. The main focus of HHLA's projects was on enhancing and optimising operating processes at the company's container terminals and throughout the transport chain. The research project VESUHV (Networking Seaports and Railbound Hinterland Transportation) was successfully completed in the financial year 2013. It was the last of a large number of HHLA projects included in this support initiative. This project focused on developing a standardised system which will enable the German seaports and hinterland rail service operators to exchange data reliably at an early stage. As a result of improvements to the flow of information in the Container and Intermodal segments, the transport chain's performance was boosted by improving reliability at the operational planning stage.

Performance Certified

In order to document its performance, CTA once again received certification in accordance with the Container Terminal Quality Indicator (CTQI) in the reporting year. The standard, which was developed by the Global Institute of Logistics and Germanischer Lloyd, checks criteria such as the safety, performance level and efficiency of a terminal on both the water and land sides, as well as its links to pre- and onward carriage systems. With its successful certification, CTA proved once again that it is one of the most productive container terminals in the world.

Battery-Powered Container Vehicles

Researching and developing eco-friendly drive systems is a key aspect of HHLA's sustainable business model. In collaboration with Gottwald Port Technology, Vattenfall Europe Innovation and several research bodies, HHLA is pursuing its BESIC project (Battery Electric Heavy Goods Transports within an Intelligent Container Terminal), which is funded by the German Federal Ministry of Economics and Energy. It aims to use modern information and communication technology to improve the planning and management of charging cycles for battery-powered automated guided vehicles (AGVs) at CTA – particularly at times when there is a surplus of renewable power in the grid. The primary goal in the development of this battery management system and in testing innovative energy storage systems is to improve the level of flexibility for terminal operations and to increase the share of power provided by renewable energies.

Employees

Staffing Situation

HHLA had a total of 4,994 employees at the end of 2013. Compared with the previous year's total, the number of employees increased by 79, or 1.6 %. In geographical terms, the workforce was concentrated mainly in Germany, with 3,480 staff members. This corresponds to a share of 69.7 %, of whom the majority worked in Hamburg. The 1,514 jobs at foreign sites consisted mainly of 890 workers (17.8 %) at the Intermodal companies in the Czech Republic and Slovakia and 465 employees (9.3 %) in Ukraine. The remaining 159 employees were spread across subsidiaries in Poland and Georgia.

Employees

by segment as of 31.12.

	2013	2012	Change
Container	2,939	2,935	0.1 %
Intermodal	1,128	1,010	11.7 %
Logistics	288	311	- 7.4 %
Real Estate	35	37	- 5.4 %
Holding/Other	604	622	- 2.9 %
Total	4,994	4,915	1.6 %

Headcount in the Container segment – which accounts for 58.9 % of all jobs at HHLA – remained stable, with an increase of 0.1 % to 2,939. However, staffing levels in the Intermodal segment rose at a much faster rate, by a total of 11.7 % to 1,128, thus accounting for 22.6 % of the total workforce. This growth was largely due to the opening of a new inland terminal in the Czech Republic and dynamic development in Germany, Austria and Switzerland.

The number of employees in the Logistics segment fell by 7.4 % to 288 and therefore accounted for 5.8 % of the total HHLA headcount. This reduction was mainly attributable to the pooling of project and contract logistics activities. With 35 employees, the Real Estate segment accounted for 0.7 % of HHLA's staff, a decrease of 5.4 % on the previous year. The number of employees at the strategic management holding company – including operational IT employees and associated areas – decreased by 2.9 % to 604, or 12.1 % of the total workforce.

The fluctuation rate in Germany (excluding reassignments within the Group) fell from 4.3 % to 3.8 % in 2013. Almost as in the previous year, the average employee age was 43 (men: 44, women: 39).

Personnel Expenses

Personnel expenses rose by 5.7 % to € 395.2 million (previous year: € 374.1 million). This figure includes expenses for external staff totalling € 61.0 million (previous year: € 53.1 million). The rise was mainly attributable to higher union wage rates, increased manpower due to peak loads at the terminals and an increase in the number of employees at the Intermodal segment. ► see also Course of Business and Economic Situation, page 64 et seqq., and Notes to the Consolidated Financial Statements, Note 13, page 120 et seq.

Collective Labour Agreements

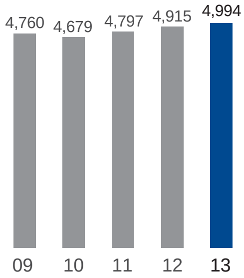
Collective labour agreements govern pay and working conditions for approx. 92 % of our staff in Hamburg.

In May 2013, the parties to the labour agreement – the Association of German Seaport Operators (Zentralverband der deutschen Seehafenbetriebe e. V. or ZDS) and the trade union ver.di – agreed a 24-month period for wage table increases of 3.2 % from 1 June 2013 (1 June 2012: 4.1 %) and 2.8 % from 1 June 2014 for port workers at companies which operate German seaports. Similar deals have been reached for further wage agreements of the HHLA Group.

In addition, a new company wage agreement came into force for clerical employees on 1 January 2013. More than 500 employees now benefit from a uniform wage-related appraisal system with variable remuneration. The goal is to establish a modern systematic feedback culture and to identify and offer appropriate staff development measures. In the period under review, training events were held for all managers and employees covered by labour agreements to help implement the appraisal system. A first management feedback on the basis of these labour agreements will be conducted in early 2014.

Employees

HHLA Group
as of 31.12.



Occupational Safety and Health Promotion

Numerous preventive measures and guidelines are in place to ensure that staff from both HHLA and external companies, customers, suppliers and visitors do not come to bodily harm, which is a key concern for HHLA. Occupational safety and health promotion have a great bearing on employees' performance levels and are a key commitment of our sustainability guidelines. ► see also Sustainability, page 57. The company strives to continually improve health and safety in the workplace and considers this an important task for its managers. These measures are geared towards specific needs at the sites. The issues of all employees in Hamburg are discussed by occupational safety committees. Key measures are evaluated at the statutory meetings of these occupational safety committees, which are held four times a year.

The number of accidents at the companies in the Port of Hamburg (excluding accidents while commuting) was held at a consistently low level of 66 (previous year: 72). Based on throughput, this represented a ratio of one accident per 100,000 loaded and discharged containers, as in the previous year.

The occupational safety management team actively helps to develop initiatives and delivers information internally by means of in-house tuition, training and practical exercises focusing on emergency precautions, such as preventing fires and water pollution, advisory services as well as prevention and risk management programmes. HHLA also uses state-of-the-art technologies to bring about improvements. HHLA uses an occupational safety management system as a monitoring tool to verify fulfilment of its goals.

HHLA regularly wins awards for its innovative approaches to occupational safety. In the reporting period, the German Employers' Liability Insurance Association for Trade and Goods Distribution (BGHW) presented the SCA Service Center Altenwerder its 2013 Prevention Award. HHLA developed a mobile quayside railing for work on the waterside travelling gear unit of container gantry cranes. This quayside railing prevents employees carrying out repair work from falling into the water.

The company's health programme includes company doctors, help with addictions and social problems, an integration management programme for employees following a lengthy period of illness, representatives for the severely disabled and staff sporting activities. The works council and HR management also play a part in running the various schemes. Targeted measures, campaigns and incentives are in place to prevent classic occupational illnesses such as those caused by excessive noise.

Strategic HR Management

The Group attaches great importance to HR management and has thus established it as a central division at Executive Board level.

Staff Development

Staff development schemes for all employee categories and hierarchy levels in Hamburg are managed by the Central HR Management division. Continuous learning processes and long-term development paths are created and supported uniformly across the Group. The Staff Development department implements appropriate measures to support restructuring and other change processes. Drafting and implementation of these programmes, access to them, the amount of funding provided by HHLA, quality control and evaluation of the measures are coordinated and set out together with the Group's works council.

HHLA invested a total of € 5.3 million (previous year: € 5.2 million) in the training and development of its staff – excluding travel costs – in 2013. This corresponds to average expenditure of around € 1,500 on training for each HHLA employee in Germany.

Diversity

HHLA believes that a mixture of perspectives, cultural backgrounds, experiences and values form the foundation for commercial success. A diverse workforce can identify with global requirements and is capable of generating greater innovation. HHLA considers this to be a competitive advantage. For this reason, diversity management has been a firm part of our strategic personnel management for several years now and is already producing excellent results in many areas.

The majority of jobs at HHLA are in a segment of the labour market in which men are traditionally employed and women are proportionately less represented. Women (including apprentices) therefore accounted for only 14.6 % of HHLA's workforce in Germany during the reporting period (previous year: 13.9 %). Female employees account for 20 % of those under the age of 40. This shows that HHLA is actively supporting the changing nature of the profession. The key goal is always to fill vacant positions with the best possible applicants, whether male or female.

In its clerical professions, HHLA has worked closely with the German Federal Employment Agency to design structured selection processes for new employees and training measures which give particular consideration to diversity issues. These processes were introduced in late 2013. For example, for all selection processes where the pool of applicants includes women, the selection panel features at least one woman. Staff involved in the selection process also receive special diversity training. Women accounted for more than 20 % of participants in the training exercise for clerical employees in the port handling segment. Suitable applicants over the age of 50 and applicants from migrant backgrounds have also successfully completed the selection process and been permanently hired.

Vocational Training and Studying

In view of its future staffing requirements, HHLA remained fully committed to its training efforts in the reporting period. A total of 160 young people were employed as apprentices in 2013 (previous year: 159). 37 apprentices completed their training in the course of the year and were given permanent contracts. HHLA hired 29 new apprentices in mid 2013. Women account for around 37 % of all apprenticeships and student positions. In the clerical sector, 21 % of apprentices are women. Female instructors are used intensively and with great success for technical equipment training in the clerical segment.

In 2013, the Association of German Chambers of Commerce and Industry (DIHK) presented a female HHLA apprentice with an award as Germany's best apprentice in port logistics.

Staff Development and Training

A total of 917 events lasting one or more days were offered and attended in the period under review, accounting for around 5,600 participant days. In terms of seminar attendance, women accounted for a third of all participant days. Training clerical staff was a key focus and accounted for around one quarter of total expenditure.

A Group-wide junior management programme was successfully completed in 2013, with evaluation in three different groups. 41 potential managers completed this programme, of which 11 already assumed tasks involving additional management responsibilities or managerial positions either during or after the course. Participants and their superiors provided positive feedback in relation to the course content and their learning progress. The participants were drawn from all over the Group and particularly appreciated the opportunity to liaise with one another. In development meetings with their superiors, further individual development measures will now be defined for all of the participants. Training programmes continue to be offered for young professionals and prospective managers to prepare them for their future responsibilities.

HHLA also continued its ongoing training and support schemes for container handling managers. The aim was to support current and prospective managers in relation to evolving workflows and organisational processes, to involve them in change processes and to support them during their transition to new functions.

In addition, experienced professionals and managers are supported with targeted measures such as seminars or coaching on the basis of individual consultations with the HR division. This process was continuously expanded in 2013.

Employee Retention

Bonus Scheme

Employees at the Container Terminal Altenwerder (CTA), Container Terminal Burchardkai (CTB) and Service Center Altenwerder (SCA) benefit from the company's commercial success. Bonuses are based on waterside container throughput and granted to staff of CTA and SCA in the form of payments. The new rule introduced at CTB in 2013 may enable staff to take additional days off.

Flexible Working Models

Employees are increasingly making use of part-time working models as a flexible option. At the end of 2013, 2.9 % of staff at HHLA in Germany worked on a part-time basis (previous year: 2.4 %). At the holding company, where most roles are clerical, this percentage was slightly over 10 % in 2013 (excluding apprentices). In addition, due to the conclusion of a company agreement to encourage part-time working for clerical staff at a container terminal, the ratio of part-time employees increased from 2.7 % to 3.5 % in the reporting period. In 2013 approx. 25 % of part-time staff were male.

Work-Life Balance

Helping staff to reconcile their professional and family commitments, providing opportunities for a flexible return from maternity or paternity leave and proactively increasing the proportion of women at the various levels of the company's hierarchy are integral parts of HHLA's work culture.

Company Pension Scheme

As well as various company pension schemes, HHLA offers its employees working lifetime accounts. In the context of a changing economic environment and in view of the need to achieve a sustainable footing for the future, the parties to the labour agreement successfully completed their negotiations surrounding the restructuring of working lifetime accounts at Group level in late 2013. Key issues here were the investment scheme and the introduction of a Web-based pension portal which enables employees to review their current pension situation online.

Staff Survey

In the period under review, an agreement was reached with the works council committees of the individual companies to conduct a staff survey covering 91 % of employees in Germany. Entitled 'Employees: the Foundation of our Success – Job Satisfaction at HHLA', the survey was conducted in November 2013. The findings will be reported to staff in the first quarter of 2014 and used for the company's future development.

Purchasing and Materials Management

Procurement Volume

by class of goods, 2013

- 38 % MRO
- 30 % Equipment/energy
- 17 % Construction
- 15 % IT

Purchasing is a shared service largely provided by the HHLA Group's management holding company in Hamburg. In addition to pooling purchasing processes and meeting the requirements of internal customers in terms of service and performance as fully as possible, other important objectives include the transparency and harmonisation of processes. The purchasing team ensures that capital goods, raw materials, consumables, supplies, services and other products are delivered reliably and on time, taking aspects such as cost, quality and sustainability into consideration. The department also safeguards process reliability and data security and is committed to standardising the supplier base. Purchasing constantly strives to improve supply chains and optimise supply processes. All staff engaged in this field are obliged to uphold HHLA's code of conduct. Central purchasing actively supports the review and adjustment of the Group's requirements and guidelines and their mandatory fulfilment in relation to purchasing processes.

On-time completion of development and modernisation projects at all of the Group's facilities and associated timely procurement of capital equipment, supplies and replacement parts remains the key task for central purchasing. There were no supply shortages during the reporting period.

The Group is deliberately diversifying its procurement activities and streamlining its supplier base. As a result, there were no significant dependencies on individual suppliers in the 2013 financial year, as in the previous year, neither at Group nor at segment level. There was a further increase in the strategic integration of suppliers into the development and optimisation of products, facilities and processes by means of partnerships. The Group continued to focus on analysing and evaluating every aspect of its relationships with suppliers, such as reliability, quality, innovative strength, cost structures and economic stability.

Environmental and social compliance is also becoming increasingly important for the company's suppliers in respect of their products, services and business policy. HHLA has therefore issued a binding specification stipulating the Group's requirements and guidelines with regard to sustainability and compliance. Issues of social responsibility are also becoming increasingly important for HHLA.

The central structure of the purchasing system facilitated further progress in the Group-wide realisation of efficient, transparent and uniform processes. The Group's use of e-procurement systems was further expanded. In 2013, approx. 15 % of all purchasing processes were handled fully automatically by means of e-procurement systems.

The company's internal reporting system was also significantly improved. This enables HHLA to evaluate process conformity in a transparent, comprehensible fashion and to monitor defined targets. The continuing consolidation of the supplier portfolio and pooling of purchasing activities enhanced the potential for successful purchasing outcomes. Purchasing continued to be divided into four main classes of goods using a tried and tested approach. This structure was reinforced by more consistent alignment with strategic and operational areas of competence within these various classes of goods.

In the reporting year, construction accounted for approx. 38 % of the Group-wide procurement volume, while equipment and energy accounted for 30 %, MRO (spare parts, repairs and operations) for 17 % and information technology (IT) for 15 %.

Construction accounted for the largest share of procurement expenditure. This was due to the ongoing modernisation of terminal facilities as well as extensive development projects in the Real Estate segment. Procurement in the equipment and energy class of goods was roughly on a par with the previous year. In addition to new acquisitions and replacement investments, there was also a strong rise in the proportion of maintenance and services. Increasing automation and the persistently high level of capacity utilisation at facilities are significant factors for this development. Purchases in the MRO category primarily consist of consumables and replacement parts. Procurement of strategically vital and expensive spare parts (e. g. generator sets) is increasing due to the use of state-of-the-art machinery. As in the previous year, the IT segment remained stable, whereby system and management solutions and their long-term viability became much more important. The overall volume of procurement was higher than in the previous year.

In order to achieve the Group's CO_2 emissions targets, green power was again used in the year under review for the annual consumption of the HHLA Group's non-handling electricity consumers, the HHLA Container Terminal Altenwerder and the fleet of electric vehicles at the HHLA Container Terminal Tollerort, rendering them carbon-neutral.

The energy management system controlled by the operative holding HHLA Container Terminals was further extended in the reporting period and aligned with future requirements. Self-sufficiency, feed-in options and energy trading were key issues alongside the continuous optimisation of energy supply points. Considering the broader political and ecological framework, it is important for HHLA to act in good time to prepare for the future.

With regard to energy procurement, the company's established tranche model (electricity) once again paid off. HHLA benefited significantly from falling purchasing prices on the market. It also changed its gas supply model and switched to a new supplier. This enabled the Group to realise significant cost savings for its energy procurement needs.

Economic Environment

Macroeconomic Development

Global economic growth and international trade once again remained flat in 2013. Following a weak start, the global economy recovered over the course of the year but on the whole failed to improve on the modest prior-year growth. The development in global trade was similarly restrained. With growth of just 2.7 %, it once again lagged behind global gross domestic product (GDP) which it had regularly exceeded in the years prior to the financial and economic crisis of 2008/2009.

While the economic situation in the eurozone improved in relative terms with a year-on-year decline of 0.4 % (previous year: - 0.7 %), the US economy suffered a significant loss of momentum, having achieved growth of 2.8 % in 2012. This was a major factor in the performance of the industrialised nations, whose economic output increased by just 1.3 % in the reporting period (previous year: + 1.4 %). Although growth in the emerging markets was also slightly weaker at 4.7 % (previous year: 4.9 %), they continued to drive global economic development.

Growth in Gross Domestic Product (GDP)

in %	2013	2012
World	3.0	3.1
USA	1.9	2.8
Industrialised countries	1.3	1.4
Emerging markets	4.7	4.9
China	7.7	7.7
Russia	1.5	3.4
Central and Eastern Europe	2.5	1.4
Eurozone	- 0.4	- 0.7
Germany	0.5	0.9
World trade	2.7	2.7

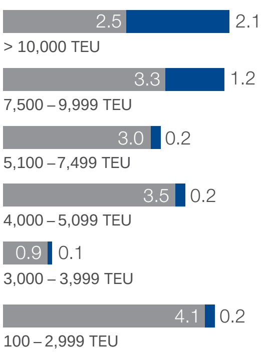
Source: IMF

The situation within the European Union varied widely. While economic output stagnated or fell in many countries due to fiscal consolidation programmes and persistently high unemployment, other European economies managed to emerge from recession. This was particularly apparent in Central and Eastern Europe, which experienced growth of 2.5 % – more than 50 % higher than the 1.4 % achieved in the previous year. By contrast, the Russian economy slowed markedly with GDP growth of just 1.5 % in 2013 (previous year: + 3.4 %).

In Germany, the economic trend remained very restrained, with GDP growth of just 0.5 % (previous year: +0.9 %) – albeit with a clear upward trend over the course of the year. Germany's foreign trade was significantly weaker: in the period from January to November 2013, exports fell by 0.2 % and imports by as much as 1.2 %.

Current World Fleet and Order Book until 2016

by vessel size categories
in TEU million



- World fleet: 17.3 million TEU (4,976 ships)
- Order book: 4.1 million TEU (519 ships)

Source: AXS Alphaliner

Sector Development

Container traffic growth, which in the years prior to the financial and economic crisis had exceeded the increase in global gross domestic product two or three times over, is now hardly outpacing international trade and global economic output. For 2013, the market research institute Drewry anticipates a rise in global container throughput of just 3.3 %. At the same time, the carrying capacity of the global container ship fleet expanded by 5.8 % to 17.3 million standard containers (TEU). There was particularly strong growth of 21 % in the number of very large ships with a capacity of more than 10,000 TEU: taking the total to 196 vessels.

In 2013, the weak state of the European economy was also reflected in the development of container throughput at the major Northern European continental ports of Antwerp, Rotterdam, the Bremen ports and Hamburg. At 35.3 million TEU, throughput here was 0.5 % lower than in the previous year. However, the performance of the individual ports varied considerably: Hamburg posted significant growth of 4.4 % to 9.3 million TEU. In contrast, Bremerhaven (- 4.7 % to 5.8 million TEU), Rotterdam (- 2.1 % to 11.6 million TEU) and Antwerp (- 0.7 % to 8.6 million TEU) suffered significant declines in some cases. Hamburg has thus consolidated its position as Europe's second-largest container port.

According to preliminary figures issued by the German Federal Statistical Office, freight transport volumes in Germany increased by 0.8 % to 4.3 billion tonnes in 2013. Over the same period, there was a disproportionately strong increase in the transport performance (product of volume transported and the distance transported) of 1.9 % to 643 billion tonne-kilometres.

With growth of 0.8 %, the volume of freight transported by rail rose to a total of 369 million tonnes in 2013. Following a moderate first six months, intermodal traffic picked up slightly in the remainder of the year. In the period from January to October 2013, 2.4 % more standard containers were transported than in the same period of the previous year, with a total volume of 5.4 million TEU. Thanks in part to the significant increases in volume realised by HHLA's rail companies, the Port of Hamburg achieved growth of 6.1 % to 2.1 million TEU in its volume of rail freight transport in 2013, thus further consolidating its position as Europe's leading railway port.

Course of Business and Economic Situation

Group Performance

Key Figures

in € million	2013	2012	Change
Revenue	**1,155.2**	1,128.5	2.4 %
EBITDA[1]	**280.9**	307.2	- 8.5 %
EBITDA margin in %	**24.3**	27.2	- 2.9 pp
EBIT[1]	**158.0**	186.0	- 15.0 %
EBIT margin in %	**13.7**	16.5	- 2.8 pp
Profit after tax and minority interest[1]	**54.3**	72.3	- 24.9 %
ROCE in %	**11.6**	13.6	- 2.0 pp

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Earnings Position

Overall View

HHLA was once again able to consolidate and extend its competitive position in 2013. The basis for this development was the positive trend in its handling and transport activities. The companies of the Intermodal segment – realigned in the previous year – significantly increased their transport volumes in a stagnating market environment. With a slight overall decrease in freight volumes at the Northern European seaports, container throughput improved significantly despite only moderate economic growth and a further delay in public infrastructure projects. However, the increasing number of ever-larger ships led to additional operational expenditure for the handling of peak loads. This trend was aggravated by nautical restrictions associated with the dredging of the river Elbe, which has still not been completed. At the same time, the potential productivity gains from the expansion and modernisation programme at the Container Terminal Burchardkai (CTB) have yet to be realised due to under-utilised capacity. Earnings were also affected by the realignment of the Polzug Group and obligations from existing traction contracts with former shareholders.

Together with the costs from flooding in summer and additional expenditure for the restructuring of the Polzug Group, these factors meant that the operating result tended towards the lower end of the announced guidance over the course of the year but finally remained within the forecast range.

HHLA continued to align its capital expenditure programme in line with demand. Delays to individual projects resulted in postponements until 2014.

Notes on the Reporting

Due to the high level of flexibility required in the sector, handling and transport services are generally not ordered or arranged months in advance. Consequently, an order backlog and order trends do not serve as reporting indicators as they do in other industries.

Since the second quarter of 2012, HHLA's Consolidated Financial Statements have included the effects of realigning the ownership structure of the rail companies in the Intermodal segment. This realignment led to the deconsolidation of TFG Transfracht and to the full consolidation of the Polzug Group. Both of these companies were proportionately consolidated in the first quarter of 2012.

In August 2013, HHLA Intermodal GmbH was retroactively merged with Hamburger Hafen und Logistik Aktiengesellschaft as of 1 January 2013. This has not resulted in any effect on the Group's revenue and earnings performance. ► see also the Notes to the Consolidated Financial Statements, Note 3, page 109.

Currency effects had no material impact on the earnings position of the Group.

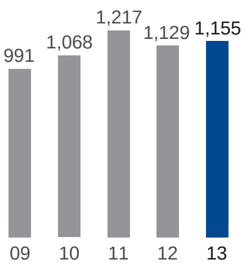
The 2013 Consolidated Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the European Union, taking into consideration the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The revised standard IAS 19R is applicable for financial years beginning on or after 1 January 2013. Accordingly, a mandatory retrospective restatement of the figures for the previous year was necessary. However, the effects of adjusting the previous year's figures are of small importance in both absolute and percentage terms, at Group level and at segment level. ► see also the Notes to the Consolidated Financial Statements, Note 5, page 110 et seqq.
The Group Management Report considers the new requirements of the German Accounting Standards (DRS) 20.

Forecast and Actual Figures

	Forecast 27.03.2013	Actual 31.12.2013
Revenue	In a range of € 1.1 to € 1.2 billion	€ 1,155.2 million
EBIT	In a range of € 155 to € 175 million	€ 158.0 million
Capital expenditure	In the region of € 160 million	€ 114.9 million
Container throughput	Similar to previous year in the region of 7.2 million TEU	7.5 million TEU
Container transport	Above market growth in the region of 1.1 million TEU	1.2 million TEU

Revenue

in € million



Cost Structure, 2013

- 36 % Cost of materials
- 38 % Personnel expenses
- 14 % Other operating expenses
- 12 % Depreciation/ amortisation

Revenue and Earnings

HHLA continued to improve its key performance figures in 2013. Container throughput rose by 4.4 % to 7.5 million TEU (previous year: 7.2 million TEU). In particular, this was attributable to a disproportionately strong increase in the volume of feeder traffic and higher volumes for existing liner services. Due to the deconsolidation of TFG Transfracht, the transport volume fell by 3.3 % to 1,172 thousand TEU (previous year: 1,213 thousand TEU). However, the rail companies which remain part of HHLA's consolidated group increased volumes by 18.0 % to 1,172 thousand TEU (previous year: 993 thousand TEU). This strong rise in transport volumes mainly reflected the growth of services in Germany, Austria and Switzerland as well as new rail links with the Polish seaports.

Against this background, the HHLA Group increased its revenue by 2.4 % to € 1,155.2 million (previous year: € 1,128.5 million) in the reporting period. In view of the changed ownership structure in the Intermodal segment, the rise in revenue largely outlined volume growth – despite a highly competitive market environment, falling storage fees and a larger proportion of feeder traffic. The listed Port Logistics subgroup charted a similar trend: its Container, Intermodal and Logistics segments recorded revenue growth of 2.4 % to € 1,127.2 million (previous year: € 1,101.2 million). The non-listed Real Estate subgroup increased revenue by 2.3 % to € 33.1 million (previous year: € 32.4 million) and thus accounted for 2.4 % of Group revenue.

Changes in inventories – which at € - 0.7 million fell significantly short of the prior-year figure (€ 1.7 million) – were mainly attributable to the completion and billing of consultancy projects.

At € 7.9 million, own work capitalised was 12.3 % lower than the previous year's high level of € 9.0 million.

The decrease in other operating income to € 36.4 million (previous year: € 48.3 million) was primarily due to a one-off gain of € 17.6 million in 2012 from the realignment of the Group's Intermodal activities. The results for the current financial year include an accounting gain of € 5.4 million from the sale of property in the Logistics segment. Excluding these factors, other operating income remained unchanged on the previous year.

Expenses

Operating expenses increased by 3.9 % on the previous year to € 1,040.8 million. Taking the new Intermodal ownership structure into account, this rise was largely in line with the volume trend but slightly above revenue growth. The newly aligned Group structure only had a noticeable impact on the cost of materials. The effects on the other three expense classes largely offset one another.

Cost of materials climbed 3.1 % on the previous year to € 377.7 million (previous year: € 366.3 million), while the cost-of-materials ratio remained almost unchanged at 32.7 % (previous year: 32.5 %). Adjusted for the realignment effects in the Intermodal segment, the development of cost of materials was roughly in line with the volume trend and thus exceeded the other operating expenses. In addition to general cost inflation, this was mainly due to the strong growth in volumes in the material-intensive Intermodal segment.

Personnel expenses rose by 5.7 % to € 395.2 million in the reporting period (previous year: € 374.1 million). The personnel expenses ratio increased by 1.1 percentage point to 34.2 % (previous year: 33.1 %). This reflected higher union wage rates, increased manpower due to peak loads in ship handling and a rise in the number of employees in the Intermodal segment as a result of expanded operations.

Development of Revenue and Operating Expenses

	in € million	Change	
Revenue	1,155.2	+ 2.4 %	After adjustment for consolidation effects, revenue largely outlined volume trend Earnings quality affected by lower-margin feeder traffic, decline in storage fees and a fiercely competitive market environment
Cost of materials	377.7	+ 3.1 %	Mainly variable expenses Adjusted increase in line with volume trend Notably rise in the material-intensive Intermodal segment
Personnel expenses	395.2	+ 5.7 %	Comparatively minor consolidation effects Collectively agreed pay increases and additional operational expenditure for peak load conditions Larger workforce in the Intermodal segment
Other operating expenses	145.0	+ 3.5 %	Higher lease expenses for wagons and locomotives External maintenance expenses slightly up Lower consultancy fees for development projects
Depreciation and amortisation	122.9	+ 1.4 %	End of regular depreciation schedule reduces expenses Additional expenditure for investments Basically no change in replacement investments

Other operating expenses amounted to €145.0 million in the reporting period and thus increased by 3.5% on the previous year (€140.0 million). This was mainly due to additional leasing expenses for container-carrying wagons and locomotives for the Intermodal segment's new transport services. At 12.6%, the ratio of expenses to revenue was almost unchanged (previous year: 12.4%).

In 2013, expenses for **depreciation and amortisation** remained nearly the same at €122.9 million (previous year: €121.2 million). The additional expenses resulting from capital expenditure – including the expansion and modernisation of the Container Terminal Burchardkai (CTB) as well as the new hub terminal at Ceska Trebova – were largely offset by balancing items. This included the end of scheduled regular depreciation for some major equipment at the Container Terminal Altenwerder (CTA).

Earnings

Against the background of these developments, earnings before depreciation and amortisation (EBITDA) fell by 8.5% to €280.9 million (previous year: €307.2 million). This led to a decrease in the EBITDA margin to 24.3% (previous year: 27.2%).

The operating result (EBIT) fell 15.0% in 2013 to €158.0 million (previous year: €186.0 million), while the EBIT margin declined by 2.8 percentage points, from 16.5% in the previous year to 13.7%. Adjusted for the one-off gain on earnings from the realignment of Intermodal activities in the previous year, the decrease in EBIT was significantly lower.

The decline in the operating result (EBIT) was once again attributable to the Port Logistics subgroup, which recorded a fall in EBIT of 16.5% to €144.3 million (previous year: €172.8 million) and generated 91.4% (previous year: 92.9%) of the Group's operating result in the reporting period. In the Real Estate subgroup, EBIT increased by 4.0% to € 13.3 million (previous year: €12.8 million). This subgroup generated 8.6% (previous year: 7.1%) of the Group's operating result.

Within the scope of the financial result, the current assessment of an equalisation liability payable to a minority shareholder in conjunction with a profit and loss transfer agreement caused interest income to fall to €3.2 million (previous year: €9.9 million) and drove interest expenses up to €43.8 million, compared with €39.2 million in the previous year. At €- 40.7 million, financial income was 24.3% lower than in the previous year (€- 32.8 million).

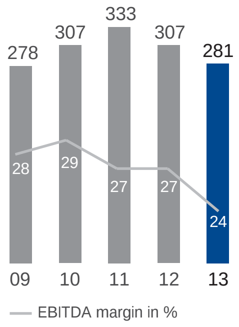
The Group's effective tax rate increased from 27.1% in the previous year to 31.5%. This was mainly attributable to the absence of the factors associated with the realignment of Intermodal activities in the previous year.

Profit after tax and minority interests was down on the previous year, declining 24.9% to €54.3 million (previous year: €72.3 million). Of note here is that the parent company's shareholders benefited in the previous year from the one-off gain from the realignment of business activities in the Intermodal segment. In the 2013 financial year, minority interests amounted to €26.1 million (previous year: €39.4 million). From a financial point of view, this item also includes the effects mentioned in relation to net interest income associated with the settlement obligation to a minority shareholder. Earnings per share declined correspondingly by 24.9% to €0.75 (previous year: €0.99). The listed Port Logistics subgroup posted a 27.3% decline in earnings per share to €0.69 (previous year: €0.95). Earnings per share for the non-listed Real Estate subgroup were above the previous year's level of €2.17 at €2.23. As in the previous year, there was no difference between basic and diluted earnings per share in 2013.

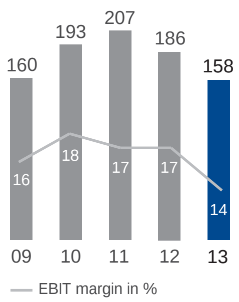
Appropriation of Profits

As in the previous year, HHLA's appropriation of profits is oriented towards both the development of earnings in the financial year ended and the continuation of a consistent profit distribution policy. The individual financial statements of the HHLA Group's parent company, which are relevant for dividend distribution, show a net profit of €35.5 million, according to the German Commercial Code (HGB), for the 2013 financial year. Of this sum, €30.2 million is accounted for by the A division (Port Logistics subgroup) and €5.3 million by the S division (Real Estate subgroup). On this basis, the Executive Board and Supervisory Board of HHLA will propose at the Annual General Meeting on 19 June 2014 that a dividend of €0.45 per Class A share and €1.25 per Class S share be distributed. Based on the number of shares outstanding as of 31 December 2013, the sum distributed for listed Class A shares would decline on the previous year by 31% to €31.5 million, while the amount for non-listed Class S shares would increase slightly to €3.4 million. In relation to the consolidated profit and the earnings per share, the dividend payout ratio would once again reach a comparably high level of 65.3% for the Port Logistics subgroup and 56.2% for the Real Estate subgroup.

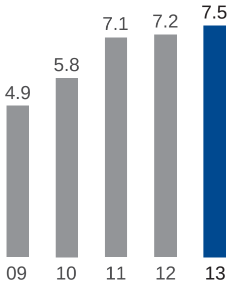
EBITDA
in € million



EBIT
in € million



Container Throughput
in TEU million



Container Segment

Key Figures

in € million	2013	2012	Change
Revenue	711.7	697.5	2.0 %
EBITDA[1]	225.3	234.6	- 4.0 %
EBITDA margin in %	31.7	33.6	- 1.9 pp
EBIT[1]	137.0	145.9	- 6.1 %
EBIT margin in %	19.2	20.9	- 1.7 pp
Container throughput in thousand TEU	7,500	7,183	4.4 %

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Despite a slight decline in market volume, HHLA's container terminals in Hamburg and Odessa increased their throughput by 4.4 % to 7,500 thousand standard containers (TEU) in the 2013 financial year. HHLA's Hamburg terminals thus improved their share of total throughput at the four major Northern European ports of Antwerp, Rotterdam, Bremen ports and Hamburg from 19.6 % to 20.4 % – and thus matched the record level achieved in 2006. This is all the more notable since the Port of Hamburg is suffering from continued delays in the overdue dredging of the river Elbe as well as frequent restrictions to operations on the Kiel canal.

The improvement in HHLA's market position in Hamburg was primarily driven by an increase in feeder traffic to the Baltic Sea. In particular, trade with Central and Eastern European Baltic ports picked up here. Following growth of 8.3 %, these services now represent 16.0 % of HHLA's Hamburg throughput. The proportion of seaborne handling accounted for by feeder traffic rose overall from 26.7 % to 27.8 %. The 6.3 % increase in Far East traffic was also a significant trend in 2013. This traffic thus increased from 43.3 % to 44.2 % of the total volume. The Container Terminal Odessa also succeeded in boosting its throughput and gaining market share.

Due largely to the disproportionately strong growth of feeder handling, the revenue trend lagged behind the rise in volumes. This was primarily attributable to the standard international method of calculating container throughput at seaport terminals, which only takes seaborne handling into account. This means that an overseas container which is carried by a feeder ship is counted twice, while one which is transported overland by rail or road only counts once. A rising feeder ratio therefore exaggerates the impact of this volume trend on revenue. In addition, the income from feeder handling is significantly lower than the income generated from handling an overseas container. Developments in revenue were also restrained by lower storage fees. This, in turn, was caused by a reduction in container dwell times at HHLA's terminals in the reporting period.

The segment result (EBIT) amounted to € 137.0 million and thus fell short of the previous year's result (€ 145.9 million) by 6.1 %. This was partly due to significant cost increases caused by the growing number of ever-larger ships. In 2013 alone, the number of vessels with a carrying capacity of at least 10,000 TEU calling at HHLA container terminals in Hamburg increased by 29 %. They already account for around half of the overseas container throughput. Peak loads are becoming more frequent and more pronounced as a result. Individual vessels are now generating a throughput in excess of 12,000 TEU – compared to a maximum of 7,000 to 8,000 TEU just a few years ago. These difficulties are being aggravated by nautical restrictions on the river Elbe, especially draught and width limitations. This shortens the time-windows for the arrivals and departures of mega-ships. Such peak loads are incurring significant additional costs for the personnel and equipment required to meet the tight schedules of these vessels. Moreover, the current level of utilisation means it is not yet possible to realise economies of scale from the expansion and modernisation programme at the Container Terminal Burchardkai (CTB), with a resulting impact on earnings.

In the 2013 financial year, the modernisation measures focused on extending the mega-ship berths at CTB. As the five state-of-the-art tandem gantry cranes delivered in 2013 gradually enter service, the terminal will have mega-ship berths which can handle even the latest generation of vessels with a carrying capacity of 18,000 TEU. Burchardkai will largely complete its quayside expansion programme in the second half of 2014. Thus, CTB is well prepared for the increase in peak loads due to higher handling volumes per vessel and a further rise in volumes.

The growth in ship sizes was also a key aspect of HHLA's second investment focus in the Container segment during 2013: with the expansion of its Odessa terminal, HHLA will also have a berth on the Black Sea for vessels up to 9,000 TEU. The first phase of the extended facility will go into service in the second quarter of 2014. Ships larger than 9,000 TEU are unable to pass the Bosporus, the bottleneck leading into the Black Sea. The HHLA Container Terminal Odessa will therefore be well positioned to tap growth potential at one of the region's key container hubs.

Intermodal Segment

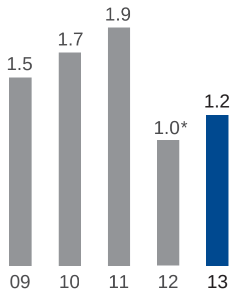
Key Figures

in € million	2013	2012	Change
Revenue	314.5	299.7	4.9 %
EBITDA[1]	43.9	59.5	- 26.2 %
EBITDA margin in %	13.9	19.8	- 5.9 pp
EBIT[1]	22.8	41.3	- 44.8 %
EBIT margin in %	7.3	13.8	- 6.5 pp
Container transport[2] in thousand TEU	1,172	1,213	- 3.3 %
Container transport of continued operations in thousand TEU	1,172	993	18.0 %

[1] Retrospective restatement of the figures for the previous year resulting fron application of IAS 19R
[2] Transport volume was fully consolidated.

Container Transport

in TEU million



* As of 2012: Container transport of continued operations

With 18.0 % growth in transport volume, the remaining transport companies in this segment following the realignment in the first half of 2012 – the rail companies Metrans and Polzug and the container forwarder CTD – overall expanded their respective positions in the container transport market for seaport–hinterland services in the reporting period. This success in predominantly stagnating markets was largely attributable to the new connections in Germany and links with Austria and Switzerland, introduced as part of the D.A.CH strategy (abbreviation for Germany, Austria and Switzerland) of Metrans. The realignment of the rail company Polzug has also helped to expand the market position, especially with its new connections to Poland's seaports.

The business model focusing on a high level of added value and vertical integration using own equipment and rolling stock has paid off. This enables tight dovetailing and optimisation of all processes along the transport chain between the seaport and customers in the European hinterland. On this basis, HHLA's rail companies can offer their customers a high level of quality and reliability, with tightly scheduled connections. HHLA provides 60 connections per week between Hamburg and the inland terminal in Prague, for instance, and a further 29 between Hamburg and Ceska Trebova.

Due to the realignment in 2012, revenue and earnings (EBIT) posted for this segment in the reporting period are not directly comparable with the prior-year figures. For instance, revenue for 2012 also contains the portion of Transfracht revenue attributable to HHLA based on the 50 % stake which HHLA held at the time of its sale. Furthermore, EBIT for 2012 includes a one-off gain of € 17.6 million, largely from the sale of TFG Transfracht shares. On an adjusted basis, revenue and earnings of the remaining transport companies in this segment developed positively in relation to the previous year. The revenue trend was largely in line with the development in volumes. The increasing percentage of transfers over shorter distances (e. g. new connections within Poland, new German services) and fierce competition in relation to the development of new connections only slowed the pace of revenue growth slightly.

Meanwhile, earnings of continued operations only marginally exceeded the corresponding figure for the previous year. This reflected factors such as start-up costs for the expansion of the network and for the launch of new hinterland terminals. Earnings of the Polzug Group were burdened by significant restructuring expenses as well as obligations under current traction contracts with former shareholders. Furthermore, extensive flooding in May and June 2013 severely affected some of the key routes for HHLA transport companies and had a negative impact on segment EBIT.

In the first half of 2013, Metrans opened what is now its third hub terminal, in Ceska Trebova in the Czech Republic, with great success and a very short start-up period. In its first year of operation, this state-of-the-art terminal – which relieves HHLA's Prague hub and now already handles the second-highest throughput volume of all of HHLA's inland terminals – exceeded 500,000 container movements. In 2013, the volume trend for HHLA's transport companies played a major role in strengthening the competitive position of both Hamburg and HHLA's Hamburg container terminals. HHLA's terminals recorded new highs for rail cargo handling as a result. With around 800,000 standard containers handled, the railway station at the Container Terminal Altenwerder alone reached a record level which was 40 % higher than the figure in 2008 – the year with HHLA's highest volume of seaborne handling to date at the Port of Hamburg.

Logistics Segment

Key Figures

in € million	2013	2012	Change
Revenue	91.6	91.9	- 0.3 %
EBITDA[1]	10.2	8.0	26.5 %
EBITDA margin in %	11.1	8.8	2.3 pp
EBIT[1]	7.0	4.3	64.1 %
EBIT margin in %	7.7	4.7	3.0 pp

[1] *Retrospective restatement of the figures for the previous year resulting from application of IAS 19R*

Companies in the Logistics segment represent key aspects of Hamburg's all-purpose port with their activities in the areas of bulk cargo, vehicle logistics, contract and project logistics, passenger processing (cruises) and consultancy. At the same time, they round off the range of services offered by HHLA's Container and Intermodal segments, e.g. through project logistics, packing containers and worldwide marketing of know-how for infrastructure and terminal development.

Although these businesses vary greatly in terms of their operating environment and development, the overall trend for revenue and segment earnings adjusted for non-recurring factors remained stable. At €91.6 million (previous year: €91.9 million) revenue more or less matched the previous year's level, with a marginal decrease of 0.3%. The strong increase in the operating result (EBIT) of 64.1% to €7.0 million (previous year: €4.3 million) was mainly attributable to the recognition of hidden reserves from the sale of the Altenwerder logistics centre at the beginning of 2013. Most of this one-off gain was used for restructuring measures in project and contract logistics. Adjusted for these items, segment earnings were slightly higher than in the previous year.

The individual business divisions developed as follows:

In the **vehicle logistics** division, which also includes packing containers and handling ConRo vessels, vehicle throughput recovered significantly over the course of the year. Following a decrease of 4.6% in the first half of the year, it recorded slight growth of 1.1% for the full year 2013, coming in at 211,000 vehicles. In contrast, container throughput fell by 2.0% to 1,650 thousand tonnes (previous year: 1,684 thousand tonnes). Revenue and earnings were lower than in the previous year.

Over the course of the year, ore and coal throughput picked up considerably in **bulk cargo logistics**. While the figure for the first half of 2013 was 1.5% down on the previous year, the 14.1 million tonnes handled in 2013 as a whole represent an increase of 3.4% on 2012 (13.6 million tonnes). Revenue and earnings improved despite higher repair and energy costs and increased depreciation and amortisation.

In the **contract and project logistics** division, the 2013 financial year was marked by the implementation of the restructuring programme. In the first quarter, contract logistics was pooled at the Übersee-Zentrum storage and distribution centre which had been previously modernised. This was made possible by the new port development plan in Hamburg which guarantees the use of this site for port purposes in the foreseeable future. In the third quarter, land and warehouses were leased at HHLA's adjacent O'Swaldkai multi-function terminal for project logistics, benefiting from this terminal's outstanding seaward accessibility. Although revenue was down on the previous year, earnings improved following adjustments for restructuring expenses.

Last year, HHLA expanded its global activities in the port and transport **consulting sector** with great success. Revenue and earnings improved significantly.

Hamburg's growing significance as a cruise port was also reflected in the development of **cruise logistics**. The number of ships calling at the Port of Hamburg increased by 11.5% to 174, while the number of passengers rose by 28.4% to 550,000. There was also growth in revenue and earnings.

Volume Developments
in the Logistics segment

	2013	2012
General cargo in thousand tonnes	1,650	1,684
Vehicles in thousands	211	208
Bulk cargo handling in million tonnes	14.1	13.6
Cruise ship calls	174	156

Real Estate Segment

Key Figures

in € million	2013	2012	Change
Revenue	33.1	32.4	2.3 %
EBITDA[1]	17.8	17.1	4.2 %
EBITDA margin in %	53.7	52.7	1.0 pp
EBIT[1]	13.3	12.8	4.0 %
EBIT margin in %	40.3	39.6	0.7 pp

[1] *Retrospective restatement of the figures for the previous year resulting from application of IAS 19R*

According to the market overview by Jones Lang LaSalle, positive economic data increasingly buoyed the development of the office rentals market in Germany's real estate hotspots over the course of the 2013 financial year. Office space lettings in Hamburg stood at 440,000 square metres, up 1.0 % on the previous year. At the same time, the vacancy rate on Hamburg's office rentals market fell to 7.8 % in the fourth quarter of 2013 – the corresponding figure for the previous year was 8.2 %.

Against this background, the Real Estate subgroup maintained its growth trend with increases in revenue and earnings. Revenue in the Speicherstadt historical warehouse district and in the fish market area on the northern banks of the river Elbe rose by 2.3 % to € 33.1 million (previous year: € 32.4 million). This increase in income was primarily attributable to the successful leasing of refurbished properties in the Speicherstadt. High occupancy rates in both districts continue to underline the strong revenue structure of HHLA's Real Estate subgroup.

With growth of 4.0 % to € 13.3 million (previous year: € 12.8 million), the subgroup's earnings outpaced the increase in revenue. This was largely due to temporarily lower maintenance expenses by comparison with the previous year. The EBIT margin of 40.3 % (previous year: 39.6 %) demonstrates the economic success of HHLA's long-term, value-oriented portfolio development strategy.

As part of this strategy, the office block 'Bei St. Annen 2', which used to house the Hamburg Free Port Office, has been completely refurbished. The building, by the well-known post-war architect Werner Kallmorgen, was carefully converted into modern offices in line with the regulations for landmarked buildings. It has been let to an advertising agency.

Financial Position

Principles and Objectives of Financial Management

Financial management at the HHLA Group is managed centrally and serves the overriding objective of ensuring the Group's long-term financial stability and flexibility. Group clearing pools the Group's financial resources, optimises net interest income and substantially reduces dependency on external sources of funding. Derivative financial instruments are used to reduce interest rate risks and, to a minor extent, to reduce currency and commodity price risks. They do not have a material impact on HHLA's consolidated financial statements.

Overall View of the Financial Position

HHLA's financial position remained stable as of the 2013 balance sheet date. The Group continues to have a sound balance sheet structure and a low gearing ratio by industry standards. This is reflected in its equity ratio before financial settlements to minority shareholders of 38.0 % (previous year: 36.3 %). As a result of a profit and loss transfer agreement concluded within the Container segment during the 2010 financial year, there is a payment commitment which is classified as debt capital in accordance with IAS 32 (Financial Instruments). To compensate for the contractually agreed profit and loss pooling, an annual payment must be made to a minority shareholder in the current and following financial year. This payment is based primarily on future financial results. The total anticipated financial settlement led to a balance-sheet reclassification from minority interests to other financial liabilities. After the financial settlement, the equity ratio now amounts to 34.7 % (previous year: 31.9 %).

As a result of the company's liquidity base as of the balance sheet date, it has no significant refinancing requirements.

Inflation and exchange rates did not have a material effect on the HHLA Group's financial position in the reporting period.

When recognising assets and liabilities, estimates were based on past experience and other relevant factors and made on a going concern basis. ▶ see also the Notes to the Consolidated Financial Statements, Note 6, page 113, and Note 7, page 118.

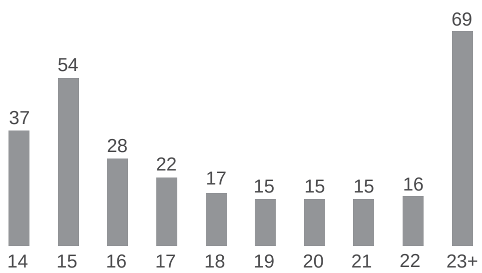
Financing Analysis

HHLA's core business is dominated by a large proportion of property, plant and equipment with long useful lives. For this reason, HHLA mainly uses medium and long-term loans and finance leases to achieve funding with matching maturities.

At € 288.7 million, as of the balance sheet date liabilities from bank loans were lower than in the previous year (€ 319.8 million). The Group drew on additional external financing totalling € 43.7 million (previous year: € 28.6 million) in the 2013 financial year. New borrowing was offset by higher loan repayments. The maturity profile for the coming years includes bullet loans due in 2015 from investment projects which have now been completed. These are due to be repaid as scheduled using the cash inflows generated and the available liquidity. Due to the maturities agreed and the stable liquidity base, the company has no other significant refinancing requirements.

Maturities of Bank Loans

by year in € million



The majority of the liabilities from bank loans are denominated in euros, with a small proportion in the US dollar and the Czech koruna. In terms of conditions, approx. 80 % have fixed interest rates and some 20 % have floating interest rates. As a result of borrowing, certain companies had covenants linked to key balance sheet figures, which mostly require a minimum equity ratio to be met. Covenants are currently in place for around 15 % of the bank loans. The covenants were met at all agreed audit points throughout the reporting year. As of the balance sheet date, HHLA posted non-current liabilities to related parties totalling € 106.9 million (previous year: € 114.1 million). These resulted from the recognition of the leasing liability to the Hamburg Port Authority (HPA) in connection with the construction of new quay walls for mega-ship berths. With the exception of operating leases, there are no significant off-balance-sheet financial instruments. ▶ see also the Notes to the Consolidated Financial Statements, Note 45, page 145 et seq. These operating leases relate primarily to long-term agreements between the HHLA Group and either the Free and Hanseatic City of Hamburg or the HPA for leasing land and quay walls in the Port of Hamburg and the Speicherstadt historical warehouse district. The HHLA Group forms provisions primarily for pensions; these are therefore available for long-term financing.

Cash and cash equivalents, which is mainly held centrally by the holding company, totalled € 215.4 million (previous year: € 230.1 million) as of the reporting date. These funds are invested at German financial institutions with verified high credit ratings as demand deposits, call money and short-term deposits. Current credit lines play a subordinate role due to HHLA having sufficient liquid funds. As of the balance sheet date, the Group had unused credit facilities amounting to some € 1.6 million (previous year: € 1.0 million). The credit line utilisation rate was 76.4 % in the period under review (previous year: 88.6 %). In HHLA's view, the Group's solid balance sheet structure would enable more substantial credit facilities to be arranged at any time if its medium-term liquidity planning were to reveal a need. Of the total cash and cash equivalents, € 10.6 million (previous year: € 15.1 million) was subject to restrictions in Ukraine relating to the transfer of currency abroad as of the reporting date.

As HHLA has a wide range of borrowing options at its disposal outside of the capital market, the Group currently sees no need for an external rating. Instead, it provides existing and potential creditors with comprehensive information to ensure that they can derive appropriate internal credit ratings.

Public subsidies awarded for individual development projects which are subject to specific conditions are of minor importance in terms of their volume at Group level.

Investment Analysis

Capital expenditure in the past financial year totalled € 114.9 million (previous year: € 196.5 million). This figure includes additions of € 1.4 million from finance leases not recognised as a direct cash expense (previous year: € 36.6 million). In 2013, investments focused on the expansion of both the handling facilities in Hamburg and HHLA's Container Terminal Odessa (CTO) in Ukraine. Investment projects were largely funded by the operating cash flow generated in the financial year.

Property, plant and equipment accounted for €93.2 million (previous year: € 176.3 million) of capital expenditure, while intangible assets accounted for € 9.3 million (previous year: € 10.0 million) and investment property for € 12.4 million (previous year: € 10.2 million).

As in the previous year, expansion investments accounted for the bulk of capital expenditure. This mainly related to the expansion and modernisation of the container terminals in Hamburg and Odessa. The replacement investments mainly comprised expenses for the procurement of ground-handling vehicles.

The largest share of the Group's aggregate investment was accounted for by the **Container segment** with € 81.2 million (previous year: € 132.4 million). Investments here mainly covered the procurement of handling equipment, storage capacities and handling areas at the Hamburg facilities as well as the expansion of the CTO in Ukraine.

Total investment in the **Intermodal segment** amounted to € 12.0 million, which was substantially lower than the previous year's €46.9 million. The Metrans Group accounted for most of this investment volume, mainly for new locomotives.

Logistics segment investments came to €3.6 million (previous year: €3.3 million). An increase in provisions for demolition costs and investments in handling equipment accounted for the largest share of these investments.

Total capital expenditure in the **Real Estate subgroup** amounted to € 12.6 million (previous year: € 10.3 million). Major projects to modernise buildings in the Speicherstadt historical warehouse district accounted for the majority of this amount.

As a rule, the main focus of investment will remain on improving the productivity of existing terminal areas by using state-of-the-art handling technology and providing mega-ship berths which meet clients' needs. At the same time, HHLA will ramp up its expansion of efficient hinterland connections as well as the extension and optimisation of its logistics activities in line with market requirements.

As of year-end, there were financial liabilities for outstanding purchase commitments totalling € 166.8 million (previous year: € 108.4 million). This figure includes € 148.5 million (previous year: €91.8 million) for the capitalisation of property, plant and equipment.

Liquidity Analysis

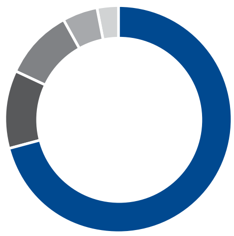
in € million	2013	2012
Financial funds as of 01.01.	188.9	294.8
Cash flow from operating activities	188.1	210.5
Cash flow from investing activities	- 108.8	- 160.9
Free cash flow	79.3	49.6
Cash flow from financing activities	- 117.6	- 155.9
Change in financial funds	- 38.4	- 106.3
Change in financial funds due to exchange rates	0.7	0.3
Financial funds as of 31.12.	151.1	188.9

Cash flow from operating activities declined year on year from €210.5 million to € 188.1 million. This decrease of €22.4 million mainly stemmed from lower earnings before interest and taxes (EBIT) as well as an increase in trade receivables. While trade receivables largely decreased in the previous year, this item increased significantly in the reporting period, in line with the rise in revenue realised by the Intermodal companies and growth in current assets. Lower advance tax payments, lower deferred taxes and the one-off gain of € 17.6 million in the previous year from the realignment of the Intermodal activities – which was deducted from operating cash flow – had the opposite effect.

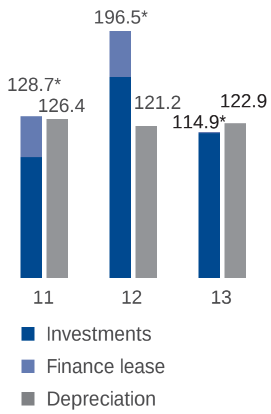
At € 108.8 million, **cash flow from investing activities** (outflow) was lower than the prior-year figure of € 160.9 million. This was mainly attributable to lower payments made for investments in property, plant and equipment, investment property and intangible assets totalling € 106.8 million (previous year: € 153.4 million) as well as proceeds of € 17.7 million from the disposal of non-current assets held for sale which resulted from the sale of the Altenwerder logistics centre. The loss of the previous year's proceeds of € 14.7 million due to the sale of shares in consolidated companies as part of the Intermodal segment's realignment had the opposite effect.

Free cash flow – the total cash flow from operating and investing activities – thus increased to €79.3 million, compared to the prior-year figure of €49.6 million.

Investments
by segments, 2013



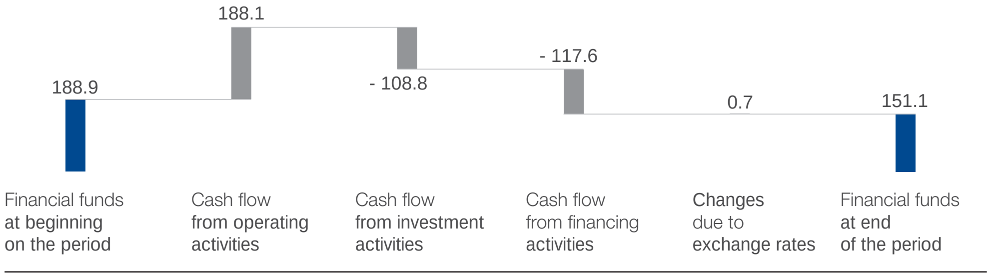
Investments, Depreciation and Amortisation
in € million



* *Of which finance leases totalling* €1.4 million (2013),€36.6 million (2012), €32.8 million (2011)

Change in Financial Funds

in € million

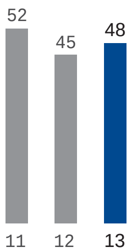


Intensity of Investments

in %

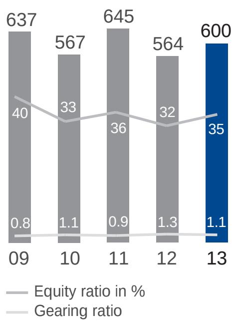
Equity Assets Ratio

in %



Group Equity

in € million



In the reporting period, **cash flow from financing activities** (outflow) amounted to € 117.6 million (previous year: € 155.9 million). This decrease of € 38.3 million mainly resulted from the € 91.0 million payment made in the previous year for the purchase of shares in fully consolidated companies as well as proceeds from loans in the amount of € 43.7 million (previous year: € 28.6 million). Meanwhile, principal repayments on loans amounted to € 75.3 million (previous year: € 24.0 million), while the payment of € 27.9 million due to a settlement obligation to a minority shareholder was higher than in the previous year (previous year: € 14.4 million).

With regard to its overall financial position, the HHLA Group has sufficient liquidity as of year-end 2013. There were no liquidity bottlenecks in the course of the financial year. Financial funds are made up of cash and cash equivalents (€ 215.4 million) less short-term deposits at banks (€ 70.0 million) plus receivables from current assets at HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (€ 5.7 million). The figure amounted to € 151.1 million as of 31 December 2013 and was therefore lower than at the beginning of the year (€ 188.9 million).

Acquisitions and Disposals of Companies

No significant shares in other companies were purchased or sold in the 2013 financial year.

Analysis of the Balance Sheet Structure

Compared with the previous year, the HHLA Group's balance sheet total decreased as of 31 December 2013 by a total of € 36.3 million to € 1,731.4 million.

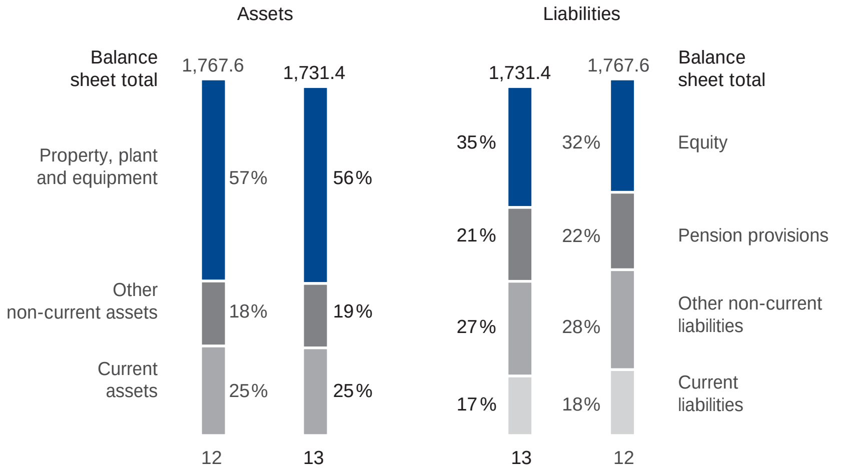
On the assets side, non-current assets decreased by € 27.2 million. Besides a reduction in deferred taxes, this trend mainly resulted from the € 25.8 million decline in property, plant and equipment to € 976.5 million (previous year: € 1,002.3 million). This was mainly due to scheduled depreciation and amortisation as well as to investments in property, plant and equipment.

Current assets declined by € 9.1 million to € 434.8 million (previous year: € 443.9 million). This decrease was mainly due to the reduction in cash and cash equivalents of € 14.6 million to € 215.4 million. The dividend payment in the second quarter of 2013 more than made up for the inflow of liquidity due to loan disbursements and the increase in short-term investments. In addition, the disposal of those non-current assets held for sale recognised in the previous year reduced the volume of current assets by € 12.4 million. This contrasted with a € 12.9 million increase in trade receivables to € 140.9 million, which related mainly to increased revenue in the Intermodal segment. Other assets also climbed to € 24.0 million (previous year: € 15.0 million), while income tax receivables fell from € 9.3 million in the previous year to € 4.1 million.

On the liabilities side, equity was up € 36.3 million at € 600.1 million (previous year: € 563.8 million) compared with year-end 2012. This increase stemmed from the € 23.1 million rise in minority interests due to the inclusion of current earnings. Cumulative other Group equity also rose. This was mainly due to the € 16.7 million increase in actuarial gains and the € 5.4 million decrease in deferred taxes established for this purpose. The growth in equity due to the positive profit after taxes of the parent company's shareholders roughly matches the dividend payments. Overall, the equity ratio climbed to 34.7 % as a result (previous year: 31.9 %).

Non-current liabilities were down € 41.6 million at € 836.3 million (previous year: € 877.8 million) as of the balance sheet date. This decrease resulted from the € 22.7 million fall in non-current financial liabilities due to the lower equalisation liability payable to a minority shareholder in conjunction with a profit and loss transfer agreement for a subsidiary (previous year: € 314.0 million) and the € 17.8 million reduction in pension provisions following changes to actuarial parameters.

Balance Sheet Structure
as of 31.12. in € million/in %



Current liabilities fell by €31.0 million to €295.0 million (previous year: €326.0 million) due to a €30.8 million reduction in current financial liabilities to €107.5 million (previous year: €138.3 million) in connection with loan repayments.

The gearing ratio – i.e. the ratio of net financial liabilities and pension provisions to Group equity – was 1.1 (previous year: 1.3) as of the balance sheet date, 31 December 2013. This decrease resulted mainly from the reduction in current financial liabilities and the increase in equity.

Events After the Balance Sheet Date

The crisis in Ukraine surrounding the country's political future has escalated dramatically since the balance sheet date. Although a political solution still seems possible at the time of reporting, the future political direction of Ukraine is fraught with uncertainty. The possibility of political events which would significantly worsen Ukraine's economic and cyclical development cannot be excluded. By the end of February, the Ukrainian currency hryvnia had lost almost 20 % against the euro.

As a result of the aforementioned developments in Ukraine, the financial position and performance of the HHLA Group may be negatively impacted by currency effects and the possibility of adjustments to the carrying amounts of assets cannot be excluded in future.

Business Forecast

Macroeconomic Environment

The global economic outlook brightened at the end of 2013. Although the factors which have placed a heavy burden on economic performance over the past two years are now less significant, economic recovery remains fragile in some countries due to existing uncertainties and downside risks. As a result of their less expansive financial policies and initial consolidation successes, the advanced economies are expected to provide growth momentum for the emerging economies in 2014. However, growth rates are not expected to return to the high levels experienced prior to the economic crisis. The estimates released by leading research institutes indicate global economic growth of 3 to 4 %.

The pace of growth is likely to vary in the economic regions of particular significance for HHLA's business development: the International Monetary Fund (IMF) estimates that Asia's economies will grow by approx. 6.7 %. China's GDP is expected to expand by around 7.5 %. Output growth of 2.8 % is expected for the Central and Eastern European economies. Russia looks set to match this trend, with expected growth of 2.5 %. A subdued trend is forecast for the eurozone in 2014, with growth of approx. 1.0 %. This would nonetheless represent this region's first positive result for two years. German GDP is even likely to rise by around 1.6 % as exports gather pace. International trade is expected to pick up over the course of 2014, supported by the anticipated economic upswing.

Sector Development

In contrast to the development before 2007, the growth rates for the global economy, international trade volumes and thus global container throughput are steadily converging and will all be in the region of 4 % in 2014 (sources: IMF, Drewry). According to Drewry, however, the regional trends differ considerably: container throughput volumes at Asian ports are expected to grow by 5 to 5.5 %, in Eastern Europe by 6.2 % and at Northern European ports by around 1 %. Competition between the North Range ports is expected to intensify further over the course of the year due to the build-up of additional capacities as a result of current expansion projects. In view of modest volume expectations, there is likely to be idle handling capacity in Northern Europe for some time to come with corresponding pressure on earnings of the terminal operators.

The situation on the container shipping market is also expected to remain strained. According to the market research institute Alphaliner, orders by shipping companies are expected to lead to new peak volumes for the delivery of new vessels. The institute believes that 239 ships will be delivered with an aggregate carrying capacity of 1.7 million TEU, of which 59 vessels will have a capacity of over 10,000 TEU – raising their share of the world fleet to around 25 %. Despite a persistently high scrapping rate of 6.6 %, overall growth in the global container ship fleet's capacity will therefore exceed the level of worldwide demand. Faced with this rise in idle capacity, companies plan to form or expand their operating alliances in order to stabilise the market and freight rates. Over the next few months, antitrust and competition authorities in North America, Asia and Europe are expected to announce rulings on the P3 alliance proposed by the three industry leaders, Maersk, MSC and CMA CGM, and the planned expansion of the G6 alliance in the North Atlantic. Both of these developments will lead to a shift in the balance of the overall transport market.

Despite the modest prospects for throughput at the North Sea ports, a slight upturn in freight volume is anticipated for European land-bound pre- and onward carriage systems. Developments on the routes served by the transport companies in the Intermodal segment are likely to vary in line with the economic performance of the core regions they provide connections to. According to estimates by the German Federal Office for Freight Transport, the volume of the German freight transport market is expected to increase by 1.9 % compared to 2013 and freight transport figures – the product of the volume transported and the distance transported – are set to rise by 2.8 %. For rail-bound cargo transport in particular, experts forecast a slight decline in 2013, with growth of approx. 2.5 %. This trend will mainly be driven by increased demand in the field of combined transport.

The market environment for companies in the Logistics segment is likely to remain mixed. The logistics indicator compiled on behalf of the German Logistics Association (BVL) signals rising growth on the basis of a more optimistic order position and significantly improved investment tendency. In view of the brightening macroeconomic picture and anticipated growth in demand, the outlook for the export-oriented automotive industry and the German steel industry is also positive in 2014. Meanwhile, however, the increasing containerisation of perishable goods and the shift in consignment and storage activities will continue to exert pressure on volume developments in fruit and contract logistics. The number of cruise ships booked to call at the port points to another marked rise in handling services.

Group Performance

Effects Due to Changes in Group Accounting

Due to a change in the IFRS rules for group accounting, pro rata consolidation of joint arrangements – including the joint venture Hansaport – is no longer permitted from the 2014 financial year onwards. The new rules will only have a significant impact on the Logistics segment. ► see the Notes, Note 5, page 110 et seqq. The following presentation of the expected earnings position for 2014 provides the adjusted comparative figures for the 2013 financial year, should there be any significant deviations.

Comparison with the Forecast of the Previous Year

The forecasts provided in the previous year are largely consistent with actual events in the 2013 financial year. Any deviations are only marginal. ► see Course of Business and Economic Situation, page 64 et seq.

Expected Earnings Position

Based on the estimates of market research institutes described above, HHLA expects marginal growth in container throughput at the Northern European ports in the 2014 financial year. In line with this trend, only slight growth is also forecast for container transport in the seaports' hinterland. At the same time, HHLA expects that concentration processes in the container liner shipping sector will lead to increased volatility in volumes. A combination of further growth in ship sizes and ongoing infrastructure restrictions affecting the nautical accessibility of the Port of Hamburg means that the challenges will continue to grow and competitive pressure caused by idle terminal capacities at the Northern European ports will remain strong.

Due to the high fixed cost business model performance parameters are of key importance to the Group's earnings position as decisive factors for economies of scale. Based on the outlook for fundamentals 2014, container throughput at HHLA is expected to increase only slightly. In view of the uncertainty surrounding the political situation in Ukraine and possible short-term changes in shipping companies' schedules due to the creation or expansion of alliances, fluctuations and significant deviations from the target figure cannot be ruled out. In general, hinterland transport to and from the seaports of Northern Europe will outline the trend for container throughput on existing routes. However, it will face fierce competition, in some cases also from other carrier types. Despite these factors, HHLA expects moderate growth in container transport. Major prerequisites for this are the continuing successful development of services in Germany, Austria and Switzerland and further additions to Polzug's transport services.

In the context of a market environment which remains strongly competitive due to increasing terminal capacities and fierce competition for hinterland rail services, the Group aims to generate revenue slightly above the adjusted figure for the previous year (approx. € 1,140 million).

On the cost side, general price-induced cost increases – especially in the Container segment – and increased depreciation and amortisation to enable terminals to keep pace with increasing ship sizes are expected to adversely affect the earnings trend, while container throughput will rise only slightly. Continuing growth in the number of mega-ships calling at the port will lead to a further rise in the number of peak load situations for ship handling. Despite the ongoing work to optimise processes in order to improve cost efficiency, it will be difficult to compensate for this trend. The same applies to the current growing instability in the sea transport system of the shipping lines, resulting in maximum storage capacity utilisation.

On the basis of the expected volume trends and the likely development of revenue and costs described above, HHLA expects an operating result (EBIT) for the listed Port Logistics subgroup between € 125 and € 145 million (adjusted figure for the previous year: approx. € 140 million). Since the operating result in the Real Estate subgroup is likely to be similar to the figure for 2013, EBIT at Group level is expected between € 138 and € 158 million in 2014 (adjusted figure for the previous year: approx. € 154 million). The earnings attributable to the parent company's shareholders should be in line with the EBIT development.

Furthermore, the following key trends are anticipated for the segments of the **Port Logistics subgroup**:

In the **Container segment**, it is possible that revenue will slightly exceed the previous year's level in the 2014 financial year. In addition to the cost situation described above, segment results in 2014 will also be shaped by developments in Ukraine. Against this background, HHLA aims to achieve at previous year's level for the Container segment. However, additional burdens on earnings are possible in this segment that significantly determine the range of the expected development at Group level.

HHLA expects moderate revenue growth for the **Intermodal segment** in 2014. Besides the additional revenue from higher volumes, the establishment and expansion of new services and the ongoing restructuring of the Intermodal activities should lead to greater profitability. Moderate year-on-year growth in segment EBIT is regarded as possible in 2014. Earnings quality and capacity utilisation on those connections newly established in 2013 will play a particularly significant role in this development.

Since pro rata consolidation of joint ventures is no longer permitted from the 2014 financial year onwards, this will result in a significant reduction in the revenue posted for the Logistics segment. Under application of the new accounting standard, it is anticipated that revenue will slightly exceed the adjusted figure for the previous year (approx. €72 million). In 2014, this segment is not expected to build on the adjusted operating result for 2013 (approx. €3 million) due to the one-off gain from the sale of a property in the year under review. All in all, it is expected that the various business activities will be able to consolidate their market positions.

Financial Position

HHLA will continue to pursue its proven approach of flexible capital expenditure tailored to actual demand. Despite the expected economic upswing, the Group reserves the right to make the final decision on whether investment projects are actually implemented. This means that capital expenditure may deviate from what was originally planned as a result of postponing such projects as the year progresses. Currently, Group capital expenditure is expected to be around €160 million in 2014 – of which approx. €140 million is allocated for the Port Logistics subgroup. Around €30 million of this figure relates to amounts carried forward from the previous year, particularly for the last of five cranes for a mega-ship berth at the Container Terminal Burchardkai (CTB) and for the procurement of ground-handling vehicles. According to current plans, capital expenditure for the Group and the Port Logistics subgroup will probably decline in 2015.

The Group's balance sheet total is likely to increase slightly again in 2014. A rise in non-current assets, primarily in the area of property, plant and equipment, can be expected on the assets side. On the liabilities side, the change in equity will mainly be determined by the net profit for the year as well as the development of actuarial effects arising from the calculation of the present value of pension provisions based on the applicable discount rate. Financial liabilities for the funding of investment projects are also expected to increase.

Other than this, the main funds earmarked for the further development of business are the available liquidity reserves, the positive cash flows from ongoing business activities and, to a lesser extent, the raising of loans. Additional financing possibilities arise from HHLA's good credit standing. HHLA is therefore confident that sufficient financial funds will remain available for a value-adding corporate development in the future as well.

Dividend

HHLA's objective remains the same: to continue pursuing its yield-orientated dividend distribution policy. As far as financing needs allow and as long as there are no fundamental changes in the situation, the intention is to continue distributing between 50 and 70 % of the net income for the year as dividends.

Change in Business Activities and Organisation

In the 2014 financial year, the Group does not expect to make any fundamental changes to its strategic alignment or its targets. ► see also Corporate Strategy, page 51 et seqq. As regards the primary goods flows in international sea freight shipping – and therefore the relevant sales markets for HHLA's range of services – market research institutes such as Drewry do not anticipate any significant shifts. Due to the Port of Hamburg's role as a hub for the emerging economies of Asia and Central and Eastern Europe, HHLA's competitive position is expected to remain solid. However, the North Range is now routinely charting the weakest growth of all the world's handling regions. On this basis, HHLA expects that throughput growth at the Northern European ports over the next few years will be much flatter than the worldwide trend.

At the same time, the creation of terminal capacities will further intensify competition between the North Range ports. Against the background of increasing concentration in the container liner shipping sector, possible temporary or structural changes in scheduling will play a role in strategic considerations. Logistics systems which ensure a high level of productivity and reliability while maintaining flexibility for shipping company schedules are becoming increasingly important in view of the continuing growth in the number of mega-ships. HHLA is well positioned strategically on the basis of its investments in modern mega-ship handling, expansion of its rail-based hinterland services and, not least, the natural advantage offered by the Port of Hamburg's location, which enables mega-ships to travel deep into the inland, delivering commercial and ecological benefits. However, a key prerequisite remains the implementation of work to dredge the navigation channel of the river Elbe immediately.

Should attractive investment opportunities arise which meet HHLA's strategic and economic requirements, the Group may expand its business activities.

Risk and Opportunity Report

Overall Assessment of Risks and Opportunities

The risks and opportunities for the HHLA Group reflect possible positive or negative deviations from the reported forecast. In overall terms, there has not been any significant change in the Group's risks and opportunities by comparison with the previous year. The key factors remain the uncertainty associated with the global economic trend, the development of the competitive environment and the dredging of the river Elbe as well as further infrastructure projects. ► see Business Forecast, page 75.

There are no discernible risks at present which might jeopardise HHLA's continued existence. The Executive Board of HHLA is confident that it will be able to exploit any future opportunities while avoiding exposure to unacceptably high risks. Since the economic prospects, in particular, are highly unpredictable, this description of risks and opportunities merely serves as a snapshot. The HHLA Group's quarterly reports contain information about any changes to the company's risks and opportunities.

The following key risks and opportunities for the HHLA Group – with due consideration of relevant measures – have been identified as such on the basis of the risk and opportunity management systems used for the Group's internal control processes. Unless otherwise indicated, they relate to the Container, Intermodal and Logistics segments.

Above and beyond the risks mentioned, no further significant risks have currently been identified, while those that do exist are largely insured against.

Risks

Strategic Risks

Infrastructure Risks

HHLA's competitiveness crucially depends on Hamburg's infrastructure as a port and logistics hub. Hamburg's seaward, land-based and regional transport networks must be able to cope with the flows of goods and their carriers.

As ship sizes rapidly grow, the dredging of the river Elbe is absolutely essential if Hamburg is to maintain and build on its status as a key hub for international container traffic. Further delays may prompt shipping companies to change the schedules for their liner services, so that services might bypass the Port of Hamburg over the longer term. In addition, any further delay in dredging the navigation channel of the Elbe will aggravate the peak load situations for ship handling resulting from the steady increase in the number of ever-larger container vessels. ► see Container Segment, page 68. This would adversely affect HHLA's earnings.

As well as dredging the navigation channel, the regional road and rail infrastructure must be modernised and expanded if the Port of Hamburg wants to remain competitive and optimise its processes for the in- and outbound flows of goods in its hinterland. Projects of this kind with special significance for HHLA include constructing the transversal port highway (A 252), modernising the locks and upgrading the Kiel Canal.

As an infrastructure-related business, HHLA and its companies depend on prompt provision of the scheduled volume of public investments and services which are frequently necessary to support their own investments. Public budget planning involves a degree of uncertainty, particularly outside Germany. Where the public authorities experience financing difficulties, this may delay HHLA's investment projects and cause throughput and transport volumes to bypass HHLA's sites.

For this reason, HHLA closely cooperates with the relevant public institutions for these projects. It also safeguards its interests by participating in relevant committees and through lobbying and active public relations activities.

Market Risks

Economic Risks

The pace of growth in those economies whose goods flows HHLA serves is a key precondition for the development of container throughput, transport volumes and logistics services. If demand for these services fails to materialise as expected, the high level of fixed costs associated with this business model means that it might not be possible to compensate fully for negative divergences in earnings in the short term.

An economic trend which falls short of expectations may also lead to write-downs on assets (mainly property, plant and equipment and financial assets). HHLA regularly checks for any impairment of its assets and makes adjustments where necessary.

Throughput and transport volumes in the markets of relevance for HHLA are closely monitored, ensuring early recognition of any negative trends. Where they are scalable, controllable costs and investments – e.g. for the further expansion of the container terminals – are flexibly adjusted in line with the foreseeable level of demand.

Although economic growth in HHLA's key regions recently stabilised at a low level, economic risks remain, for example in connection with the persistently high level of public indebtedness in Europe and the USA, a monetary policy which remains expansive. As an important market for HHLA, the political situation in Ukraine may adversely affect this country's economic development. There is also a risk that it may become customary for throughput growth in the North Range to lag well behind the pace of world economic development.

Idle Terminal Capacities in the North Range

In the area of container handling, HHLA competes directly with other terminal operators in Northern Europe. Primary competitive factors – apart from pricing – are reliability and quayside productivity as well as the scope and quality of container handling services. Other factors affecting the terminal operators' competitive position are the ports' geographical position, the scope and quality of their hinterland links and their accessibility from the sea.

The Northern European ports are continuing to develop additional handling capacities. Depending on economic trends and the development of demand, this may lead to much fiercer competition and a shift in volumes, especially for freight volume with greater geographical flexibility, such as transshipment services.

HHLA constantly improves its competitiveness by further enhancing its service quality and technological capabilities. Its ship handling activities focus primarily on improving the efficiency of its handling services and addressing the increasing number of peak loads prompted by the handling of container mega-ships. In order to strengthen its leading position in handling technology, HHLA works particularly hard on innovating its systems and optimising processes.

In addition, HHLA is continuing to develop its vertical business model and intensifying its Intermodal activities. ► see also Corporate Strategy, page 51 et seq. The high level of added value resulting from the use of HHLA's own facilities and rolling stock guarantees high quality along the process chain.

Change in the Shipping Companies' Service Structures

HHLA's shipping company customers operate in a tough competitive environment. This is caused by high idle capacities due to the high number of new mega-ships in particular entering the market, together with volatile freight rates and bunker prices twinned with weak growth in the global container transport industry. As a result, the cost pressure on shipping companies remains high. HHLA's customers are responding to this situation by entering into more mergers and alliances and also by restructuring their services. As part of these developments, temporary or structural shifts of services to other ports cannot be ruled out.

In the field of ship handling, HHLA cooperates with a large number of shipping companies on a neutral basis ('multi-user principle'). ► see Corporate Strategy, page 51 et seq. In the 2013 financial year, HHLA's customer base included all 20 large container shipping companies. ► see Sales and Customer Structure, page 49. This enables HHLA to respond flexibly to changes in the container liner shipping sector. In addition, HHLA aims to enhance added value for its customers by expanding its mega-ship handling activities, continuing to develop the quality of its services and its technological capabilities, and optimising customer-specific processes.

Pricing Policy of State Rail Network Operators

The HHLA companies operating in the Intermodal segment pay fees to the national railway companies for their rail network usage and also purchase traction services in some cases.

Since the rail infrastructure in Germany is largely publicly owned, various authorities guard against discrimination in both access and usage fees. These authorities include the Federal Network Agency and the Federal Railway Authority in Germany and corresponding bodies abroad and at EU level. Nonetheless, due to the monopoly status resulting from public ownership of the networks, the pricing policies of state railway companies may not be competitive, thus impairing the profitability of rail firms.

To reduce the level of dependency on national railway companies for traction services, HHLA is expanding its own facilities and rolling stock in line with demand. As part of this strategy, it also purchases services from private suppliers.

Financial Risks

Currency Risks

HHLA's services are primarily rendered in Europe, meaning that the majority of its invoices are issued in euros. The Logistics and Intermodal segments provide services internationally and a container terminal is operated in the Ukraine. Invoicing here is based on euros or dollars. Currency or transfer risks therefore result primarily from exchange rate fluctuations affecting Eastern European currencies. With regard to the political situation in Ukraine, market assessments point to a high risk of a devaluation of the country's currency, the hryvnia, in the short to medium term.

All HHLA companies that operate with foreign currencies reduce the risk of exchange rate fluctuations by monitoring rates regularly and, where necessary, depositing free liquidity in local currency to hard-currency accounts.

Bad Debt Losses

The continuing idle vessel capacity means that freight rates are low. The liquidity and earnings position of shipping companie is thus expected to remain strained. This means that bad debt losses cannot be ruled out.

HHLA uses credit checks to reduce del credere collection risks. HHLA operates an active receivables management system that enables precise monitoring of receivables and payment patterns. HHLA has also taken out loan loss insurance to minimise default risks. Should the financial position of specific debtors change significantly, the insurer may limit the amount of cover it offers for new receivables payable by these debtors and/or no longer be able to provide coverage.

Please see the reporting on financial instruments in the Notes to the Consolidated Financial Statements for further details of downstream default risks, liquidity risks, interest and currency risks, including risk reduction measures and management of these risks. ► see Notes to the Consolidated Financial Statements, Note 47, page 146.

Other Risks

Risk of Storm Surges

As a result of the existing structural situation and the fact that HHLA's port facilities and buildings are close to water, there is a fundamental risk of storm surges. Flood protection work undertaken by HHLA and the Free and Hanseatic City of Hamburg in recent years has reduced this risk considerably, though.

Should this risk ever become reality, comprehensive emergency programmes have been put in place by public authorities and companies operating in the port to minimise the potential damage. Additionally, anticipated third-party claims for damage to property are insured against.

HHLA's SWOT Profile (Strengths, Weaknesses, Opportunities, Threats)

Strengths	Weaknesses
Highly efficient container terminals with cutting-edge technology for all ship sizes Unique network between overseas port and European hinterland Direct rail systems for central transport corridors Specialised inland terminals for rail traffic Highly qualified employees with low fluctuation rate	Dependence on the expansion and maintenance of public infrastructure to improve nautical accessibility and connections to the hinterland Limited cost flexibility due to capital-intensive business model High dependence on Hamburg location Considerable investments required for major equipment and terminal development Dependence on services of the national railway companies
Opportunities	**Threats**
Increased pace of global economic growth Distance advantages in the natural catchment area as an easterly hub located well inland Increasing use of rail transportation for freight traffic Freight volume concentrated at major international handling sites Rising importance of efficiency, productivity and reliability in the transport chain Growing demand for eco-friendly transport solutions	Uncoupling of the North Range's throughput trend from global economic development High dependence on the implementation of public infrastructure projects such as the dredging of the river Elbe and the improvement and enlargement of the Kiel Canal Idle capacity at rival European ports Increased volatility in volumes due to alliances among shipping companies Shipping lines' difficult financial position Worsening of the peak load situation at the Hamburg container terminals due to the trend in ship sizes

Opportunities

Strategic Opportunities

Increasing Demands for the Transport Chain

From the shipping companies' point of view, increasing ship sizes and higher volumes per ship should not lead to proportionate rises in handling times, since longer dwell times at ports would decrease the container mega-ships' positive economies of scale. The shipping companies therefore expect an improvement in throughput productivity for ship handling.

HHLA considers itself well positioned to tackle the challenges for container handling associated with the growth in ship sizes. For its latest modernisation and expansion programme, which focuses on improvements in handling container mega-ships, HHLA is utilising its experience of automation and linking terminal processes. In addition, HHLA's rail companies are connecting the European seaports with the Central and Eastern European hinterland through a growing number of high-frequency shuttle systems. ► see also Corporate Strategy, page 51 et seq. At the same time, high-performance seaport terminals promote a rise in volumes transported to the hinterland, while intelligent transport systems with efficient cost structures increase the number of containers handled by the terminals.

Investment Options

In addition to organic growth, HHLA regularly examines opportunities for acquisitions. Potential acquisitions and equity investments focus on port projects in attractive growth markets. In addition to strategic compatibility and synergies with HHLA's existing activities, key decision-making criteria include growth prospects, the anticipated return on capital employed, and the extent to which entrepreneurial risks can be limited.

HHLA has strong financial foundations which enable it to fund possible acquisitions from its own resources and to complete these acquisitions at short notice where necessary.

Market Opportunities

Economic Opportunities

The huge growth potential of Central and Eastern European countries such as Poland, the Czech Republic, Slovakia, Hungary but also Russia and Ukraine offers the prospect of above-average growth rates. These countries use the Port of Hamburg for much of their transcontinental trade (e.g. with Asia and America). HHLA sees an opportunity to profit from a better-than-expected economic trend and associated growth in volumes by realising economies of scale in the handling process and attracting larger quantities of freight for downstream transport systems.

Shift of Land-Based Traffic to Rail Services

Due to its favourable geographical location, the Port of Hamburg is ideally suited to serve as a key international hub for transcontinental trade between overseas markets and the emerging economies of Central and Eastern Europe. The high-cost land route to most of the economic hubs of Central and Eastern Europe is shorter from Hamburg than from the ports located at the mouth of the Rhine, which is an important competitive advantage. This advantage may become increasingly significant as energy prices rise. In future, the shift in container traffic from road to rail might be accelerated by price adjustments (e.g. increased truck toll), new environmental regulations or greater demand for environmentally friendly transport solutions. If these factors increasingly affect the scheduling of goods transportation, this may give rise to volume growth in excess of expectations.

With their own direct and shuttle trains, their own hub terminals as well as their own wagons and locomotives in a continuous process chain, HHLA's transport systems are ideally placed to benefit strongly from such trends and measures.

Management of Risks and Opportunities

All commercial activities inevitably entail both risks and opportunities. HHLA sees the effective management of risks and opportunities as a significant success factor for the sustainable enhancement of company value.

Managing risks and opportunities is a key component of the HHLA Group's management strategy. The planning and controlling process, the committees of the Group's affiliates and reporting are all cornerstones of this risk and opportunity management strategy. At regular business development meetings, HHLA's Executive Board discusses strategy, targets and control measures, with due consideration of the risk and opportunity profile.

Opportunity management focuses on the monitoring and analysis of individual markets and on the early recognition and identification of trends as a means of identifying opportunities. This includes developments affecting the overall economy or individual sectors as well as regional and local trends. The affiliates' responsibilities include identifying strategic opportunities in their core markets. HHLA's Executive Board provides the strategic framework and the financing for this objective. In addition, opportunity-oriented projects which affect more than one affiliate are centrally coordinated. HHLA's Corporate Development department assists the Executive Board with planning, controlling and monitoring multi-segment projects relating to the long-term development of the HHLA Group. Through its role as a link to the Executive Board, Corporate Development also helps central units and affiliates with strategic issues such as market and competitive analyses, business plans, product portfolio alignment and project management.

HHLA's risk management system fosters a keen awareness of dealing with corporate risks. It aims to identify risks in good time and take steps to manage or avert them, thus exploiting opportunities but preventing situations which could jeopardise the continued existence of the HHLA Group. An important element of the system is the promotion of entrepreneurial thinking and independent, responsible action.

In order to enable proactive steps to be taken to deal with the risks and potential rewards inherent in all commercial activity, the risk management system comprises the necessary organisational rules and procedures for identifying risks at an early stage. To this end, HHLA has created a system based on risk policies covering economic and ecological activities and its dealings with society. Risk management is carried out according to systematic principles and is subject to a continual improvement process.

The Executive Board, Internal Audit and Controlling have worked together closely to establish clear lines of responsibility for the identification, assessment, control, monitoring and reporting of risks, as a key element of the risk management system. The Executive Board of HHLA bears overall responsibility for the risk management system of the HHLA Group. The risk consolidation group includes all of the majority shareholdings as well as all companies consolidated using the equity method.

Risks are catalogued regularly in the course of the annual planning process. All identified risks are described clearly, classified according to defined risk areas and assigned to a risk manager.

Risks are categorised by the likelihood of their occurrence and the amount by which such an occurrence would reduce the operating result or cash flow before taxes.

When assessing a risk, the level of loss or damage plus the anticipated probability must be stated. A distinction is made here between the gross risk (excluding reduction and management measures) and the net risk (including reduction and management measures). Risks are assessed in the context of the existing circumstances or a realistic projection. In addition to estimates and economic or mathematical/statistical inferences, sensitivities derived from the planning processes can also be used as a basis for assessment.

To ensure that risks of the same kind are portrayed uniformly, staff work together at Group level when assessing identified risks to establish and calculate the likelihood of the risks arising and the associated potential loss or damage.

After identifying and assessing the risk, the company then defines control measures aimed at reducing the likelihood of its occurrence and/or the loss or damage. Risks are monitored continuously and any significant changes are reported and documented on a quarterly basis. Additional ad hoc reports are issued whenever significant risks emerge, cease to apply, or change. Risks are reported using standard Group-wide reporting formats in order to ensure a consistent overall picture of current risks.

The most important elements of the risk management system and risk reporting are described in a corporate guideline. No changes were made to this system by comparison with the previous year. The Internal Audit department is responsible for auditing the risk management system. The external auditors also assess the early detection system as part of their audit of the Annual Financial Statements.

Internal Control System and Management of Accounting Risks

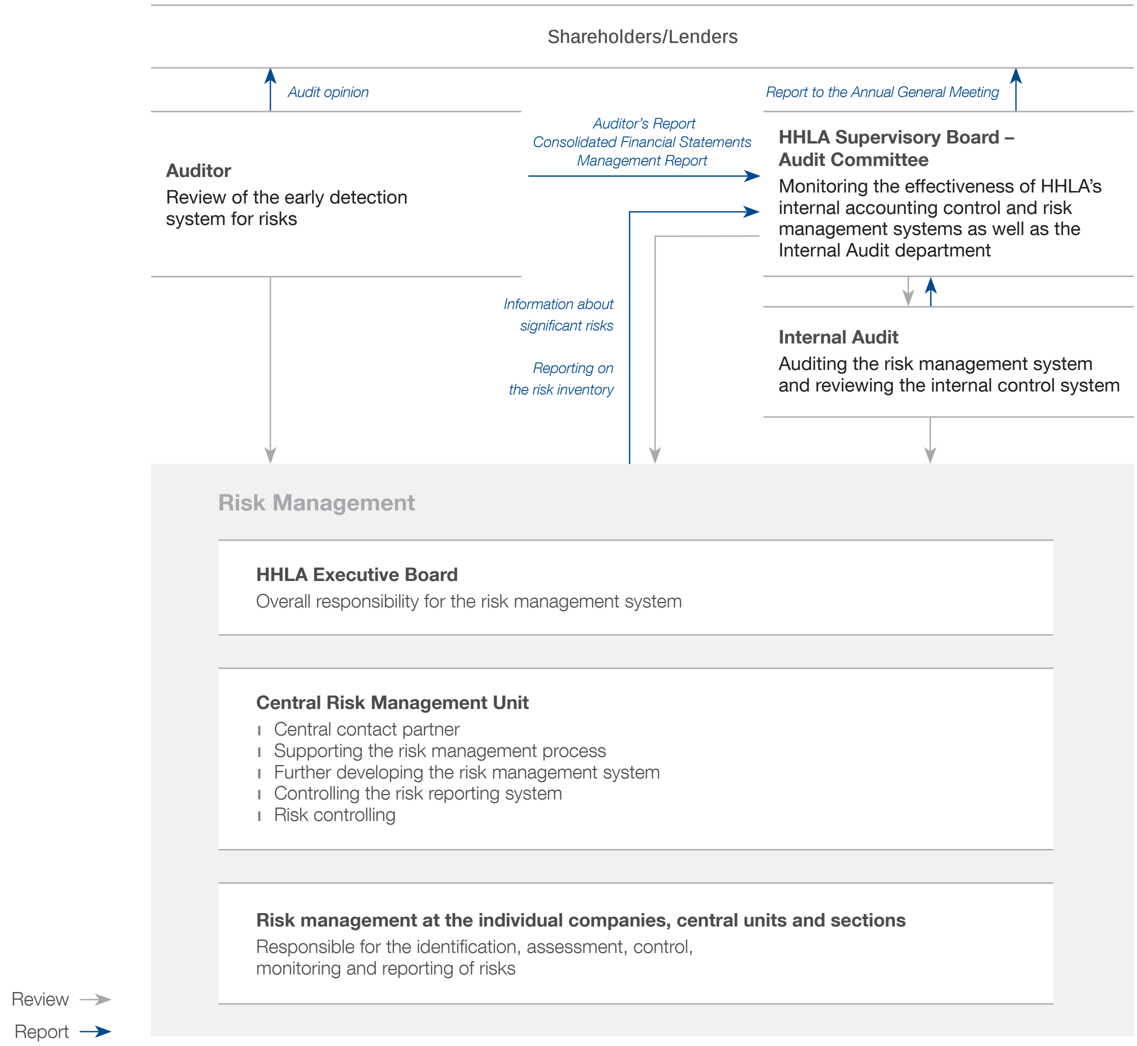
Structure of the System

HHLA's internal control system is designed to ensure that the (financial) reporting processes used throughout the company are consistent, transparent and reliable. Furthermore, it makes sure they comply with legal standards and the company's own guidelines. It comprises principles, procedures and methods designed to reduce risk and ensure the effectiveness and propriety of HHLA's processes.

The internal control system is regularly monitored and assessed according to documented processes, risks and controls. It therefore ensures transparency with regard to its structure and functionality for the purposes of internal and external reporting.

HHLA's internal accounting control and risk management system is based on the criteria laid out in the 'Internal Control – Integrated Framework' working paper published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Accounting processes are assessed to determine whether there is a risk posed to the existence, completeness, accuracy, valuation, ownership and reporting of transactions. The company also conducts a

Organisation of Risk Management



risk assessment regarding the possibility of fraud. Concluding unusual or complex transactions can lead to specific accounting risks. There is also a latent risk of error when processing non-routine transactions. Employees are by necessity given a certain amount of leeway when recognising and measuring balance sheet items, which can give rise to further risks.

Internal controls are intended to reduce accounting risks and make sure that transactions are documented, recorded, processed and assessed correctly in the balance sheet, as well as being quickly and correctly adopted in financial reporting. Controls are in place for all accounting processes. Internal controls guarantee that the accounting process is efficient and avoids – or at the very least detects – the majority of errors.

Accounting processes, risks and controls are documented and described along with the respective lines of responsibility and reporting structures. A risk control matrix is used to document risks and controls. Processes, risks and controls are updated on an ongoing basis.

The Internal Audit department is responsible for monitoring HHLA's internal accounting control and risk management systems. The external auditor also assesses the effectiveness of the accounting-related internal control system, primarily by carrying out spot checks.

The internal accounting control and risk management systems will always have certain limitations, regardless of how carefully they are designed. For this reason, it is impossible to fully guarantee that accounting standards will always be met or that every incorrect statement will always be avoided or identified.

Significant Regulations and Controls

Areas of responsibility related to accounting are clearly structured and assigned by HHLA. The central units of HHLA Holding and the affiliates are responsible for carrying out adequate and orderly accounting processes. The departments involved in the accounting process are provided with appropriate personnel and resources. All employees involved in accounting activities are suitably qualified.

Accounting tasks and functions are clearly defined within the Group. There is a clear functional demarcation between accounts payable and accounts receivable as well as the preparation of Separate Financial Statements and the preparation of Consolidated Financial Statements. There is also a clear demarcation between these departments and the respective segment accounting. Separating execution, settlement and authorisation functions and giving these responsibilities to different members of staff reduces the risk of fraud. Multi-stage approval and authorisation thresholds for ordering, payment transactions and accounting are employed across the Group. These include using the double-checking principle. There is a single accounting manual which covers the consistent application and documentation of accounting rules for the entire Group. Other accounting guidelines are also in place. Like the accounting manual, they are reviewed regularly and updated if necessary.

Most bookkeeping procedures are recorded using accounting systems developed by SAP. For the purpose of preparing HHLA's Consolidated Financial Statements, affiliates add more information to their Separate Financial Statements to form standardised report packages, which are then fed into the SAP EC-CS consolidation module for all Group companies.

Measures are in place to protect the IT systems against unauthorised access. Access rights are granted in line with each user's role. Only those departments responsible for mapping transactions are given write access. Departments responsible for processing information use read access. Detailed function-related authorisations are defined in a set of SAP authorisation guidelines. IT security guidelines also cover access to IT systems in general.

External service providers are used for pension reports, fiscal issues and for other reports and projects if necessary.

The specific formal requirements for the consolidation process pertaining to the Consolidated Financial Statements are clearly defined. In addition to a definition of the consolidated group, there are also detailed rules requiring affiliates to use a standardised and complete report package. There are also specific provisions regarding the recording and handling of Group clearing transactions and subsequent balance reconciliations, or the determination of the fair value of shareholdings. As part of consolidation, the Group accounting team analyses the Separate Financial Statements submitted by affiliates and corrects them if necessary. Incorrect information is identified and corrected as necessary using control mechanisms already present in the SAP EC-CS system or using system-based plausibility checks.

Additional Information in Accordance with Section 289 (4) and Section 315 (4) of the German Commercial Code (HGB) and Explanatory Notes

1. The subscribed capital of the company is now €72,753,334.00. It is divided into 72,753,334 no-par-value shares, including 70,048,834 Class A shares and 2,704,500 Class S shares (classes of shares). The Class S shares constitute only shareholdings in the net profit/loss and net assets of the S division, and the Class A shares constitute only shareholdings in the net profit/loss and net assets of the remainder of the company (A division). That part of the company which deals with the acquisition, holding, selling, letting, management and development of properties not specific to port handling (Real Estate subgroup) is known as the S division. All other parts of the company (Port Logistics subgroup) are known as the A division. The dividend entitlement of holders of Class S shares is based on the proportion of the distributable profit for the year attributable to the S division, and the dividend entitlement of holders of Class A shares is based on the remaining proportion of distributable profit for the year (Article 4 [1] of the articles of association). Each share entitles the holder to one vote at the Annual General Meeting (Article 20 [1] of the articles of association) and gives the holder the rights and responsibilities laid down in the German Stock Corporation Act (AktG). If the statutory provisions require a special resolution to be adopted by holders of a given class of shares, only the holders of that class of shares shall be entitled to vote.

2. To the Executive Board's knowledge there are no restrictions on voting rights or the transfer of shares, including those arising from agreements between shareholders.

3. For details of direct or indirect capital shareholdings which entitle the holder to more than 10 % of the voting rights, ► see the Notes to the Consolidated Financial Statements, Note 35, page 132, and Note 48, page 150.

4. There are no shares with special rights granting powers of control.

5. Employees who hold stakes in the company's equity exercise their shareholders' rights at their own discretion. There is no control of the voting rights of those employees who hold shares.

6. Members of the Executive Board are appointed and dismissed in accordance with Sections 84 and 85 of the German Stock Corporation Act (AktG) in conjunction with Section 31 of the German Co-Determination Act (MitbestG) and Article 8 of the

articles of association. These stipulate that the Supervisory Board is responsible for appointing and dismissing members of the Executive Board. In accordance with Section 31 of the German Co-Determination Act (MitbestG), it reaches its decisions by a two-thirds majority of its members. If this majority is not reached, the Arbitration Committee has one month as from the Supervisory Board's vote to make a proposal for the appointment. Other proposals may also be made to the Supervisory Board in addition to the proposal by the Arbitration Committee. A simple majority is sufficient for voting on the proposals made to the Supervisory Board. In the event of a vote being tied, the Chairman of the Supervisory Board has two votes in a second round of voting in accordance with Section 31 (4) of the German Co-Determination Act (MitbestG). Amendments to the articles of association can be made by means of a resolution of the Annual General Meeting. Any such amendment becomes effective when it is recorded in the commercial register. In line with Sections 179 and 133 of the German Stock Corporation Act (AktG) and Article 22 of the articles of association, a simple majority of the votes cast at the Annual General Meeting is sufficient for amendments to the articles of association. If a capital majority is required in addition to a majority of the votes, a simple majority of the nominal capital represented when the resolution is passed is adequate. Exceptions to this rule are amendments to the articles of association for which the law requires a larger majority. In accordance with Article 11 (4) of the articles of association, the Supervisory Board is authorised to carry out amendments to the articles of association which relate only to the wording. If the articles of association are amended in the event of a capital increase or steps taken in accordance with the German Reorganisation of Companies Act (UmwG) with the purpose of changing the relationship between Class A and Class S shares, a special resolution by the Class A and Class S shareholders affected is required as per Section 138 of the German Stock Corporation Act (AktG).

7.1 Subject to the approval of the Supervisory Board, the Executive Board is authorised under Article 3 (4) of the articles of association to increase the company's nominal capital until 13 June 2017 by up to € 35,024,417.00, by issuing up to 35,024,417 new registered Class A shares for subscription in cash and/or kind in one or more stages (Authorised Capital I). The statutory subscription right of the holders of Class S shares shall be excluded. The new shares may also be purchased by one or more banks chosen by the Executive Board together with the obligation to offer them for sale to Class A shareholders (indirect subscription right). The Executive Board was further authorised – with the approval of the Supervisory Board – to exclude the statutory subscription rights of holders of Class A shares,

7.1.1 as necessary for equalising fractional amounts or;

7.1.2 if the Class A shares are issued in return for a contribution in kind, especially in connection with the acquisition of companies, parts of companies or equity stakes in companies, as part of company mergers and/or for the purpose of acquiring other assets, including rights and receivables; subscription rights may only be excluded on Class A shares accounting for up to 20 % of the nominal capital attributable to Class A shares in conjunction with this authorisation (i. e. up to the amount of € 14,009,766.00);

7.1.3 if the company's Class A shares are issued in return for cash and the issue price per share is not significantly lower than the price of similar Class A shares in the company already listed on the stock exchange at the time of the share issue. However, subscription rights can only be excluded in this case if the number of shares thus issued together with the number of treasury shares sold during the term of this authorisation for which subscription rights were excluded as per Section 186 (3) sentence 4 AktG and the number of Class A shares which can be created by exercising warrants and/or conversion rights or fulfilling conversion obligations arising from warrants, convertible bonds and/or participation rights issued during the term of this authorisation for which subscription rights were excluded as per Section 186 (3) sentence 4 AktG does not exceed a total of 10 % of the company's nominal capital at the time this authorisation comes into effect or – if the total is lower – at the time the authorisation is exercised;

7.1.4 if the Class A shares are offered to persons employed by the company or one of its associates as defined in Section 15 AktG or are transferred to them;

7.1.5 to the extent necessary to grant the bearers of warrants, convertible bonds and/or conversion obligations those subscription rights to new Class A shares to which they would be entitled as shareholders after exercising the warrant or conversion right or fulfilling their conversion obligation.

7.2 Subject to the approval of the Supervisory Board, the Executive Board is additionally authorised under Article 3 (5) of the articles of association to increase the company's nominal capital until 13 June 2017 by up to € 1,352,250.00 by issuing up to 1,352,250 new registered Class S shares by subscription in cash and/or kind in one or more stages (Authorised Capital II). The statutory subscription right of the holders of Class A shares shall be excluded. The Executive Board is further authorised, with the approval of the Supervisory Board, to exclude the statutory subscription rights of holders of Class S shares as is necessary to equalise fractional amounts.

7.3 The Annual General Meeting on 13 June 2013 authorised the Executive Board, subject to the approval of the Supervisory Board, to issue on one or more occasions up to 12 June 2016 bearer or registered bonds with warrants or convertible bonds (hereinafter known collectively as 'bonds') and to grant the bearers or creditors of the bonds warrants or conversion rights for new Class A company shares subject to the detailed terms of the bonds. The total nominal amount of the bonds issued under this authorisation may not exceed €200,000,000.00. Option and conversion rights may only be issued for Class A company shares amounting to up to €6,900,000.00 of the company's total nominal capital accounted for by Class A shares. The bonds are to be divided into separate securities, each conferring equal rights. Class S shareholders' subscription rights are excluded. The Executive Board is authorised, subject to the approval of the Supervisory Board, to exclude Class A shareholders' subscription rights to the separate securities in full or in part:

- for fractional amounts;
- to the extent necessary to grant the bearers or creditors of then outstanding option rights and/or convertible bonds those subscription rights to bonds with warrants or convertible bonds to which they would be entitled after exercising the option or conversion right or fulfilling their conversion obligation;
- to the extent that bonds are issued for cash and the issue price is not significantly lower than the theoretical market value of the separate securities as measured by recognised mathematical methods. However, this authorisation to exclude subscription rights only applies to separate securities involving rights, options or obligations to convert them into shares accounting for no more than 10 % of nominal capital in total, either at the time this authorisation takes effect or when it is exercised. The exclusion of subscription rights under other authorisations is to be taken into account in determining the extent to which the 10 % limit has been used, in accordance with Section 186 (3) sentence 4 AktG.

Even if the conversion ratio, exercise price or conversion price is variable, the conversion or exercise price set for one Class A company share (issue price) must be equivalent to either

- at least 80 % of the volume-weighted average closing price for Class A company shares in the Xetra trading system on the Frankfurt Stock Exchange (or a similar successor system) (i) on the ten trading days before the Executive Board adopts a resolution to issue the bonds or (ii) on the five trading days immediately before an offer to subscribe for the bonds is publicly announced or (iii) on the five trading days immediately before the company declares its acceptance following a public invitation to apply for subscription or
- at least 80 % of the volume-weighted average closing price for Class A company shares in the Xetra trading system on the Frankfurt Stock Exchange (or a similar successor system) in the time from the beginning of the subscription period up to (and including) the day before the publication of the final conditions in accordance with Section 186 (2) sentence 2 AktG.

Pursuant to Article 3 (6) of the articles of association, conditional capital in the amount of €6,900,000.00 is available for servicing of the conversion rights and options. This conditional capital comprises 6,900,000 new registered Class A shares.

7.4.1 The Annual General Meeting held on 16 June 2011 authorised the company until 15 June 2016 to acquire Class A shares in the company amounting to up to 10 % of the current nominal capital attributable to Class A shares. Together with other Class A shares held by the company or attributable to it under Section 71a et seq. AktG, the Class A shares acquired may not at any time constitute more than 10 % of the company's nominal capital accounted for by Class A shares. This authorisation may not be used for the purpose of trading in treasury shares. The authorisation may be exercised in whole or in part, in one or more stages, for one or more purposes, by the company or its affiliates or for its or their account by third parties. At the discretion of the Executive Board, the purchase can be made via the stock exchange or by means of a public purchase offer made to all Class A shareholders or by means of a public request for a purchase offer. This authorisation also specifies the highest and the lowest equivalent amount which may be granted.

7.4.2 The Executive Board was also authorised, subject to the approval of the Supervisory Board, to use Class A shares purchased under the aforementioned authorisation for any legally permissible purpose, including the following:

(1) The Class A shares can be resold by means other than the stock exchange or an offer to all Class A shareholders, provided these Class A shares are resold at a price which is not significantly lower than the price of shares in the company of the same rights at the time of the sale. The defining market price for the purposes of this regulation is the average share price of the company's Class A shares in the Xetra final auction (or a similar successor system) on the Frankfurt Stock Exchange over the last five trading days before the sale of the company's own shares. In this case the number of shares to be sold, together with the new shares issued under Section 186 (3) sentence 4 AktG since this authorisation came into effect, excluding subscription rights, must not exceed 10 % of the company's nominal capital in the form of Class A shares at the time this authorisation comes into effect and is exercised.

(2) The Class A shares can be sold as payment in kind to third parties, particularly in the course of mergers with other companies or in order to acquire companies, equity stakes or parts of companies.

(3) The Class A shares can be used to settle rights or obligations held by bearers or creditors under convertible bonds or bonds with warrants issued by the company or by companies in which the company holds a majority stake.

(4) The Class A shares can be transferred or offered for purchase to employees of the company or its associates.

(5) The Class A shares can be redeemed in full or in part without a further resolution by the Annual General Meeting. They can be redeemed in a simplified process in accordance with Section 237 (3 – 5) AktG. The authorisation to redeem shares can be made use of multiple times. If the shares are redeemed in a simplified process in accordance with Section 237 (3) (3) AktG, the Executive Board is authorised to adjust the number of no-par-value shares in the articles of association.

7.4.3 The right of shareholders to subscribe for the company's own shares is excluded if these shares are used in accordance with the aforementioned authorisations in 7.4.2 items 1 to 4.

7.4.4 The authorisations in 7.4.2 items 1 to 5 also cover the use of shares in the company acquired on the basis of Section 71d sentence 5 AktG.

7.4.5 The authorisations in 7.4.2 can be exercised on a one-off or repeated basis, in whole or in part, and separately or jointly. The authorisations of 7.4.2 items 1 to 4 can also be exercised by independent companies or companies in which the company holds a majority stake or third parties acting for their own account or for the account of the company.

7.5 Under Article 6 of the articles of association and Section 237 (1) AktG, the company is authorised to mandatorily redeem Class A or S shares against payment of appropriate compensation if the shareholders whose shares are to be redeemed have given their consent.

8. The company has no significant agreements dependent on a change of control resulting from a takeover bid.

9. The contracts of employment with the Executive Board members valid during the reporting period contain clauses which provide for a payment to the respective Executive Board members in the event of them losing their Executive Board seats due to a change of control or similar circumstances. The agreed amount to be paid is the remaining remuneration for the residual terms of their respective contracts of employment, payable to each in one lump sum discounted by 2 % p. a. In calculating this severance pay, the future entitlement to payment of a bonus is calculated based on the average annual net profit for the preceding three full financial years. If an Executive Board member earns additional income in the period up to the original end of his or her contract or employment, this income is set off against the severance payment up to a certain amount.

The provisions described above correspond to the legal situation and are standard practice at comparable listed companies. Their intention is not to complicate any possible takeovers.

Statement of the Executive Board

Under the circumstances known to the Executive Board at the time the transactions listed in the related parties report in accordance with Section 312 of the German Stock Corporation Act (AktG) were carried out or actions were committed or omitted, the company received adequate consideration for the transactions and was not disadvantaged by committing or refraining from said actions.

In accordance with Article 4 of the articles of association, the Executive Board, with analogous application of the provisions of Section 312 AktG, must prepare a report on the relationships between the A division and the S division. Under the circumstances that were known to the Executive Board at the time when the legal transactions specified in the report on the relationships between the A division and the S division were completed, both divisions received appropriate consideration. Any expenses and returns which could not be attributed directly to one division were divided among the divisions in line with the articles of association. No steps were taken or omitted at the behest or in the interests of the other division in each case.

Hamburg, 4 March 2014

Hamburger Hafen und Logistik Aktiengesellschaft
The Executive Board

Klaus-Dieter Peters | Dr. Stefan Behn

Heinz Brandt | Dr. Roland Lappin

Some of the disclosures in the Group Management Report – including statements on revenue and earnings developments and on possible changes in the sector or the financial position – contain forward-looking statements. These statements are based on the current best estimates and assumptions by the company. Depending on whether uncertain events materialise, HHLA's actual results, including its earnings and financial position, may differ materially from those explicitly or implicitly assumed or described in these statements.

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Consolidated Financial Statements

Income Statement HHLA Group

in € thousand	Note	2013	2012 (restated)
Revenue	8.	1,155,237	1,128,542
Changes in inventories	9.	- 742	1,711
Own work capitalised	10.	7,914	9,029
Other operating income	11.	36,398	48,289
Cost of materials	12.	- 377,653	- 366,296
Personnel expenses[1]	13.	- 395,232	- 374,053
Other operating expenses	14.	- 144,991	- 140,026
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		280,931	307,196
Depreciation and amortisation	15.	- 122,931	- 121,233
Earnings before interest and taxes (EBIT)		158,000	185,963
Earnings from associates accounted for using the equity method	16.	- 549	- 4,026
Interest income	16.	3,176	9,918
Interest expenses[1]	16.	- 43,755	- 39,186
Other financial result	16.	418	540
Financial result	16.	- 40,711	- 32,754
Earnings before tax (EBT)		117,289	153,209
Income tax[1]	18.	- 36,892	- 41,516
Profit after tax		80,396	111,693
of which attributable to non-controlling interests	19.	26,104	39,385
of which attributable to shareholders of the parent company		54,292	72,308

Statement of Comprehensive Income HHLA Group

in € thousand	Note	2013	2012 (restated)
Profit after tax		80,396	111,693
Components, which can not be transferred to Income Statement			
Actuarial gains/losses	36.	16,702	- 71,865
Deferred taxes	18.	- 5,439	23,165
Total		11,263	- 48,700
Components, which can be transferred to Income Statement			
Cash flow hedges	47.	319	- 43
Foreign currency translation differences		- 3,960	- 1,348
Deferred taxes	18.	- 20	- 18
Other		26	146
Total		- 3,635	- 1,263
Income and expense recognised directly in equity		7,628	- 49,963
Total comprehensive income		88,024	61,730
of which attributable to non-controlling interests		26,038	39,293
of which attributable to shareholders of the parent company		61,986	22,437

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Income Statement HHLA Subgroups 2013

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2013 Group	2013 Port Logistics	2013 Real Estate	2013 Consolidation
Revenue	1,155,237	1,127,235	33,148	- 5,145
Changes in inventories	- 742	- 743	1	0
Own work capitalised	7,914	7,842	0	72
Other operating income	36,398	32,290	5,052	- 944
Cost of materials	- 377,653	- 370,914	- 6,843	104
Personnel expenses	- 395,232	- 393,129	- 2,103	0
Other operating expenses	- 144,991	- 139,445	- 11,460	5,914
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	280,931	263,137	17,794	0
Depreciation and amortisation	- 122,931	- 118,789	- 4,449	307
Earnings before interest and taxes (EBIT)	158,000	144,348	13,345	307
Earnings from associates accounted for using the equity method	- 549	- 549	0	0
Interest income	3,176	3,242	98	- 165
Interest expenses	- 43,755	- 39,149	- 4,771	165
Other financial result	418	418	0	0
Financial result	- 40,711	- 36,040	- 4,673	0
Earnings before tax (EBT)	117,289	108,309	8,672	307
Income tax	- 36,892	- 33,932	- 2,885	- 74
Profit after tax	80,396	74,376	5,787	233
of which attributable to non-controlling interests	26,104	26,104	0	
of which attributable to shareholders of the parent company	54,292	48,272	6,020	

Statement of Comprehensive Income HHLA Subgroups 2013

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2013 Group	2013 Port Logistics	2013 Real Estate	2013 Consolidation
Profit after tax	80,396	74,376	5,787	233
Components, which can not be transferred to Income Statement				
Actuarial gains/losses	16,702	16,065	637	
Deferred taxes	- 5,439	- 5,233	- 206	
Total	11,263	10,832	431	
Components, which can be transferred to Income Statement				
Cash flow hedges	319	319		
Foreign currency translation differences	- 3,960	- 3,960		
Deferred taxes	- 20	- 20		
Other	26	26		
Total	- 3,635	- 3,635	0	
Income and expense recognised directly in equity	7,628	7,197	431	0
Total comprehensive income	88,024	81,573	6,218	233
of which attributable to non-controlling interests	26,038	26,038		
of which attributable to shareholders of the parent company	61,986	55,535	6,451	

Income Statement HHLA Subgroups 2012

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2012 Group (restated)	2012 Port Logistics (restated)	2012 Real Estate (restated)	2012 Consolidation
Revenue	1,128,542	1,101,175	32,408	- 5,041
Changes in inventories	1,711	1,715	- 4	0
Own work capitalised	9,029	8,946	0	83
Other operating income	48,289	42,012	7,155	- 878
Cost of materials	- 366,296	- 359,898	- 6,502	104
Personnel expenses [1]	- 374,053	- 371,871	- 2,182	0
Other operating expenses	- 140,026	- 131,965	- 13,793	5,732
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	307,196	290,114	17,082	0
Depreciation and amortisation	- 121,233	- 117,287	- 4,253	307
Earnings before interest and taxes (EBIT)	185,963	172,827	12,829	307
Earnings from associates accounted for using the equity method	- 4,026	- 4,026	0	0
Interest income	9,918	9,955	74	- 111
Interest expenses [1]	- 39,186	- 34,664	- 4,633	111
Other financial result	540	540	0	0
Financial result	- 32,754	- 28,195	- 4,559	0
Earnings before tax (EBT)	153,209	144,632	8,270	307
Income tax [1]	- 41,516	- 38,805	- 2,637	- 74
Profit after tax	111,693	105,827	5,633	233
of which attributable to non-controlling interests	39,385	39,385	0	
of which attributable to shareholders of the parent company	72,308	66,442	5,866	

Statement of Comprehensive Income HHLA Subgroups 2012

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2012 Group (restated)	2012 Port Logistics (restated)	2012 Real Estate (restated)	2012 Consolidation
Profit after tax	111,693	105,827	5,633	233
Components, which can not be transferred to Income Statement				
Actuarial gains/losses	- 71,865	- 70,686	- 1,179	
Deferred taxes	23,165	22,785	380	
Total	- 48,700	- 47,901	- 799	
Components, which can be transferred to Income Statement				
Cash flow hedges	- 43	- 43	0	
Foreign currency translation differences	- 1,348	- 1,348	0	
Deferred taxes	- 18	- 18	0	
Other	146	146	0	
Total	- 1,263	- 1,263	0	
Income and expense recognised directly in equity	- 49,963	- 49,164	- 799	0
Total comprehensive income	61,730	56,663	4,834	233
of which attributable to non-controlling interests	39,293	39,293		
of which attributable to shareholders of the parent company	22,437	17,370	5,067	

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Balance Sheet HHLA Group

in € thousand

Assets	Note	31.12.2013	31.12.2012 (restated)
Non-current assets			
Intangible assets	22.	82,003	82,642
Property, plant and equipment	23.	976,489	1,002,307
Investment property	24.	184,256	180,851
Associates accounted for using the equity method	25.	5,367	2,039
Financial assets	26.	13,292	13,935
Deferred taxes [1]	18.	35,175	41,965
		1,296,583	1,323,739
Current assets			
Inventories	27.	23,388	21,743
Trade receivables	28.	140,921	128,037
Receivables from related parties	29.	23,836	24,928
Other financial receivables	30.	3,095	2,382
Other assets	31.	24,007	14,957
Income tax receivables	32.	4,098	9,345
Cash, cash equivalents and short-term deposits	33.	215,438	230,072
Non-current assets held for sale	34.	0	12,442
		434,783	443,906
		1,731,366	1,767,645

Equity and liabilities	Note	31.12.2013	31.12.2012 (restated)
Equity			
Subscribed capital		72,753	72,753
Subgroup Port Logistics		70,048	70,048
Subgroup Real Estate		2,705	2,705
Capital reserve		141,584	141,584
Subgroup Port Logistics		141,078	141,078
Subgroup Real Estate		506	506
Retained earnings		363,006	357,489
Subgroup Port Logistics [1]		339,892	337,152
Subgroup Real Estate [1]		23,113	20,338
Other comprehensive income		1,066	- 6,626
Subgroup Port Logistics		179	- 7,083
Subgroup Real Estate		887	457
Non-controlling interests		21,696	- 1,401
Subgroup Port Logistics [1]		21,696	- 1,401
Subgroup Real Estate		0	0
	35.	600,105	563,800
Non-current liabilities			
Pension provisions	36.	366,408	384,235
Other non-current provisions [1]	37.	55,539	52,069
Non-current liabilities to related parties	40.	106,869	114,089
Non-current financial liabilities	38.	291,362	314,016
Deferred taxes	18.	16,089	13,419
		836,267	877,828
Current liabilities			
Other current provisions [1]	37.	15,384	25,050
Trade liabilities	39.	69,895	65,850
Current liabilities to related parties	40.	73,396	70,580
Current financial liabilities	38.	107,513	138,314
Other liabilities	41.	25,784	21,765
Income tax liabilities	42.	3,022	4,458
		294,994	326,017
		1,731,366	1,767,645

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Balance Sheet HHLA Subgroups 31.12.2013

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes

Assets	31.12.2013 Group	31.12.2013 Port Logistics	31.12.2013 Real Estate	31.12.2013 Consolidation
Non-current assets				
Intangible assets	82,003	81,994	9	0
Property, plant and equipment	976,489	955,619	4,843	16,027
Investment property	184,256	50,147	163,292	- 29,183
Associates accounted for using the equity method	5,367	5,367	0	0
Financial assets	13,292	10,907	2,385	0
Deferred taxes	35,175	45,627	0	- 10,452
	1,296,583	1,149,661	170,530	- 23,608
Current assets				
Inventories	23,388	23,322	66	0
Trade receivables	140,921	140,115	806	0
Receivables from related parties	23,836	32,100	1,968	- 10,233
Other financial receivables	3,095	3,049	46	0
Other assets	24,007	23,942	65	0
Income tax receivables	4,098	4,678	0	- 580
Cash, cash equivalents and short-term deposits	215,438	199,857	15,581	0
Non-current assets held for sale	0	0	0	0
	434,783	427,064	18,532	- 10,813
	1,731,366	1,576,724	189,062	- 34,421

Equity and liabilities				
Equity				
Subscribed capital	72,753	70,048	2,705	0
Capital reserve	141,584	141,078	506	0
Retained earnings	363,006	339,892	33,005	- 9,892
Other comprehensive income	1,066	179	887	0
Non-controlling interests	21,696	21,696	0	0
	600,105	572,893	37,103	- 9,892
Non-current liabilities				
Pension provisions	366,408	360,561	5,847	0
Other non-current provisions	55,539	53,974	1,565	0
Non-current liabilities to related parties	106,869	106,869	0	0
Non-current financial liabilities	291,362	244,310	47,052	0
Deferred taxes	16,089	19,038	10,766	- 13,716
	836,267	784,752	65,230	- 13,716
Current liabilities				
Other current provisions	15,384	14,494	890	0
Trade liabilities	69,895	66,762	3,133	0
Current liabilities to related parties	73,396	8,378	75,251	- 10,233
Current financial liabilities	107,513	101,765	5,748	0
Other liabilities	25,784	25,269	515	0
Income tax liabilities	3,022	2,410	1,192	- 580
	294,994	219,079	86,729	- 10,813
	1,731,366	1,576,724	189,062	- 34,421

Balance Sheet HHLA Subgroups 31.12.2012

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes

Assets	31.12.2012 Group (restated)	31.12.2012 Port Logistics (restated)	31.12.2012 Real Estate (restated)	31.12.2012 Consolidation (restated)
Non-current assets				
Intangible assets	82,642	82,639	3	0
Property, plant and equipment	1,002,307	980,772	5,068	16,467
Investment property	180,851	55,597	155,183	- 29,929
Associates accounted for using the equity method	2,039	2,039	0	0
Financial assets	13,935	11,937	1,998	0
Deferred taxes [1]	41,965	51,079	0	- 9,114
	1,323,739	1,184,063	162,252	- 22,576
Current assets				
Inventories	21,743	21,673	70	0
Trade receivables	128,037	127,377	660	0
Receivables from related parties	24,928	28,873	2,472	- 6,417
Other financial receivables	2,382	2,377	5	0
Other assets	14,957	14,777	180	0
Income tax receivables	9,345	9,505	0	- 160
Cash, cash equivalents and short-term deposits	230,072	229,614	458	0
Non-current assets held for sale	12,442	12,442	0	0
	443,906	446,638	3,845	- 6,577
	1,767,645	1,630,701	166,097	- 29,153

Equity and liabilities				
Equity				
Subscribed capital	72,753	70,048	2,705	0
Capital reserve	141,584	141,078	506	0
Retained earnings [1]	357,489	337,152	30,463	- 10,125
Other comprehensive income	- 6,626	- 7,083	457	0
Non-controlling interests [1]	- 1,401	- 1,401	0	0
	563,800	539,794	34,131	- 10,125
Non-current liabilities				
Pension provisions	384,235	377,591	6,644	0
Other non-current provisions [1]	52,069	50,583	1,486	0
Non-current liabilities to related parties	114,089	114,089	0	0
Non-current financial liabilities	314,016	284,618	29,398	0
Deferred taxes [1]	13,419	16,507	9,363	- 12,451
	877,828	843,388	46,891	- 12,451
Current liabilities				
Other current provisions [1]	25,050	20,850	4,200	0
Trade liabilities	65,850	61,942	3,908	0
Current liabilities to related parties	70,580	5,239	71,758	- 6,417
Current financial liabilities	138,314	133,567	4,747	0
Other liabilities	21,765	21,463	302	0
Income tax liabilities	4,458	4,458	160	- 160
	326,017	247,519	85,075	- 6,577
	1,767,645	1,630,701	166,097	- 29,153

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Cash Flow Statement HHLA Group

in € thousand	Note	2013	2012 (restated)
1. Cash flow from operating activities			
Earnings before interest and taxes (EBIT)[1]		158,000	185,963
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	15.	122,931	121,233
Decrease in provisions[1]		- 26,504	- 22,720
Gains/losses arising from the disposal of non-current assets		- 6,200	1,625
Change in inventories, trade receivables and other assets not attributable to investing or financing activities		- 25,629	1,335
Change in trade payables and other liabilities not attributable to investing or financing activities		7,715	- 2,062
Interest received		3,310	6,301
Interest paid		- 15,275	- 17,491
Income tax paid		- 29,037	- 45,102
Earnings from the acquisition/disposal of interests in consolidated companies		0	- 17,595
Exchange rate and other effects		- 1,247	- 999
Cash flow from operating activities		188,064	210,488
2. Cash flow from investing activities			
Proceeds from disposal of intangible assets and property, plant and equipment		4,735	1,267
Proceeds from disposal of non-current assets held for sale		17,672	0
Payments for investments in property, plant and equipment and investment property		- 97,515	- 143,397
Payments for investments in intangible assets	22.	- 9,315	- 10,005
Proceeds from disposal of non-current financial assets		2	175
Payments for investments in non-current financial assets		- 4,210	- 1,343
Proceeds from the disposal of interests in consolidated companies and other business units (including funds sold)		119	14,720
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)		- 306	- 2,309
Payments for short-term deposits		- 20,000	- 20,000
Cash flow from investing activities		- 108,818	- 160,892
3. Cash flow from financing activities			
Proceeds from contributions to equity		0	1,930
Payments for increasing interests in fully consolidated companies		0	- 91,000
Dividends paid to shareholders of the parent company	21.	- 48,777	- 48,236
Dividends/settlement obligation paid to non-controlling interests		- 30,856	- 18,090
Redemption of lease liabilities	45.	- 6,442	- 4,998
Proceeds from the issuance of (financial) loans		43,745	28,560
Payments for the redemption of (financial) loans		- 75,307	- 24,021
Cash flow from financing activities		- 117,637	- 155,855
4. Financial funds at the end of the period			
Change in financial funds (subtotals 1 – 3.)		- 38,391	- 106,259
Change in financial funds due to exchange rates		662	328
Financial funds at the beginning of the period		188,872	294,803
Financial funds at the end of the period	43.	151,143	188,872

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Cash Flow Statement HHLA Subgroups 2013

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2013 Group	2013 Port Logistics	2013 Real Estate	2013 Consolidation
1. Cash flow from operating activities				
Earnings before interest and taxes (EBIT)	158,000	144,348	13,345	307
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	122,931	118,789	4,449	- 307
Decrease in provisions	- 26,504	- 22,840	- 3,664	
Gains/losses arising from the disposal of non-current assets	- 6,200	- 5,971	- 229	
Change in inventories, trade receivables and other assets not attributable to investing or financing activities	- 25,629	- 25,693	48	16
Change in trade payables and other liabilities not attributable to investing or financing activities	7,715	8,794	- 1,063	- 16
Interest received	3,310	3,377	98	- 165
Interest paid	- 15,275	- 10,915	- 4,525	165
Income tax paid	- 29,037	- 28,381	- 656	
Earnings from the acquisition/disposal of interests in consolidated companies	0	0	0	
Exchange rate and other effects	- 1,247	- 1,247	0	
Cash flow from operating activities	188,064	180,261	7,803	0
2. Cash flow from investing activities				
Proceeds from disposal of intangible assets and property, plant and equipment	4,735	4,277	458	
Proceeds from disposal of non-current assets held for sale	17,672	17,672	0	
Payments for investments in property, plant and equipment and investment property	- 97,515	- 84,957	- 12,558	
Payments for investments in intangible assets	- 9,315	- 9,303	- 12	
Proceeds from disposal of non-current financial assets	2	2	0	
Payments for investments in non-current financial assets	- 4,210	- 4,210	0	
Proceeds from the disposal of interests in consolidated companies and other business units (including funds sold)	119	119	0	
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)	- 306	- 306	0	
Payments for short-term deposits	- 20,000	- 20,000	0	
Cash flow from investing activities	- 108,818	- 96,706	- 12,112	0
3. Cash flow from financing activities				
Proceeds from contributions to equity	0	0	0	
Payments for increasing interests in fully consolidated companies	0	0	0	
Dividends paid to shareholders of the parent company	- 48,777	- 45,532	- 3,245	
Dividends/settlement obligation paid to non-controlling interests	- 30,856	- 30,856	0	
Redemption of lease liabilities	- 6,442	- 6,442	0	
Proceeds from the issuance of (financial) loans	43,745	21,344	22,401	
Payments for the redemption of (financial) loans	- 75,307	- 71,783	- 3,524	
Cash flow from financing activities	- 117,637	- 133,269	15,632	0
4. Financial funds at the end of the period				
Change in financial funds (subtotals 1. – 3.)	- 38,391	- 49,714	11,323	
Change in financial funds due to exchange rates	662	662	0	
Financial funds at the beginning of the period	188,872	188,914	- 42	
Financial funds at the end of the period	151,143	139,862	11,281	0

Cash Flow Statement HHLA Subgroups 2012

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2012 Group (restated)	2012 Port Logistics (restated)	2012 Real Estate (restated)	2012 Consolidation
1. Cash flow from operating activities				
Earnings before interest and taxes (EBIT)[1]	185,963	172,827	12,829	307
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	121,233	117,355	4,185	- 307
Change in provisions[1]	- 22,720	- 23,617	897	
Gains/losses arising from the disposal of non-current assets	1,625	2,544	- 919	
Change in inventories, trade receivables and other assets not attributable to investing or financing activities	1,335	2,798	- 1,715	252
Change in trade payables and other liabilities not attributable to investing or financing activities	- 2,062	- 4,126	2,316	- 252
Interest received	6,301	6,338	74	- 111
Interest paid	- 17,491	- 13,046	- 4,556	111
Income tax paid	- 45,102	- 44,369	- 733	
Earnings from the acquisition/disposal of interests in consolidated companies	- 17,595	- 17,595	0	
Exchange rate and other effects	- 999	- 999	0	
Cash flow from operating activities	210,488	198,110	12,378	0
2. Cash flow from investing activities				
Proceeds from disposal of intangible assets and property, plant and equipment	1,267	- 640	1,907	
Proceeds from disposal of non-current assets held for sale	0	0	0	
Payments for investments in property, plant and equipment and investment property	- 143,397	- 133,114	- 10,283	
Payments for investments in intangible assets	- 10,005	- 10,005	0	
Proceeds from disposal of non-current financial assets	175	175	0	
Payments for investments in non-current financial assets	- 1,343	- 1,343	0	
Proceeds from the disposal of interests in consolidated companies and other business units (including funds sold)	14,720	14,720	0	
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)	- 2,309	- 2,309	0	
Payments for short-term deposits	- 20,000	- 20,000	0	
Cash flow from investing activities	- 160,892	- 152,516	- 8,376	0
3. Cash flow from financing activities				
Proceeds from contributions to equity	1,930	1,930	0	
Payments for increasing interests in fully consolidated companies	- 91,000	- 91,000	0	
Dividends paid to shareholders of the parent company	- 48,236	- 45,531	- 2,705	
Dividends/settlement obligation to non-controlling interests	- 18,090	- 18,090	0	
Redemption of lease liabilities	- 4,998	- 4,998	0	
Proceeds from the issuance of (financial) loans	28,560	18,560	10,000	
Payments for the redemption of (financial) loans	- 24,021	- 21,454	- 2,567	
Cash flow from financing activities	- 155,855	- 160,583	4,728	0
4. Financial funds at the end of the period				
Change in financial funds (subtotals 1. – 3.)	- 106,259	- 114,989	8,730	
Change in financial funds due to exchange rates	328	328	0	
Financial funds at the beginning of the period	294,803	303,575	- 8,772	
Financial funds at the end of the period	188,872	188,914	- 42	0

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Segment Report HHLA Group

in € thousand; business segments; annex to the notes

	Subgroup Port Logistics		
2013	Container	Intermodal	Logistics
Segment revenue			
Segment revenue from non-affiliated third parties	709,401	313,124	83,878
Inter-segment revenue	2,326	1,423	7,768
Total segment revenue	711,727	314,548	91,646
Earnings			
EBITDA	225,331	43,860	10,179
EBITDA margin	31.7 %	13.9 %	11.1 %
EBIT	136,999	22,824	7,041
EBIT margin	19.2 %	7.3 %	7.7 %
Segment assets	922,310	297,048	43,867
Other segment information			
Investments			
Property, plant and equipment and investment property	74,184	11,821	3,464
Intangible assets	6,997	162	100
Depreciation of property, plant and equipment and investment property	79,481	20,692	2,942
of which impairment		1,265	
Amortisation of intangible assets	8,851	344	196
of which impairment		1	
Non-cash items	11,621	1,813	2,816
Container throughput in thousand TEU	7,500		
Container transport in thousand TEU		1,172	
2012			
Segment revenue			
Segment revenue from non-affiliated third parties	695,137	297,977	84,357
Inter-segment revenue	2,325	1,738	7,551
Total segment revenue	697,462	299,715	91,908
Earnings			
EBITDA [1]	234,648	59,470	8,044
EBITDA margin	33.6 %	19.8 %	8.8 %
EBIT [1]	145,880	41,332	4,290
EBIT margin	20.9 %	13.8 %	4.7 %
Segment assets [1]	933,102	284,579	53,784
Other segment information			
Investments			
Property, plant and equipment and investment property	123,975	45,758	3,187
Intangible assets	8,434	1,144	79
Depreciation of property, plant and equipment and investment property	80,729	17,720	3,555
of which impairment			
Amortisation of intangible assets	8,038	419	198
Non-cash items [1]	12,012	- 6,211	2,603
Container throughput in thousand TEU	7,183		
Container transport [2] in thousand TEU		1,213	

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R
[2] Transport volume was fully consolidated.

	Subgroup Real Estate	Total	Consolidation and reconciliation with Group	Group
Holding/Other	Real Estate			
18,300	30,533	1,155,237	0	1,155,237
110,432	2,614	124,563	- 124,563	0
128,732	33,148	1,279,800		
- 16,123	17,794	281,041	- 111	280,931
- 12.5 %	53.7 %			
- 22,972	13,345	157,237	763	158,000
- 17.8 %	40.3 %			
183,655	173,481	1,620,361	111,005	1,731,366
3,585	12,557	105,611	0	105,611
2,157	12	9,426	- 111	9,315
5,923	4,443	113,482	- 416	113,065
0		1,265	0	1,265
926	6	10,323	- 457	9,866
		1		1
16,363	1,250	33,863	65	33,927
21,246	29,825	1,128,542	0	1,128,542
108,799	2,583	122,996	- 122,996	0
130,045	32,408	1,251,538		
- 11,852	17,081	307,391	- 195	307,196
- 9.1 %	52.7 %			
- 19,267	12,828	185,063	900	185,963
- 14.8 %	39.6 %			
200,727	165,639	1,637,830	129,813	1,767,644
3,313	10,283	186,515	0	186,515
577	0	10,234	- 229	10,005
6,769	4,246	113,020	- 419	112,601
1,090		1,090	0	1,090
646	7	9,308	- 675	8,632
14,952	2,330	25,687	37	25,723

Consolidated Financial Statements

Statement of Changes in Equity HHLA Group

in € thousand

	Parent company					
	Subscribed capital		Capital reserve		Retained consolidated earnings	Reserve for foreign currency translation
	A division	S division	A division	S division		
Balance as of 31.12.2011	69,975	2,705	139,222	506	385,124	- 13,547
Restatement due to application of IAS 19R					1,926	
Balance as of 31.12.2011	69,975	2,705	139,222	506	387,050	- 13,547
Dividends					- 48,236	
Contributions to equity	74		1,856			
Change of consolidation method						
Acquisition/disposal of non-controlling interests in consolidated entities					- 53,633	
Total comprehensive income [1]					72,309	- 1,420
Other changes						
Balance as of 31.12.2012	70,048	2,705	141,078	506	357,489	- 14,967
Balance as of 31.12.2012	70,048	2,705	141,078	506	357,489	- 14,967
Dividends					- 48,777	
Total comprehensive income					54,293	- 3,860
Other changes						
Balance as of 31.12.2013	70,048	2,705	141,078	506	363,005	- 18,827

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Other comprehensive income				Parent company interests	Non-controlling interests	Total consolidated equity
Cash flow hedges	Actuarial gains/losses	Deferred taxes on changes recognised directly in equity	Other			
- 1,318	67,682	- 21,443	11,498	640,404	4,258	644,662
				1,926	34	1,959
- 1,318	67,682	- 21,443	11,498	642,330	4,292	646,621
				- 48,236	- 3,654	- 51,890
				1,930	0	1,930
543	- 18	- 169		355	- 4,029	- 3,673
				- 53,633	- 37,367	- 91,000
- 43	- 71,617	23,074	135	22,438	39,293	61,730
	85	14	- 81	17	65	82
- 818	- 3,868	1,475	11,552	565,200	- 1,401	563,800
- 818	- 3,868	1,475	11,552	565,200	- 1,401	563,800
				- 48,777	- 2,946	- 51,723
318	16,651	- 5,439	23	61,985	26,038	88,023
				0	5	5
- 500	12,783	- 3,964	11,575	578,409	21,696	600,105

Consolidated
Financial Statements

Statement of Changes in Equity HHLA Subgroup Port Logistics (A division)

in € thousand; annex to the notes

	Parent company			
	Subscribed capital	Capital reserve	Retained consolidated earnings	Reserve for foreign currency translation
Balance as of 31.12.2011	69,975	139,222	367,967	- 13,547
Restatement due to application of IAS 19R			1,907	
Balance as of 31.12.2011	69,975	139,222	369,874	- 13,547
Dividends			- 45,532	
Contributions to equity	74	1,856		
Change of consolidation method				
Acquisition/disposal of non-controlling interests in consolidated entities			- 53,633	
Total comprehensive income [1]			66,443	- 1,420
Other changes				
Balance as of 31.12.2012	70,048	141,078	337,152	- 14,967
Balance as of 31.12.2012	70,048	141,078	337,152	- 14,967
Dividends			- 45,532	
Total comprehensive income subgroup			48,272	- 3,860
Other changes				
Balance as of 31.12.2013	70,048	141,078	339,892	- 18,827

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Statement of Changes in Equity HHLA Subgroup Real Estate (S division)

in € thousand; annex to the notes

Balance as of 31.12.2011
Restatement due to application of IAS 19R
Balance as of 31.12.2011
Dividends
Total comprehensive income subgroup[1]
Balance as of 31.12.2012
Plus income statement consolidation effect
Less balance sheet consolidation effect
Total effects of consolidation
Balance as of 31.12.2012
Balance as of 31.12.2012
Dividends
Total comprehensive income subgroup
Balance as of 31.12.2013
Plus income statement consolidation effect
Less balance sheet consolidation effect
Total effects of consolidation
Balance as of 31.12.2013

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Other comprehensive income						
Cash flow hedges	Actuarial gains/losses	Deferred taxes on changes recognised directly in equity	Other	Parent company interests	Non-controlling interests	Total subgroup consolidated equity
- 1,318	65,827	- 20,845	11,498	618,779	4,258	623,037
				1,907	34	1,941
- 1,318	65,827	- 20,845	11,498	620,686	4,292	624,978
				- 45,532	- 3,654	- 49,186
				1,930	0	1,930
543	- 18	- 169		355	- 4,029	- 3,673
				- 53,633	- 37,367	- 91,000
- 43	- 70,437	22,694	135	17,371	39,293	56,664
	85	14	- 81	17	65	82
- 818	- 4,543	1,693	11,552	541,195	- 1,401	539,794
- 818	- 4,543	1,693	11,552	541,195	- 1,401	539,794
				- 45,532	- 2,946	- 48,478
318	16,014	- 5,233	23	55,534	26,038	81,573
				0	5	5
- 500	11,471	- 3,540	11,575	551,198	21,696	572,893

			Other comprehensive income		
Subscribed capital	Capital reserve	Retained consolidated earnings	Actuarial gains/losses	Deferred taxes on changes recognised directly in equity	Total subgroup consolidated equity
2,705	506	27,515	1,854	- 597	31,983
		19			19
2,705	506	27,534	1,854	- 597	32,002
		- 2,705			- 2,705
		5,633	- 1,179	380	4,832
2,705	506	30,463	675	- 217	34,131
		233			233
		- 10,358			- 10,358
		- 10,125			- 10,125
2,705	506	20,338	675	- 217	24,006
2,705	506	30,463	675	- 217	34,131
		- 3,245			- 3,245
		5,787	637	- 207	6,218
2,705	506	33,005	1,312	- 424	37,103
		233			233
		- 10,125			- 10,125
		- 9,892			- 9,892
2,705	506	23,113	1,312	- 424	27,212

Notes to the Consolidated Financial Statements

General Notes

1. Basic Information on the Group

The Group's ultimate parent company is Hamburger Hafen und Logistik Aktiengesellschaft, Bei St. Annen 1, 20457 Hamburg ('HHLA' or the 'Group'), registered in the Hamburg Commercial Register under HRB 1902. The holding company above the HHLA Group is HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg.

Since 1 January 2007, the HHLA Group has consisted of the Port Logistics subgroup (A division) and the Real Estate subgroup (S division). That part of the Group which deals with the property in Hamburg's Speicherstadt historical warehouse district and Fischmarkt Hamburg-Altona GmbH is allocated to the subgroup Real Estate (S division). All other parts of the company are allocated together to the subgroup Port Logistics (A division). Individual financial statements are prepared for each division to determine the shareholders' dividend entitlements; these, in line with the company's articles of association, form part of the Notes to the financial statements of the parent company.

Information concerning the segments in which the HHLA Group operates is provided in ► Note 44 'Notes to the Segment Report'.

When the shareholders' dividend entitlements are being determined, the expenses and income of HHLA which cannot be attributed directly to one subgroup are divided between the two subgroups according to their shares of revenue. All transfer pricing for services between the two subgroups takes place on an arm's length basis. Interest must be paid at market rates on liquid funds exchanged between the two subgroups. A notional taxable profit or loss is calculated for each subgroup to allocate the taxes paid. The resulting notional tax payment represents the amount of tax which would have been paid had each of the subgroups been separately liable for tax.

To illustrate the net assets, financial and earnings position of the subgroups, the annex to these Notes to the Consolidated Financial Statements contains the income statement, statement of comprehensive income, balance sheet, statement of changes in equity and cash flow statement for each subgroup.

HHLA's consolidated financial statements for the 2013 financial year were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as applicable in the European Union. Section 315a (1) of the German Commercial Code (HGB) and additional commercial law regulations were also taken into account. The IFRS requirements have been met in full and provide a true and fair view of the net assets, financial and earnings position of the Group.

For the most part, the accounting and valuation policies, notes and disclosures about the consolidated financial statements for the 2013 financial year are based on the same accounting and valuation principles used for the 2012 consolidated financial statements. Exceptions are the effects of new IFRS accounting standards stated in ► Note 5. Use of the latter became mandatory for the Group on 1 January 2013. The accounting and valuation principles applied are explained in ► Note 6.

The financial year as reported by HHLA and its consolidated subsidiaries is the calendar year. The consolidated financial statements and the disclosures in the Notes have been prepared in euros. Unless otherwise stated, all amounts are in thousands of euros (€ thousand). Due to the use of rounding procedures it is possible that some figures do not add up to the stated sums.

These HHLA consolidated financial statements for the financial year ending 31 December 2013 were approved by the Executive Board on 4 March 2014 for presentation to the Supervisory Board. It is the Supervisory Board's responsibility to examine the consolidated financial statements and to state whether or not it approves them.

2. Consolidation Principles

The consolidated financial statements include the financial statements of HHLA and its subsidiaries as of 31 December of each financial year. The assets and liabilities of the domestic and foreign companies consolidated in full, pro rata or using the equity method are recognised in accordance with the uniform accounting principles applied in the HHLA Group.

Capital is consolidated at the time of acquisition by setting off the acquisition costs of the investment against the pro rata fair values of the assets acquired and the liabilities and contingent liabilities assumed. Previously unreported intangible assets which can be included in the accounts under IFRS 3 (revised) in conjunction with IAS 38, and contingent liabilities are recognised at fair value.

Any positive difference arising in the course of this initial consolidation is capitalised as goodwill and subjected to an annual impairment test. Following a critical assessment, any negative difference is posted to profit and loss. For a detailed explanation of the impairment testing procedure used, please refer to ► Notes 6 and 7.

Equity interests held by third parties outside the Group are shown in the balance sheet under the item non-controlling interests within equity capital.

The acquisition of additional non-controlling interests in consolidated companies is treated as an equity transaction in line with the entity concept and therefore set off directly against equity.

Gains or losses from the disposal of non-controlling interests and/or minority interests in consolidated companies are likewise recognised directly in equity without effect on profit and loss insofar as the transaction does not lead to a loss of control. In the case of a loss of control, the remaining interests are measured at fair value or, if applicable, using the equity method.

The effects of intra-Group transactions are completely eliminated.

3. Group of Consolidated Companies

All significant subsidiaries which HHLA can control directly or indirectly are included in the consolidated financial statements. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The company is consolidated from the time when control can be exercised, and is no longer consolidated when control is no longer exercised by the parent company.

The group of consolidated companies at HHLA is made up as follows:

	Domestic	Foreign	Total
HHLA AG and fully consolidated companies			
1 January 2013	25	8	33
Mergers	- 1	0	- 1
31 December 2013	24	8	32
Companies consolidated pro rata			
1 January 2013	4	0	4
31 December 2013	4	0	4
Companies reported using the equity method			
1 January 2013	3	0	3
31 December 2013	3	0	3
Total	31	8	39

A complete list of the Group's equity investments in accordance with Section 313 (4) of the German Commercial Code (HGB) can be found in ► Note 48.

Interests in Joint Ventures

The Group has interests in joint ventures in the form of jointly managed companies. A joint venture is defined as a contractual agreement between two or more parties to carry on an economic activity which is subject to joint control. The partnership or consortium agreements governing joint ventures contain provisions which ensure joint control.

HHLA recognises its interests in joint ventures using the proportionate consolidation method, until such time as joint control of the entity by the Group ends. The Group combines its share of the joint ventures' assets, liabilities, income and expenses with the equivalent items in its consolidated financial statements.

If capital contributions are made to the joint venture or assets are sold to it, the economic substance of the transaction is taken into account when determining the Group's reported share of the gains or losses arising from the transaction. If the Group buys assets from a joint venture, the Group only recognises its share of the joint venture's profit on the transaction when it sells these assets to an independent third party.

The share of assets, liabilities, income and expenses attributable to the Group from joint ventures is as follows:

Balance sheet information

in € thousand	31.12.2013	31.12.2012 (restated)
Non-current assets [1]	16,367	15,702
Current assets	4,565	4,401
Total assets	20,932	20,103
Non-current liabilities [1]	9,339	8,630
Current liabilities [1]	7,536	7,057
Total liabilities	16,875	15,687

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Income statement information

in € thousand	2013	2012 (restated)
Income	21,479	62,212
Expenses [1]	- 18,884	- 53,057
Total	2,595	9,155

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Interests in Associated Companies

Companies designated as associated companies are those where the shareholder has a material influence. At the same time, it is neither a subsidiary nor an interest in a joint venture. A material influence is assumed when it is possible to be involved in the associated company's financial and commercial decisions without exercising a controlling influence. This is generally the case when 20 to 50 % of the voting rights are held, either directly or indirectly. Shares in associated companies are reported using the equity method. With the equity method, the shares in associated companies are first stated at acquisition cost. The shares' carrying amount then increases or decreases in line with the shareholder's interest in the associated company's results.

As from the acquisition date, HHLA's interest in the associated company's results is recorded in the income statement, while its interest in changes in equity is recorded directly in equity. These cumulative changes affect the carrying amount of the interest in the associated company. As soon as HHLA's share in the company's losses exceeds the carrying amount of the investment, however, HHLA records no further shares in the losses unless HHLA has entered into obligations to that effect or has made payments for the associated company.

Significant results from transactions between HHLA and the associated companies are eliminated in proportion to the interests held in the associated companies.

The following overview shows key items from the balance sheet and income statement of the companies accounted for using the equity method in relation to the interest held:

Balance sheet information

in € thousand	31.12.2013	31.12.2012
Assets	25,158	24,429
Liabilities	16,710	19,443

Income statement information

in € thousand	2013	2012
Revenue	16,008	17,210
Earnings from associates accounted for using the equity method	- 549	- 4,026

Company Acquisitions, Disposals and Other Changes to the Group of Consolidated Companies

In August 2013, the operative holding HHLA Intermodal GmbH, Hamburg, was retroactively merged with HHLA as of 1 January 2013. This had no effect on the present consolidated financial statements.

In December 2013, HHLA increased the nominal capital of Polzug Intermodal GmbH, Hamburg. This capital increase was financed by contributing all of HHLA's shares in HHLA Intermodal Polska Sp.z.o.o., Warsaw/Poland. Following this internal restructuring, Polzug Intermodal GmbH now holds all of the shares in HHLA Intermodal Polska. This amendment had no effect on these consolidated financial statements.

4. Foreign Currency Translation

Monetary assets and liabilities in separate financial statements for the consolidated companies which are prepared in a foreign currency are converted to local currency at the rate applicable on the balance sheet date. The resulting currency differences are recognised in the result for the period. Exceptions are currency differences from loans in foreign currencies used to secure a net investment in a foreign business. These are recognised directly in equity until the net investment is sold and only affect the result for the period on disposal of the net investment.

Non-monetary items held at historical cost in a foreign currency are translated at the applicable rate on the transaction date. Non-monetary items held at fair value in a foreign currency are translated at the rate applicable on the date fair value was measured.

Exchange rate gains and losses recognised in the income statement on foreign currency items resulted in a loss of € 121 thousand in the financial year (previous year: income of € 50 thousand).

The concept of functional currency according to IAS 21 is applied when translating all annual financial statements of foreign affiliates prepared in a foreign currency. As the subsidiaries in question are generally independent in terms of their financial, economic and organisational activities, the functional currency is the respective national currency. As of the balance sheet date, the assets and liabilities of these subsidiaries are converted to euros at the rate prevailing on the reporting date. Income and expenses are translated at the weighted average rate for the financial year. Equity components are converted at their respective historical rates. Any translation differences are recognised as a separate component of equity without effect on profit and loss. If Group companies leave the group of consolidated companies, the associated translation difference is reversed through profit and loss.

The main exchange rates used for currency translation are shown in the following table:

		Spot rate on = 1 EUR		Average annual rate = 1 EUR	
Currency	ISO code	31.12.2013	31.12.2012	2013	2012
Czech crown	CZK	27.427	25.151	25.965	25.168
Polish zloty	PLN	4.154	4.074	4.203	4.191
Ukrainian hryvnia	UAH	11.042	10.537	10.634	10.307
Georgian lari	GEL	2.389	2.183	2.215	2.139

5. Effects of New Accounting Standards

The following revised and new IASB/IFRIC standards and interpretations were mandatory for the first time in the financial year under review:

Standard	Content and Impact
Amendment to IAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	According to the amendment published in June 2011, the items recognised in other comprehensive income must be split into their various components and reported separately in future. The need for separate reporting depends on whether the recognised income and expenses will subsequently be reclassified – or 'recycled' – in the income statement. Presentation of this item has been amended. There were no further effects.
Amendment to IAS 19 Employee Benefits	As a result of the amendment to IAS 19 in June 2011, unexpected fluctuations in pension obligations and any plan assets – known as actuarial gains and losses – are recorded directly in other comprehensive income (OCI). The alternative method previously permitted, i. e. deferral using the corridor approach, was abolished. Moreover, income resulting from the interest expected to be received on plan assets is only recognised up to the discount rate. Other amendments affect the presentation and allocation of changes in net liabilities/assets arising from defined benefit plans and additional disclosure requirements concerning the characteristics and risks of such defined benefit plans. IAS 19 (revised) has also clarified the interpretive provisions for definition of termination benefits. In particular, this affects supplementary amounts for phased early retirement obligations. In future, these amounts will be collected pro rata – according to application note no. 1 from the Accounting Standards Committee of Germany (IFRS) – and will no longer be earmarked in full at the start of the commitment period. This amendment affected phased early retirement obligations in the consolidated financial statements, due to a requirement for more detailed information in the Notes. The following tables show the effects on the previous year's figures resulting from application of IAS 19R. Since HHLA did not apply the corridor method to calculate its pension obligations in the past, these obligations have not changed.
Amendment to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities	Following the addition to IAS 32 approved in December 2011 concerning the way in which the offsetting of financial assets and liabilities is presented, the associated additions to IFRS 7 have led to extensive disclosures in the Notes regarding set-off claims, particularly those which do not result in offsetting according to IFRS. This amendment has not had a significant effect on HHLA's consolidated financial statements.
IFRS 13 Fair Value Measurement	Through the standard published in May 2011, the IASB has summarised in a single standard the rules previously defined in various standards for calculation of fair value and the relevant disclosure requirements. This standard defines fair value and specifies a uniform measurement approach for financial and non-financial balance sheet items as well as additional disclosure requirements. Adoption of this new standard has resulted in more detailed Notes.
Annual Improvements 2009–2011 Cycle	This combined standard published in May 2012 contains amendments and clarifications which apply to various existing IFRS. These include IFRS 1 First-time Adoption of IFRS, IAS 1 Presentation of Financial Statements, IAS 16 Property, Plant and Equipment, IAS 32 Financial Instruments: Presentation and IAS 34 Interim Financial Reporting. These amendments did not have any significant effect on HHLA's consolidated financial statements.

The effects of the amended accounting standard IAS 19 (revised) are indicated below in relation to the previous year's income statement and balance sheet figures:

HHLA Group Income Statement

in € thousand	Note no.	2012 (before restatement)	Restatement due to amendment of IAS 19R	2012 (restated)
Personnel expenses	13	- 373,739	- 314	- 374,053
Interest expenses	16	- 39,277	91	- 39,186
Income tax	18	- 41,588	72	- 41,516

HHLA Group Balance Sheet

in € thousand	Note no.	31.12.2012 (before restatement)	Restatement due to amendment of IAS 19R	31.12.2012 (restated)	31.12.2011 (before restatement)	Restatement due to amendment of IAS 19R	31.12.2011 (restated)
Deferred taxes		42,826	- 861	41,965	22,243	- 934	21,309
Equity	35	561,990	1,808	563,800	644,662	1,959	646,621
of which retained earnings		355,690	1,799	357,489	385,124	1,926	387,050
of which attributable to non-controlling interests		- 1,411	9	- 1,401	4,258	34	4,292
Other non-current and current provisions	37	79,790	- 2,671	77,119	82,285	- 2,893	79,392
of which other non-current provisions		54,221	- 2,152	52,069	53,526	- 2,405	51,121
of which other current provisions		25,569	- 519	25,050	28,759	- 488	28,271

If HHLA had not adopted IAS 19R with effect as of 1 January 2013, the personnel expenses reported in the consolidated income statement for the past financial year would have been € 1,878 thousand lower and interest expenses would have been € 24 thousand higher. Income taxes would accordingly have been € 598 thousand higher.

Application of the following amendments to standards is voluntary for the financial year:

Standard	Content and Impact
IFRS 10 Consolidated Financial Statements	IFRS 10 Consolidated Financial Statements was published in May 2011 and supersedes the previously valid guidelines on control and consolidation in IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. Due to the new definition of control in IFRS 10, all companies are subject to the same criteria when identifying control relationships. IASB stipulates that IFRS 10 is mandatory for financial years which begin on or after 1 January 2013. It must be adopted in the EU by 1 January 2014. Early adoption is permitted. HHLA will not adopt this standard prematurely. This amendment is not expected to have a major impact on HHLA's future consolidated financial statements.
IFRS 11 Joint Arrangements	This standard was published by the IASB in May 2011. IFRS 11 replaced the previous regulations on accounting for joint ventures (IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities). The new standard provides accounting guidance for companies which exercise joint control over joint ventures or joint operations. The previous option of pro rata consolidation for joint ventures has been eliminated. Partners in a joint venture must henceforth use the equity method. IASB stipulates that IFRS 11 is mandatory for financial years which begin on or after 1 January 2013. It must be adopted in the EU by 1 January 2014. Early adoption is permitted. HHLA will not adopt this standard prematurely. This amendment is not expected to have a major impact on HHLA's future consolidated financial statements.
IFRS 12 Disclosure of Interests in Other Entities	According to the IFRS 12 standard published in May 2011, companies must disclose details which enable users of financial statements to assess the type of risks and financial consequences entailed in the company's interests in subsidiaries, associates, joint arrangements and non-consolidated structured companies (special-purpose entities). IFRS 12 applies to companies who produce balance sheets as per IFRS 10 and IFRS 11. The standard comprises the disclosure obligations currently contained in IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. IASB stipulates that IFRS 12 is mandatory for financial years which begin on or after 1 January 2013. Early adoption is permitted. HHLA will not adopt this standard prematurely. It must be adopted in the EU by 1 January 2014. Applying the standard is expected to lead to more detailed Notes in HHLA's consolidated financial statements.
Amendments to IFRS 10, IFRS 11 and IFRS 12	The amendments passed in June 2012 to IFRS 10, 11 and 12 clarified the transition guidance for first-time adoption of these standards. This guidance primarily provides relief for companies during the transition to the new standards. The amendments become effective together with these standards. According to the IASB, they must be adopted for financial years beginning on or after 1 January 2013. It must be adopted in the EU by 1 January 2014. These provisions are not expected to have a major impact on HHLA's future consolidated financial statements.
IAS 27 Separate Financial Statements (amended in 2011)	IAS 27 (amended in 2008) was revised in the course of publishing the IFRS 10, 11 and 12 standards. IFRS 10 replaces the portion of the previous IAS 27 (amended in 2008) which deals with consolidation. IAS 27 (amended in 2011) now deals solely with separate financial statements. The IASB stipulates that IAS 27 (amended in 2011) is mandatory for financial years which begin on or after 1 January 2013. Under EU law, the standard must be adopted by 1 January 2014. Early adoption is permitted. HHLA will not adopt this standard prematurely. This amendment has no effect on HHLA's consolidated financial statements.
IAS 28 Investments in Associates and Joint Ventures (amended in 2011)	When IFRS 11 Joint Arrangements was altered in May 2011, IAS 28 was amended at the same time. Joint ventures are now explicitly included in the current requirement to make exclusive use of the equity method. The regulations on material influence remained unchanged. Now, if an associate becomes a joint venture or vice versa, it is still reported using the equity method and no revaluation is conducted. IASB stipulates that IAS 28 is mandatory for financial years which begin on or after 1 January 2013. The standard will be mandatory in the EU as of 1 January 2014. Early adoption is permitted. HHLA will not adopt this standard prematurely. This amendment is not expected to have a major impact on HHLA's future consolidated financial statements.
IAS 32 Offsetting Financial Assets and Financial Liabilities	The IASB published these amendments in May 2011. They clarify the requirements for offsetting financial assets and liabilities in a balance sheet. An offsetting claim must be legally enforceable for all of the parties both through normal business and in the case of insolvency. Furthermore, it must already apply on the reporting date. This standard specifies the systems which may be considered as involving a net settlement as defined by the standard, within the scope of a gross settlement. The standard is mandatory for financial years beginning on or after 1 January 2014. Early adoption is possible, but HHLA has not opted for this. This amendment will not have any significant effect on the presentation of the financial statements. In individual cases, it may lead to more detailed Notes.
IAS 36 Impairment of Assets: Recoverable Amounts Disclosures for Non-Financial Assets (amended in 2013)	Through the amendments to IAS 36 published in May 2013, the IASB has restricted mandatory disclosure of the recoverable amount. However, at the same time it has increased the information required in the Notes in the case of an impairment or reversal. Adoption of the amendments to IAS 36 is mandatory for financial years beginning after 31 December 2013. Early adoption is permitted. HHLA has chosen not to adopt the new rules early. HHLA is reviewing the effects on its financial statements.
IAS 39 Financial Instruments: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting (amended in 2013)	Due to the amendment to IAS 39 published in June 2013, on account of legal requirements in certain circumstances novation of a hedging instrument to a central counterparty ('clearing counterparty') will not lead to the reversal of a hedging relationship. The standard is mandatory for financial years beginning after 31 December 2013. Early adoption is possible, but HHLA has not opted for this. HHLA is reviewing the effects on its financial statements.

The following IASB standards and interpretations have not yet been adopted by the EU and have not been applied:

Standard	Content and Impact
IFRS 9 Financial Instruments	IFRS 9 is intended to fully replace the current accounting standard for reporting financial instruments, IAS 39 Financial Instruments: Recognition and Measurement. A mandatory adoption date will only be provided following completion of the overall IFRS 9 project. HHLA is currently reviewing the effects of IFRS 9 on its consolidated financial statements.
Amendment to IAS 19 Defined Benefit Obligations: Employee Contributions	The amendments published in November 2013 clarify several rules in IAS 19R. The company will continue to deduct from the service cost contributions made by employees themselves or by third parties for units which the company has undertaken to provide. This is subject to the condition that the value of contributions is independent of the employee's number of years of service. These amendments are mandatory for financial years which begin on or after 1 July 2014. Early adoption is permitted. This clarification will not have any effect on the consolidated financial statements.
IFRIC 21 Levies	This interpretation published in May 2013 clarifies when a company is required to recognise a liability insofar as the competent authorities have imposed a corresponding levy on it. According to the IASB, this standard is mandatory for financial years beginning on or after 1 January 2014. It has not yet been endorsed in EU law. This interpretation is not expected to influence HHLA's future consolidated financial statements.
Annual Improvements 2010–2012 Cycle	The annual improvements published in December 2013 affect the following standards: IFRS 2 Share-based Payment, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets. These amendments apply for reporting years which begin on or after 1 July 2014. Early adoption is permitted. HHLA does not expect these changes to have any significant effect on its consolidated financial statements.
Annual Improvements 2011–2013 Cycle	The annual improvements published in December 2013 relate to the following standards: IFRS 1 First-time Adoption of IFRS, IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property. These amendments are mandatory for reporting years which begin on or after 1 July 2014. Early adoption is permitted. HHLA does not expect these changes to have any significant effect on the Group.

The following standards and interpretations are not relevant for HHLA's consolidated financial statements:

Standard	Content and Impact
Amendments to IFRS 1	First-time Adoption of IFRS (Government Loans)
	First-time Adoption of IFRS (Severe Hyperinflation and Removal of Fixed Dates)
IFRS 10, IFRS 12, IAS 27	Investment Companies
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

6. Accounting and Valuation Principles

The annual financial statements of the companies included in the consolidated financial statements are based on uniform accounting and valuation principles. The following specific accounting and valuation principles were applied.

Intangible Assets

Intangible assets are capitalised if the assets are identifiable, a future inflow of benefits can be expected and the acquisition and production costs can be ascertained reliably. Intangible assets acquired in return for payment are recognised at historical cost. Intangible assets with a finite useful life are amortised over their useful life on a straight-line basis. The Group examines its intangible assets with a finite useful life as of each balance sheet date for signs of impairment.

Intangible assets with an indefinite useful life are subjected to an impairment test at least once a year. If necessary, value adjustments are made to reflect future expectations. In the reporting period there were no intangible assets with an indefinite useful life apart from derivative goodwill.

Internally generated intangible assets are recognised at the costs incurred in their development phase between the time when technological and economic feasibility is determined and production. Costs include all directly attributable costs incurred during the development phase.

The capitalised amount of development costs is subject to an impairment test at least once per year if the asset is not yet in use or if there is evidence of impairment during the course of the year.

The following useful lives have been assumed for intangible assets:

	2013	2012
Software	3–7 years	3–7 years

Property, Plant and Equipment

Property, plant and equipment is reported at the acquisition or production cost less accumulated depreciation, amortisation and impairment. The costs of ongoing maintenance are recognised immediately in profit and loss. The production costs include specific expenses and appropriate portions of attributable production overheads. Demolition obligations are included in the acquisition or production costs at the present value of the obligation as of the time when it arises and an equivalent provision is recognised at the same time. The HHLA Group does not use the revaluation method of accounting.

Depreciation is carried out on a straight-line basis over an asset's useful life. The following table shows the principal useful lives which are assumed:

	2013	2012
Buildings	10–70 years	10–70 years
Technical equipment and machinery	5–25 years	5–25 years
Other plant, operating and office equipment	3–15 years	3–15 years

The carrying amounts for property, plant and equipment are tested for impairment if there is evidence that the carrying amount exceeds the recoverable amount.

Borrowing Costs

According to IAS 23, borrowing costs which can be directly attributed to the acquisition or production of a qualifying asset are capitalised as a component of the acquisition or production cost of the asset in question. Borrowing costs which cannot be directly attributed to a qualifying asset are recognised as an expense at the time they are incurred.

Investment Property

Investment property consists of buildings held for the purpose of generating rental income or for capital gain, and not for supplying goods or services, for administrative purposes or for sale as part of normal business operations.

IAS 40 stipulates that investment property be held at acquisition or production cost less accumulated depreciation and accumulated impairment losses. Subsequent expenses are capitalised if they result in an increase in investment property's value in use. The useful lives applied are the same as those for property used by the Group.

The fair values of these properties are disclosed separately in ► Note 24.

The carrying amounts for investment property are tested for impairment if there is evidence that the carrying amount exceeds the recoverable amount.

Impairment of Assets

As of each balance sheet date the Group determines whether there are any indications that an asset may be impaired. If there are such indications, or if an annual impairment test is required, as in the case of goodwill, the Group estimates the recoverable amount. This corresponds to the higher of the fair value of the asset or the cash-generating unit, less selling costs and its value in use. The recoverable amount must be determined for each asset individually unless the asset does not generate cash inflows which are largely independent of those generated by other assets or groups of assets. In this case the recoverable amount of the smallest cash-generating unit (CGU) must be determined. If the carrying amount of an asset exceeds its recoverable amount, the asset is deemed to be impaired and is written down to its recoverable amount. The fair value less selling costs and value in use of the cash-generating unit or asset is calculated using the discounted cash flow method. This involves discounting estimated future cash flows to their present value using a discount rate after tax which reflects current market expectations of the interest curve and the specific risks of the asset. As of the balance sheet date, the interest rate for discounting was between 6.6 and 8.1 % p. a. (previous year: 6.8 to 7.6 % p. a.). The cash flow forecasts in the Group's current plans for the next five years were extrapolated to determine future cash flows. If new information is available when the financial statements are produced, it is taken into account. Growth factors of 0.0 to 1.0 % are applied. When forecasting cash flows the Group takes future market and sector expectations as well as past experience into account in its planning.

On each reporting date an assessment is made as to whether an impairment loss recognised in prior periods no longer exists or has decreased. If there are such indications, the recoverable amount is estimated. Previously recognised impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is raised to its recoverable amount. This higher carrying amount may not exceed the amount which would have been determined, less scheduled depreciation or amortisation, if no impairment losses had been recognised in prior years. Any such reversals must be recognised immediately in profit and loss for the period. Following a reversal, the amount of depreciation or amortisation must be adjusted in subsequent periods in order to write down the adjusted carrying amount of the asset, less any residual value, systematically over its remaining useful life.

Impairment losses on goodwill are not reversed.

Financial Assets

Financial assets as defined by IAS 39 are classified as financial assets at fair value through profit and loss, loans and receivables, investments held to maturity or available-for-sale financial assets.

Financial assets are initially recognised at fair value. In the case of financial investments for which no fair value through profit and loss is determined, directly attributable transaction costs are also included. The Group defines the classification of its financial assets on initial recognition and reviews this classification every year insofar as this is permitted and appropriate.

Financial assets are measured as of their settlement date, i.e. upon delivery and transfer of risk. The only exception is the measurement of derivatives, which are measured as of the trading day.

Financial Assets Measured at Fair Value through Profit and Loss

Derivative financial instruments are classified as held for trading unless they are derivatives designated and effective as hedging instruments. Gains or losses from financial assets held for trading are recognised in profit and loss.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. These assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the result for the period when the loans and receivables are derecognised or impaired and within the scope of repayment.

This category generally also includes trade receivables, receivables from related parties and other financial receivables. These items are recognised at amortised cost less allowances for doubtful receivables. Write-downs are made if there is substantial objective evidence that the Group will not be able to collect the receivables. Receivables are derecognised as soon as they are deemed to be irrecoverable. Examples of objective evidence are manifest shortages of liquid funds or the institution of insolvency proceedings against a customer. When assessing such situations, HHLA draws on its own data about the specific customer, external information and figures derived from experience.

Cash, cash equivalents and short-term deposits also included in this category comprise cash in hand, cheques, bank balances on deposit and short-term bank deposits which have a maturity of up to six months and which are recognised at their face value. Cash used as a pledge or collateral is disclosed separately.

Financial Investments Held to Maturity

Non-derivative financial assets involving fixed or determinable payment amounts and fixed maturities are classified as financial investments held to maturity if the Group intends, and is able, to hold these investments to maturity. During the financial years ending 31 December 2013 and 2012, the Group did not have any financial investments held to maturity.

Available-for-Sale Financial Assets

Following their initial recognition, available-for-sale financial assets are measured at fair value on each balance sheet date. The gains or losses arising as a result are taken directly to equity, where they are recorded in a separate reserve. The reserve is reversed through profit and loss on disposal of the financial asset. If impairment losses are recorded based on objective evidence of impairment as per IAS 39.59 rather than valuation-based considerations alone, the impairment must be recognised in the income statement.

The fair values of financial instruments traded on organised markets are determined by reference to the prices quoted on the stock exchange on the balance sheet date. The fair values of financial instruments for which there is no active market are estimated using valuation methods. If the fair values cannot be determined reliably because they are not traded on an active market, they are valued at cost. This applies in particular to non-consolidated interests in affiliated companies and other equity investments.

Impairment of Financial Assets

On each balance sheet date the Group determines whether a financial asset or a group of financial assets is impaired.

Assets Carried at Amortised Cost

If there is an objective indication of impairment to loans and receivables carried at amortised cost, the loss is calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows (excepting future credit defaults), discounted by the original effective interest rate of the financial asset (i.e. the interest rate determined on initial recognition). The amount of the loss must be recognised immediately in profit and loss. If the amount of the write-down decreases in one of the following reporting periods and this decrease can be ascribed objectively to circumstances occurring after the impairment was recognised, then the earlier impairment is reversed. A subsequent write-up is recognised in profit and loss if the carrying amount of the asset at the time of the write-up does not exceed the amortised cost.

Assets Recognised at Cost

If there is an objective indication of impairment to a non-listed equity instrument that is not recognised at fair value because its fair value cannot be determined reliably, the amount of the write-down is the difference between the carrying amount of the financial asset and the present value of the estimated future cash flows, discounted at the current market rate of return for a comparable financial asset.

Available-for-Sale Financial Assets

If an available-for-sale financial asset is impaired, the difference recognised in equity between the acquisition cost (less any repayments and amortisation) and the current fair value, less any impairment allowances for the financial asset, is recognised in profit and loss. Write-ups on equity instruments classified as available for sale are recognised directly in equity. Write-ups on debt instruments are recognised in profit and loss if the increase in the instrument's fair value can objectively be ascribed to an event which occurred after the impairment was recognised through profit and loss.

Inventories

Inventories include raw materials, consumables and supplies, work in progress and finished products and merchandise. They are initially recognised at acquisition or production cost. Measurement at the balance sheet date is made at the lower of cost and net realisable value. Standard sequence of consumption procedures are not used for valuation. Service work in progress is valued using the percentage of completion method if the result of the service transaction can be estimated reliably. Net realisable value corresponds to the estimated sales proceeds in the course of normal operations, less costs until completion and sale.

Liabilities

At initial recognition, financial liabilities are measured at the fair value of the equivalent goods or services received less transaction costs related to borrowing, including discounts and premiums.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method.

This does not apply to derivatives recorded as liabilities, which are carried at fair value.

Provisions

A provision is formed if the Group has a present (legal or factual) obligation arising from past events, the settlement of which is likely to result in an outflow of resources embodying economic benefits, and if the amount required to settle the obligation can be estimated reliably. The provision is formed for the amount expected to be necessary to settle the obligation, including future increases in prices and costs. If the Group anticipates a partial reimbursement of an amount made as a provision (e.g. in the case of insurance), the reimbursement is recognised as a separate asset only if it is virtually certain. The expenses arising from making the provision are disclosed in the income statement after the reimbursement has been deducted. If the interest effect is substantial, non-current provisions are discounted before tax at an interest rate which reflects the specific risks associated with the liability. In the event of discounting, the increase in the amount of the provision over time is recognised under interest expenses.

Pensions and Other Retirement Benefits

Pension Obligations

Pensions and similar obligations include the Group's benefit obligations under defined benefit obligations. Provisions for pension obligations are calculated in accordance with IAS 19R using the projected unit credit method. Actuarial gains and losses are recognised in accumulated other equity without affecting profit and loss, after accounting for deferred taxes. Service cost recognised in profit and loss is recorded in personnel expenses and the interest portion of the addition to provisions is reported in the financial result.

Actuarial opinions are commissioned annually to measure pension obligations.

Phased Early Retirement Obligations

The compensation to be paid in the release phase of the so-called block model is recognised as provisions for phased early retirement. It is recognised pro rata over the working period over which the entitlements accrue. Since 1 January 2013, as per IAS 19R, provisions for supplementary contributions may only be made pro rata for the service period, which normally ends at the start of the passive phase. It is no longer possible to recognise a settlement amount in full as a provision at the beginning of the accumulation period as before. Due to this amendment of the standard, the figures for the previous year have been retrospectively restated. These restatements are summarised in ► Note 5.

Actuarial opinions are commissioned annually to measure compensation obligations in the release phase of the block model and supplementary amounts.

If payment obligations do not become payable until after twelve months' time because of entitlements in the block model or supplementary amounts, they are recognised at their present value.

Leases in Which the Group is Lessee

The question of whether an agreement is, or contains, a lease depends on the commercial content of the agreement and requires an assessment as to whether fulfilling the agreement depends on the use of a certain asset or assets and whether the agreement grants a right to use that asset.

Finance Leases

Finance leases – in which virtually all of the risks and potential rewards associated with ownership of an asset are transferred to the Group – are capitalised at the start of the lease at the lower of the leased asset's fair value or the present value of the minimum lease payments. A lease liability is recognised for the same amount. Lease payments are divided into financing expenses and repayment of the lease liability, so that interest is paid on the residual carrying amount of the lease liability at a constant rate. Financing expenses are recognised in profit and loss in the period in which they arise.

If the transfer of title to the Group at the end of the lease term is not sufficiently certain, capitalised leased assets are fully depreciated over the shorter of the lease term and the asset's useful life. Otherwise, the period of depreciation is the leased asset's useful life.

Operating Leases

Lease instalments for operating leases are recognised as expenses in profit and loss on a straight-line basis over the duration of the lease.

Leases in Which the Group is Lessor

The HHLA Group lets properties in and around the Port of Hamburg as well as office properties, warehouses and other commercial space. The rental contracts are classified as operating leases, as the main risks and potential rewards of the properties remain with the Group. The properties are therefore held as investment properties at amortised cost.

Rental income from investment properties is recognised on a straight-line basis over the term of the leases.

Recognition of Income and Expenses

Income is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be determined reliably. The following criteria must also be met for income to be recognised:

Sale of Goods and Merchandise

Income is recognised when the principal risks and potential rewards incidental to ownership of the goods and merchandise sold have been transferred to the buyer.

Provision of Services

Income from services is recognised in proportion to the progress of the project in question. The extent to which the service has been provided is determined by the number of hours worked as of the balance sheet date as a percentage of the total number of hours estimated for the project. If the result of a service transaction cannot be estimated reliably, income is recognised only to the extent that the expenses incurred are eligible for reimbursement.

Interest

Interest income and interest expenses are recognised when they are accrued or incurred.

Dividends

Income from dividends is recognised in profit and loss when the Group has a legal right to payment. This does not apply to dividends distributed by companies accounted for using the equity method.

Income and Expenses

Operating expenses are recognised when the service is rendered or when the expense is incurred. Income and expenses resulting from identical transactions or events are recognised in the same period. Rental expenses are recognised on a straight-line basis over the lease term.

Government Grants

Government grants are recognised when there is reasonable certainty that they will be granted and the company fulfils the necessary conditions. Grants paid as reimbursement for expenses are recognised as income over the period necessary to offset them against the expenses for which they are intended to compensate. If grants relate to an asset they are deducted from the asset's cost of purchase and recognised in profit and loss on a straight-line basis by reducing the depreciation for the asset over its useful life.

Taxes

Current Claims for Tax Rebates and Tax Liabilities

Current claims for tax rebates and tax liabilities for the financial year and prior periods are measured at the amount for which a rebate is expected from, or payment must be made to, the tax authorities. The tax rates and tax legislation in force as of the balance sheet date are used to determine the amount.

Deferred Taxes

Deferred taxes are recognised by using the balance sheet liabilities method on all temporary differences between the carrying amount of an asset or liability in the balance sheet and the amount for tax purposes, as well as on tax loss carry-forwards.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences and unused tax loss carry-forwards proportionate to the probability that taxable income will be available to offset against the deductible temporary differences and the unused tax loss carry-forwards.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer likely that sufficient taxable profits will be available to use against the deferred tax asset. Unrecognised deferred tax assets are reviewed on each balance sheet date and recognised proportionate to the likelihood that future taxable profits will make it possible to use deferred tax assets.

Deferred tax assets and liabilities are measured using the tax rates expected to apply in the period in which the asset is realised or the liability is met. Tax rates (and tax regulations) are applied if they have already been enacted as of the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity, likewise not affecting net income.

Deferred tax assets and liabilities are netted only if the deferred taxes relate to income taxes for the same tax authority and the current taxes may also be set off against one another.

Fair Value of Financial Instruments

The fair value of financial instruments is determined on the basis of market values or valuation methods. For cash and other current primary financial instruments, fair value is equivalent to the carrying amounts on the respective balance sheet dates. For non-current receivables and other financial assets as well as non-current liabilities, fair value is measured on the basis of expected cash flows, using reference rates of interest at the balance sheet date. The fair value of derivative financial instruments is determined on the basis of reference interest rates and futures prices at the balance sheet date.

Derivative Financial Instruments and Hedging Transactions

The Group can use derivative financial instruments such as interest rate swaps, interest rate caps and currency futures to hedge against interest and currency risks. These derivative financial instruments are initially recognised at fair value at the time the contracts are concluded and subsequently revalued at fair value.

Gains and losses from changes in the fair value of derivative financial instruments which do not meet the criteria for qualification as hedging transactions are recognised immediately through profit and loss.

For hedge accounting purposes, hedging instruments are classified as cash flow hedges if they serve as a hedge against risks arising from fluctuations in cash flows which can be attributed to a recognised asset or liability, or a forecast transaction.

A hedge for the currency risk of a fixed obligation is treated as a cash flow hedge.

At the beginning of a hedging relationship, the Group formally designates the hedging relationship to be recognised as a hedging transaction, as well as the risk management aims and strategies relating to the hedge, and documents them. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and a description of how the company will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. These hedging relationships are considered to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk. The hedges are assessed on an ongoing basis to determine whether they were actually highly effective throughout the financial reporting period for which the hedge was designated.

There were no hedging transactions to hedge fair value or net investments in a foreign operation during the reporting period. Cash flow hedges which meet the strict criteria for recognition as hedging relationships are recognised as follows:

Cash Flow Hedges

The effective portion of gains or losses from changes in the fair value of a hedging instrument is recognised directly in equity, taking account of the deferred taxes, while the ineffective portion is recognised in profit and loss.

The amounts recognised in equity are recorded in the income statement in the period affected by the hedged transaction, e. g. when the hedged financial income or expense affects profit and loss or when a forecast sale or purchase occurs. If the hedged transaction is the acquisition cost of a non-financial asset or a non-financial liability, the amounts recognised in equity are added to the originally recognised carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, the amounts previously taken to equity are recognised in profit and loss for the period. If the hedging instrument expires, or is sold, terminated or exercised without being replaced or one hedging instrument being rolled over into another, or if the Group withdraws the designation as a hedging instrument, the amounts previously taken to equity remain separately recognised in equity until the forecast transaction occurs.

7. Significant Assumptions and Estimates

Preparing the consolidated financial statements in accordance with IFRS requires management to make estimates and assess individual facts and circumstances. The estimates made are based on past experience and other relevant factors and on a going concern basis.

The amounts which actually arise may differ from those resulting from estimates and assumptions.

The accounting and valuation principles applied are explained in ► Note 6. Material assumptions and estimates affect the following issues:

Business Combinations

The fair value of the assets acquired and liabilities and contingent liabilities assumed as a result of business combinations must be estimated. For this purpose HHLA either makes use of opinions from independent external experts or calculates the fair value internally using suitable calculation models. These are normally based on discounted cash flows. Depending on the nature of the assets or the availability of information, market price, capital value and cost-oriented valuation methods are applied.

Goodwill

The Group tests goodwill for impairment at least once a year. This requires an estimate of the fair value less selling costs or the value in use of the cash-generating units to which the goodwill has been allocated. To estimate the fair value or value in use, the Group must forecast the likely future cash flows from the cash-generating unit and also choose an appropriate discount rate with which to calculate the present value of these cash flows. Unforeseeable changes may mean that the assumptions used during planning are no longer appropriate, making it necessary to adjust plans. An impairment loss may be incurred as a result. As of 31 December 2013, the carrying value of the goodwill reported was €38,691 thousand (previous year: €38,691 thousand). For more information, please refer to ► Note 22.

Internal Development Activities
These activities relate to the development of software within the Group, which are capitalised as soon as the recognition requirements pursuant to IAS 38.57 are fulfilled. HHLA amortises the software over the expected useful life of three to seven years from the point that the software comes into use. As of 31 December 2013, the carrying amount of intangible assets resulting from internal development activities came to € 25,324 thousand (previous year: € 26,452 thousand). For more information, please refer to ► Note 22.

Investment Property
Fair values for investment property must be indicated in the Notes. HHLA carries out its own calculations to determine the fair value of this property. Industry-standard discounted cash flow methods are applied. The calculations are based on assumptions about applicable interest rates and the amount and time-frame of expected future cash flows which these assets can generate. As of 31 December 2013, the carrying amount came to € 184,256 thousand (previous year: € 180,851 thousand). Detailed information is available in ► Note 24.

Pension Provisions
Actuarial opinions are commissioned annually to determine pension obligation costs. These calculations include assumptions about demographic changes, salary and pension increases, and interest, inflation and fluctuation rates. Because these assumptions are long-term in nature, the observations are assumed to be characterised by material uncertainties. As of 31 December 2013, the present value of the company's pension obligations was € 366,407 thousand (previous year: € 384,235 thousand). More detailed information is available in ► Note 36.

Provisions for Phased Early Retirement
All employees who have signed, or are expected to sign, an agreement are taken into consideration when recognising and measuring provisions for phased early retirement. The number of employees expected to sign is an estimate. The appraisal reports are also based on actuarial assumptions. As of 31 December 2013, the present value of the company's obligations was € 5,345 thousand (previous year, following retrospective restatement due to adoption of IAS 19R: € 6,908 thousand). For more information, please refer to ► Notes 5 and 37.

Demolition Obligations
Provisions for demolition obligations result from obligations to be met at the end of the lease term under long-term lease agreements with the Free and Hanseatic City of Hamburg. All HHLA Group companies in the Port of Hamburg are obliged to return leased land free of all buildings owned by them at the end of the lease term. The calculations are based on assumptions concerning the amount of demolition work necessary, interest rates and inflation. As of 31 December 2013, the present value of these obligations was € 44,929 thousand (previous year: € 41,492 thousand). For more information, please refer to ► Note 37.

Non-Current and Current Financial Liabilities
This item includes, amongst other things, financial settlement obligations to shareholders with non-controlling interests in consolidated subsidiaries. These liabilities stem from a profit and loss transfer agreement that HHLA has concluded with a subsidiary which entitles shareholders with non-controlling interests to receive financial settlements. Liabilities from financial settlement obligations are carried at amortised cost and entered in the balance sheet at their discounted amount on the reporting date. The parameters used to calculate this amount are subject to significant uncertainties which can cause figures to fluctuate accordingly. On 31 December 2013, the present value of these obligations was € 58,380 thousand (previous year: € 77,043 thousand). For a more detailed explanation, please refer to ► Notes 35 and 38.

Calculation of Fair Value
The Group regularly verifies its calculation of the fair value of financial and non-financial assets and liabilities.

The Group also regularly reviews key unobservable input factors and makes valuation adjustments. Wherever possible, the Group uses information which may be observed on the market to determine the fair value of an asset or liability. On the basis of the input factors used in the valuation methods, the resulting figures are classified using the levels of the fair value hierarchy:

Level 1: Listed prices (non-adjusted) on active markets for identical assets and liabilities

Level 2: Valuation parameters which do not involve the listed prices included in level 1 but which are observable for the asset or liability either directly (i.e. as a price) or indirectly (i.e. as determined through prices)

Level 3: Valuation parameters for assets or liabilities which are not based on observable market data

The Group records any transfers between the various levels of the fair value hierarchy at the end of the reporting period in which the amendment was made.

For details of the valuation methods and input parameters used to determine the fair value of the various assets and liabilities, please see ► Notes 24 and 47.

Notes to the Income Statement

8. Revenue

Detailed information about revenue can be found in the segment report and the Notes to the Segment Report in ► Note 44.

9. Changes in Inventories

Inventories changed as follows:

in € thousand	2013	2012
Changes in inventories of finished and unfinished products and service work in progress	- 742	1,711

10. Own Work Capitalised

Own work capitalised was as follows:

in € thousand	2013	2012
Own work capitalised	7,914	9,029

Own work capitalised results mainly from technical work capitalised in the course of construction work and development activities.

11. Other Operating Income

Other operating income was made up as shown below:

in € thousand	2013	2012
Income from reimbursements	7,689	8,219
Proceeds on disposal of property, plant and equipment	6,407	559
Income from other accounting periods	5,064	6,267
Income from reversal of other provisions	3,354	2,711
Income from exchange rate differences	2,798	1,865
Income from compensation	1,622	2,293
Income from the realignment of intermodal activities	0	17,595
Other operating income	9,464	8,780
	36,398	48,289

Income from reimbursements related primarily to costs which were passed on in connection with leases.

Proceeds on the disposal of property, plant and equipment include an accounting gain from the disposal of non-current assets held for sale amounting to approx. €5 million.

Income from other accounting periods includes uninvoiced construction services and other minor individual items.

The income reported in the previous year due to the realignment of Intermodal activities mainly resulted from the disposal of the 50 % share in TFG to Deutsche Bahn in the second quarter of 2012. This generated a profit of € 16,624 thousand. The equity interest had previously been consolidated pro rata.

12. Cost of Materials

The cost of materials can be broken down as follows:

in € thousand	2013	2012
Raw materials, consumables and supplies	87,561	83,239
External staff	216	169
Purchased services	289,875	282,888
	377,653	366,296

The expenses for purchased services mainly consisted of rail services purchased by the Intermodal segment.

13. Personnel Expenses

Personnel expenses were as follows:

in € thousand	2013	2012 (restated)
Wages and salaries [1]	275,397	267,270
Social security contributions and benefits	51,829	49,033
Staff deployment	61,047	53,122
Service expense	6,502	3,839
Other retirement benefit expenses	458	789
	395,232	374,053

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

The direct remuneration paid to members of the Executive Board totalled €2,970 thousand for the financial year 2013 (previous year: €3,127 thousand). For more details on the remuneration paid to the Executive Board and the Supervisory Board, please refer to ► Note 48.

Expenses for wages and salaries from the termination of employment totalled €827 thousand in the year under review (previous year: €325 thousand).

Service expense includes payments from defined benefit pension commitments and similar obligations.

Social security contributions include payments towards the public pension scheme amounting to €25,333 thousand (previous year: €24,656 thousand) and payments to the German pension insurance scheme.

The average number of employees changed as follows:

	2013	2012
Fully consolidated companies		
Employees receiving wages	2,396	2,470
Salaried staff	2,375	2,109
Trainees	133	131
	4,904	4,710
Proportionately consolidated companies		
Employees receiving wages	46	50
Salaried staff	22	59
Trainees	1	0
	69	109
	4,973	4,819

Employee Stock Purchase Plan

In April 2012, HHLA carried out a capital increase from authorised capital I. The capital was increased in exchange for cash contributions while excluding the subscription rights of shareholders in the Port Logistics subgroup. In the process, 73,508 new no-par bearer Class A shares, each with a share of €1.00 in the nominal capital, were issued to employees of the company and of the domestic companies affiliated to it. The issue price was €26.25.

14. Other Operating Expenses

Other operating expenses were made up as shown:

in € thousand	2013	2012
Leasing	48,241	43,954
External maintenance services	39,763	38,260
Consultancy, services, insurance and auditing expenses	29,693	31,945
Expenses from exchange rate differences	3,289	1,942
External and internal cleaning costs	2,626	2,404
Travel expenses, advertising and promotional costs	2,596	2,648
Expenses from other accounting periods	2,277	1,954
Other taxes	2,170	2,275
Other personnel expenses	1,651	1,701
Postage and telecommunications costs	1,554	1,713
Losses on the disposal of property, plant and equipment	1,497	2,184
Venture expenses	1,447	1,931
Other	8,188	7,115
	144,991	140,026

See ► Note 45 for further details of leasing expenses.

15. Depreciation and Amortisation

Depreciation and amortisation in the financial year was as follows:

in € thousand	2013	2012
Intangible assets	9,866	8,632
Property, plant and equipment	97,305	97,647
Assets classified as finance leases	6,959	6,337
Investment property	8,801	8,617
	122,931	121,233

A classification of the depreciation and amortisation by asset category is shown in the fixed asset movement schedule. Impairment losses totalling €1,267 thousand (previous year: €1,090 thousand) were recognised in the reporting year, mostly as indicated in ► Note 23.

16. Financial Result

The financial result was as follows:

in € thousand	2013	2012 (restated)
Earnings from associates accounted for using the equity method	- 549	- 4,026
Income from exchange rate differences	880	1,374
Interest income from bank balances	772	2,429
Income from interest rate hedges	484	151
Interest income from non-affiliated companies	400	819
Interest income from plan assets for working lifetime accounts	372	451
Interest income from non-consolidated affiliated companies	266	165
Income from lending of financial assets	2	2
Income from the adjustment of settlement obligations to non-controlling interests	0	4,527
Interest income	3,176	9,918
Interest portion of pension provisions	12,531	16,099
Expenses from the adjustment of settlement obligations to shareholders with non-controlling interests	9,319	0
Interest expenses on bank borrowing	7,668	8,286
Interest included in lease payments	5,383	4,668
Interest expenses to non-consolidated affiliated companies	2,972	2,971
Interest expenses to non-affiliated companies	2,653	2,361
Interest portion of other provisions[1]	2,000	2,711
Expenses from interest rate hedges	719	842
Expenses from exchange rate differences	510	1,248
Interest expenses	43,755	39,186
Net interest income	- 40,580	- 29,268
Income from other equity investments	418	602
Amortisation of financial assets and non-current financial receivables	0	62
Other financial result	418	540
Financial result	- 40,711	- 32,754

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Earnings from associates accounted for using the equity method relate to the pro rata net profits of CuxPort, HHLA Frucht and STEIN. In the previous year, impairment losses were recognised on the equity valuations for fruit logistics. For more information, please refer to ► Note 25.

For details of expenses (previous year: income) resulting from the adjustment of settlement obligations to shareholders with non-controlling interests, please see ► Notes 35 and 38.

17. Research Costs

In the financial year, research costs of €2,316 thousand (previous year: €550 thousand) were recognised as an expense. These primarily related to research for software development.

18. Income Tax

Paid or outstanding income taxes and deferred taxes are shown under the item income taxes. Income taxes are made up of corporation tax, solidarity surcharge and trade tax. Companies domiciled in Germany pay corporation tax of 15.0 % and a solidarity surcharge of 5.5 % of the corporation tax expense. These companies and German-based subsidiaries in the form of limited partnerships are also liable for trade tax, which is imposed at different local rates. Trade tax no longer reduces the amount of a company's profits on which corporation tax is payable.

Income tax expenses mainly consisted of the following:

in € thousand	2013	2012 (restated)
Deferred and current income taxes		
Deferred taxes on temporary differences		
Domestic [1]	716	228
Foreign	2,607	- 508
	3,323	- 280
Deferred taxes on losses carried forward		
Domestic	574	653
Foreign	112	- 34
	686	619
	4,009	339
Current income tax expense		
Domestic	24,502	33,908
Foreign	8,381	7,269
	32,883	41,177
Income tax expense recognised in the income statement	36,892	41,516

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Income tax expenses include tax income from other accounting periods amounting to €625 thousand (previous year: €354 thousand).

Deferred tax assets and liabilities result from temporary differences and tax loss carry-forwards as follows:

in € thousand	Deferred tax assets		Deferred tax liabilities	
	31.12.2013	31.12.2012 (restated)	31.12.2013	31.12.2012
Intangible assets	0	0	1,255	427
Property, plant and equipment and finance leases	0	0	13,384	13,172
Investment property	0	0	13,585	13,471
Financial assets	0	0	577	786
Inventories	33	6	0	119
Receivables and other assets	2,484	3,134	900	1,499
Pension and other provisions [1]	47,911	53,506	3,533	3,921
Liabilities	3,711	5,988	2,208	1,656
Tax losses carried forward	389	963	0	0
	54,528	63,597	35,442	35,051
Netted amounts	- 19,353	- 21,632	- 19,353	- 21,632
Balance sheet items	35,175	41,965	16,089	13,419

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

The offsetting and reconciliation between the income tax expenses and hypothetical tax expenses based on the IFRS result and the Group's applicable tax rate are as follows:

in € thousand	2013	2012 (restated)
Profit before tax[1]	117,289	153,209
Income tax expense at hypothetical income tax rate of 32.28 % (previous year: 32.28 %)[1]	37,861	49,456
Adjustment in current income taxes for prior years	- 625	- 354
Effect of tax rate changes	- 358	- 71
Tax-free income	309	106
Non-deductible expenses	256	92
Trade tax additions and reductions	373	- 609
Permanent diferences	2,556	- 2,779
Differences in tax rates	- 4,386	- 5,606
Impairment losses on deferred tax assets	413	278
Other tax effects	493	1,003
Actual income tax expenses	36,892	41,516

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Deferred taxes are calculated on the basis of the tax rates currently in force in Germany or those expected to apply at the time of realisation. A tax rate of 32.28 % was used for the calculations in both 2013 and 2012. This is made up of corporation tax at 15.0 %, solidarity surcharge of 5.5 % and the trade tax payable in Hamburg of 16.45 %. Limited partnerships are liable for trade tax. Due to rules on minimum taxation, tax loss carry-forwards are only partially usable in Germany. Due to special rules, property management companies generally do not pay trade tax. Tax losses of up to € 1 million can be set off against taxable profits without restriction, and higher tax losses up to a maximum of 60 %.

The effects of tax rates for domestic and foreign taxes that diverge from the Group parent company's tax rate are reported in the offsetting and reconciliation under differences in tax rates.

Deferred tax assets are recognised on tax loss carry-forwards and temporary differences if it is sufficiently certain that they can be realised in the near future. The Group has domestic corporation tax loss carry-forwards of € 1,883 thousand (previous year: € 3,674 thousand), domestic trade tax loss carry-forwards of € 0 thousand (previous year: € 1,085 thousand) and foreign tax loss carry-forwards of € 477 thousand (previous year: € 1,068 thousand), for which deferred taxes in the amount of € 389 thousand (previous year: € 963 thousand) are recognised as assets. No deferred tax assets are carried for domestic corporation tax loss carry-forwards of € 5,441 thousand (previous year: € 3,957 thousand), domestic trade tax loss carry-forwards of € 4,552 thousand (previous year: € 5,585 thousand) and foreign tax loss carry-forwards of € 5,631 thousand (previous year: € 4,737 thousand). Under current legislation, the tax losses can be carried forward in Germany without restriction.

Deferred tax assets of € 0 thousand (previous year: € 600 thousand) and deferred tax liabilities of € 4,859 thousand (previous year: € 0 thousand) recognised directly in equity without effect on profit and loss come from actuarial gains and losses on pension provisions, cash flow hedges and unrealised gains/losses arising from available-for-sale financial assets.

The income tax recognised in the statement of comprehensive income is made up as follows:

in € thousand	2013			2012		
	Gross	Taxes	Net	Gross	Taxes	Net
Actuarial gains/ losses	16,702	- 5,401	11,301	- 71,865	23,188	- 48,677
Cash flow hedges	319	- 50	269	- 43	7	- 36
Unrealised gains/losses on available-for-sale financial assets	26	- 8	18	146	- 47	99
	17,047	- 5,459	11,588	- 71,762	23,148	- 48,614

19. Share of Results Attributable to Non-Controlling Interests

Profits attributable to non-controlling interests in the amount of € 26,104 thousand (previous year, following restatement due to retrospective adoption of IAS 19R: € 39,385 thousand) primarily relate to shareholders with non-controlling interests in HHLA Container-Terminal Altenwerder GmbH, Hamburg. This share of earnings is lower than in the previous year since the interest expenses (previous year: interest income) resulting from valuation of the settlement obligation are exclusively attributable to the co-partner.

20. Earnings per Share

Basic earnings per share are calculated in accordance with IAS 33 by dividing the net profit for the Group attributable to the shareholders of the parent company by the average number of shares.

The following table illustrates the calculation for basic earnings per share:

	2013	2012 (restated)
Share of consolidated net profit attributable to shareholders of the parent company in € thousand	54,292	72,308
Number of common shares in circulation (weighted average)	72,753,334	72,730,438
Basic earnings per share in €	0.75	0.99

The basic earnings per share were calculated for the Port Logistics subgroup as follows:

	2013	2012 (restated)
Share of consolidated net profit attributable to shareholders of the parent company in € thousand	48,272	66,442
Number of common shares in circulation (weighted average)	70,048,834	70,025,938
Basic earnings per share in €	0.69	0.95

The basic earnings per share were calculated for the Real Estate subgroup as follows:

	2013	2012 (restated)
Share of consolidated net profit attributable to shareholders of the parent company in € thousand	6,020	5,866
Number of common shares in circulation (weighted average)	2,704,500	2,704,500
Basic earnings per share in €	2.23	2.17

The diluted earnings per share are identical to the basic EPS as there were no conversion or option rights in circulation during the financial year.

The figures for the previous year have been retrospectively restated due to the effects of adopting IAS 19R.

21. Dividend per Share

The dividend entitlement for the share classes is based on the portion of the distributable profit attributable to the relevant division. This is calculated in accordance with the German Commercial Code (HGB).

A resolution was passed at the Annual General Meeting held on 13 June 2013 to distribute a dividend of €48,777 thousand to holders of common shares in the reporting year for fiscal 2012. At the time of the distribution, the number of shares entitled to dividends amounted to 72,753,334, of which 70,048,834 are to be attributed to the Port Logistics subgroup (A division) and 2,704,500 to the Real Estate subgroup (S division). This resulted in dividends of €0.65 per Class A share and €1.20 per Class S share. The remaining undistributed profit was carried forward to new account.

In 2014, dividends per share of €0.45 for the subgroup Port Logistics and €1.25 for the subgroup Real Estate are due to be paid. Based on the number of shares outstanding as of 31 December 2013, this is equivalent to payouts of €31,522 thousand for the subgroup Port Logistics and of €3,381 thousand for the subgroup Real Estate.

Notes to the Balance Sheet

22. Intangible Assets

The following table shows the changes in intangible assets:

in € thousand	Goodwill	Software	Internally developed software	Other intangible assets	Payments made on account	Total
Carrying amount as of 1 January 2012	38,691	15,590	25,859	0	1,350	81,490
Acquisition or production cost						
1 January 2012	46,873	51,681	32,870	1,399	1,350	134,173
Additions		769	5,584		3,652	10,005
Disposals		- 118				- 118
Reclassifications		935			- 935	0
Changes to scope of consolidation/ consolidation method		1,769		5	- 379	1,395
Effects of changes in exchange rates		- 28				- 28
31 December 2012	46,873	55,008	38,454	1,404	3,688	145,427
Accumulated depreciation, amortisation and impairment						
1 January 2012	8,182	36,091	7,011	1,399	0	52,683
Additions		3,637	4,991	4		8,632
Disposals		- 118				- 118
Changes to scope of consolidation/ consolidation method		1,597				1,597
Effects of changes in exchange rates		- 9				- 9
31 December 2012	8,182	41,198	12,002	1,403	0	62,785
Carrying amount as of 31 December 2012	38,691	13,810	26,452	1	3,688	82,642
Carrying amount as of 1 January 2013	38,691	13,810	26,452	1	3,688	82,642
Acquisition or production cost						
1 January 2013	46,873	55,008	38,454	1,404	3,688	145,427
Additions		2,683	4,591		2,041	9,315
Disposals		- 142			- 58	- 200
Reclassifications		2,989			- 2,963	26
Changes in scope of consolidation/ consolidation method						0
Effects of changes in exchange rates		- 140				- 140
31 December 2013	46,873	60,398	43,045	1,404	2,708	154,428
Accumulated depreciation, amortisation and impairment						
1 January 2013	8,182	41,198	12,002	1,403	0	62,785
Additions		4,146	5,719	1		9,866
Disposals		- 130				- 130
Changes in scope of consolidation/ consolidation method						0
Effects of changes in exchange rates		- 96				- 96
31 December 2013	8,182	45,118	17,721	1,404	0	72,425
Carrying amount as of 31 December 2013	38,691	15,280	25,324	0	2,708	82,003

The carrying amounts for goodwill relate to the following HHLA segments:

in € thousand	31.12.2013	31.12.2012
Container	37,422	37,422
Intermodal	1,267	1,267
Other	2	2
	38,691	38,691

Of the goodwill for the Container segment reported as of the balance sheet date, €35,524 thousand is attributable to the cash-generating unit (CGU) CTT/Rosshafen and €1,898 thousand relates to the CGU HCCR. This resulted from the acquisition of all of the shares in HHLA Rosshafen Terminal GmbH, Hamburg, in 2006 in the amount of €30,929 thousand. This goodwill is primarily derived from additional strategic options to expand the Group's handling activities at the sites let by the company.

23. Property, Plant and Equipment

The following tables show the changes in property, plant and equipment:

in € thousand	Land and buildings	Technical equipment and machinery	Other plant, operating and office equipment	Payments on account and plants under construction	Total
Carrying amount as of 1 January 2012	452,338	336,471	160,644	35,887	985,340
Acquisition or production cost					
1 January 2012	729,730	746,446	370,437	35,887	1,882,500
Additions	41,868	13,127	40,289	81,055	176,339
Disposals	- 27,436	- 5,736	- 9,152	- 1,915	- 44,239
Reclassifications	7,154	4,507	2,309	- 13,970	0
Changes to scope of consolidation/consolidation method	- 51,053	- 29,433	- 3,129	118	- 83,497
Effects of changes in exchange rates	47	- 253	- 29	- 704	- 939
31 December 2012	700,310	728,658	400,725	100,471	1,930,164
Accumulated depreciation, amortisation and impairment					
1 January 2012	277,392	409,975	209,793	0	897,160
Additions	26,018	45,765	32,200		103,983
Disposals	- 5,538	- 5,699	- 8,652		- 19,889
Reclassifications		- 1,032	1,032		0
Changes to scope of consolidation/consolidation method	- 27,739	- 22,870	- 2,849		- 53,458
Effects of changes in exchange rates	46	42	- 27		61
31 December 2012	270,179	426,181	231,497	0	927,857
Carrying amount as of 31 December 2012	430,131	302,477	169,228	100,471	1,002,307
Carrying amount as of 1 January 2013	430,131	302,477	169,228	100,471	1,002,307
Acquisition or production cost					
1 January 2013	700,310	728,658	400,725	100,471	1,930,164
Additions	9,427	17,474	22,401	43,879	93,181
Disposals	- 9,057	- 3,726	- 14,065	- 778	- 27,626
Reclassifications	15,636	16,794	2,405	- 34,777	58
Changes in scope of consolidation/consolidation method					0
Effects of changes in exchange rates	- 748	- 1,627	- 327	- 2,633	- 5,335
31 December 2013	715,569	757,573	411,138	106,162	1,990,442
Accumulated depreciation, amortisation and impairment					
1 January 2013	270,179	426,181	231,497	0	927,857
Additions	27,690	44,208	32,366		104,264
Disposals	- 1,288	- 2,129	- 13,581		- 16,998
Reclassifications					0
Changes in scope of consolidation/consolidation method					0
Effects of changes in exchange rates	- 214	- 775	- 181		- 1,170
31 December 2013	296,367	467,485	250,101	0	1,013,953
Carrying amount as of 31 December 2013	419,202	290,088	161,037	106,162	976,489

Within the land and buildings segment, the additions to assets mainly involve surfacing measures as part of a container terminal expansion project in Hamburg. Investments in technical equipment and machinery related to the purchase of yard cranes and spreaders for the container gantry cranes. The additions to other assets and operating and office equipment primarily concerned the replacement of straddle carriers.

Disposals of land and buildings involve the adjustment of the acquisition costs for the creation of a quay wall by HPA, within the scope of the finance lease.

Of the payments made on account and plant under construction, an amount of € 15.6 million was reclassified to land and buildings following completion of investments in the Ceska Trebova/Czech Republic and Kosice/Slovakia terminals and € 16.8 million was reclassified to technical equipment and machinery following the installation of crane units.

Depreciation on land and buildings includes unscheduled write-downs in the amount of € 1,265 thousand for a terminal project in Poland. In the previous year, a figure of € 1,090 thousand was recorded here as a result of redefining the surface plan at the Übersee-Zentrum storage and distribution centre during the restructuring of HHLA's logistics activities.

Buildings, surfacing and movable non-current assets with a carrying amount of € 13,957 thousand (previous year: € 18,961 thousand) were assigned by way of collateral in connection with loans taken up by the Group.

Regarding existing restrictions on the disposal and use of buildings in connection with the letting of the associated properties from the Free and Hanseatic City of Hamburg, see the explanatory remarks on the lease agreements in ► Note 45.

As of the balance sheet date, the Group had obligations of € 148,523 thousand (previous year: € 91,811 thousand) from purchase commitments which were attributable to capitalisation of property, plant and equipment.

Property, plant and equipment includes the following assets which are classified as finance leases as per IAS 17:

in € thousand	Land and buildings	Technical equipment and machinery	Other plant, operating and office equipment	Total
Carrying amount as of 1 January 2012	91,938	721	18,879	111,538
Acquisition or production cost				
1 January 2012	94,113	2,092	29,944	126,149
Additions	31,775	15	4,791	36,581
Disposals	- 9,786	- 92	- 835	- 10,713
Reclassifications				0
Changes to scope of consolidation		4,491	- 55	4,436
Effects of changes in exchange rates	- 27	281	32	286
31 December 2012	116,075	6,787	33,877	156,739
Accumulated depreciation, amortisation and impairment				
1 January 2012	2,175	1,371	11,065	14,611
Additions	1,943	540	3,854	6,337
Disposals	- 218	- 92	- 835	- 1,145
Reclassifications				0
Changes to scope of consolidation		3,062	- 25	3,037
Effects of changes in exchange rates	- 1	199	7	205
31 December 2012	3,899	5,080	14,066	23,045
Carrying amount as of 31 December 2012	112,176	1,707	19,811	133,694
Carrying amount as of 1 January 2013	112,176	1,707	19,811	133,694
Acquisition or production cost				
1 January 2013	116,075	6,787	33,877	156,739
Additions	0	41	1,394	1,435
Disposals	- 7,074	- 388	- 1,187	- 8,649
Reclassifications				0
Changes to scope of consolidation				0
Effects of changes in exchange rates	- 55	- 135	- 108	- 298
31 December 2013	108,946	6,305	33,976	149,227
Accumulated depreciation, amortisation and impairment				
1 January 2013	3,899	5,080	14,066	23,045
Additions	2,207	195	4,556	6,958
Disposals	- 47	- 49	- 1,168	- 1,264
Reclassifications				0
Changes to scope of consolidation				0
Effects of changes in exchange rates	- 3	- 97	- 32	- 132
31 December 2013	6,056	5,129	17,422	28,607
Carrying amount as of 31 December 2013	102,890	1,176	16,554	120,620

24. Investment Property

The following table shows the changes in investment property:

in € thousand	Investment property	Payments on account and plants under construction	Total
Carrying amount as of 1 January 2012	177,293	2,769	180,062
Acquisition or production cost			
1 January 2012	274,642	2,769	277,411
Additions	135	10,041	10,176
Disposals	- 53	- 771	- 824
Reclassifications	64	- 64	0
31 December 2012	274,788	11,975	286,763
Accumulated depreciation, amortisation and impairment			
1 January 2012	97,349	0	97,349
Additions	8,617		8,617
Disposals	- 54		- 54
Write-backs			0
Reclassifications			0
31 December 2012	105,912	0	105,912
Carrying amount as of 31 December 2012	168,876	11,975	180,851
Carrying amount as of 1 January 2013	168,876	11,975	180,851
Acquisition or production cost			
1 January 2013	274,788	11,975	286,763
Additions	3,287	9,143	12,430
Disposals		- 139	- 139
Reclassifications	9,191	- 9,275	- 84
31 December 2013	287,266	11,704	298,970
Accumulated depreciation, amortisation and impairment			
1 January 2013	105,912	0	105,912
Additions	8,802		8,802
Disposals			0
Write-backs			0
Reclassifications			0
31 December 2013	114,714	0	114,714
Carrying amount as of 31 December 2013	172,552	11,704	184,256

The properties held as investment property are mainly warehouses converted to office space in Hamburg's Speicherstadt historical warehouse district as well as logistics warehouses and surfaced areas.

In 2012, rental income from investment property at the end of the financial year was €45,521 thousand (previous year: €44,425 thousand). The direct operating expenses for investment property amounted to €17,507 thousand (previous year: €16,674 thousand) at the end of the reporting year.

HHLA's Real Estate segment determines and calculates fair values annually. These fair values are assigned to level 3 in the valuation hierarchy.

The fair values at the start and end of the period have been reconciled as follows:

in € thousand	
As of 1 January 2013	479,424
Change in fair value (not realised)	- 23,818
As of 31 December 2013	455,606

The following table shows the valuation method applied to calculate the fair value of investment property as well as the key unobservable input factors applied:

Valuation method	Key unobservable input factors	Relationship between key unobservable input factors and measurement at fair value The estimated fair value would increase (fall) if:
Fair values are measured by applying the discounted cash flow method (DCF method) to the forecast net cash flows from managing the properties. The DCF calculation assumes detailed forecasts of ten years or up to the end of the useful lives of properties with a remaining useful life of less than ten years. The cash flows are discounted using standard market interest rates. Property-specific fair value is determined on the basis of property-specific measurement criteria.	contractually agreed rental income	the expected rent increases were higher (lower)
	expected rent increases	the expected rent increases were higher (lower)
	vacancy periods	the vacancy periods were shorter (longer)
	level of occupancy	the level of occupancy was higher (lower)
	rent-free periods	the rent-free periods were shorter (longer)
	possible termination of the tenancy agreement	tenancy agreements were not terminated (were terminated)
	re-leasing	the property was re-leased sooner (later)
	operating costs, management expenses and maintenance costs	the operating costs, management expenses and maintenance costs were lower (higher)
	discount rate (4.95 to 8.43 % p. a.)	the risk-adjusted discount rate was lower (higher)

Regarding existing restrictions on the disposal and use of buildings in connection with the letting of the associated properties from the Free and Hanseatic City of Hamburg, see the explanatory remarks on the lease agreements in ► Note 45.

25. Associates Accounted for Using the Equity Method

The firms HHLA Frucht, STEIN and CuxPort are recognised under shares in associated companies.

in € thousand	31.12.2013	31.12.2012
Shares in associated companies	5,367	2,039

The shares held in HHLA Frucht and STEIN were subject to an impairment charge of € 3,515 thousand following an impairment test carried out on this cash-generating unit in the previous year. The associated expense was recognised in the financial result of the companies accounted for using the equity method (see ► Note 16).

HHLA Frucht's capital was increased in the period under review. HHLA's share of this increase amounts to € 4,077 thousand, which prompted a corresponding rise in its investments in associates.

26. Financial Assets

Other financial assets can be broken down as shown below:

in € thousand	31.12.2013	31.12.2012
Securities	4,557	4,451
Shares in affiliated companies	4,144	3,858
Other equity investments	367	466
Other financial assets	4,224	5,160
	13,292	13,935

In the reporting year – as in the previous year – the securities relating to insolvency insurance for phased early retirement entitlements were netted out against the corresponding phased early retirement obligations because they fulfil the conditions for plan assets as per IAS 19R. The securities portfolio recognised as plan assets in the financial year amounted to € 6,888 thousand (previous year: € 6,868 thousand). See ► Note 37. Before offsetting, this results in a securities portfolio of € 11,445 thousand (previous year: € 11,319 thousand).

The shares in affiliated companies include shares in Group companies which are of minor importance for giving a true and fair view of the Group's net assets, financial and earnings position and are therefore not consolidated.

Other financial assets essentially comprise receivables from a graduated rent amounting to €2,550 thousand (previous year: €2,069 thousand) and receivables from HPA totalling €382 thousand (previous year: €394 thousand).

27. Inventories

Inventories are made up as follows:

in € thousand	31.12.2013	31.12.2012
Raw materials, consumables and supplies	19,440	17,052
Work in progress	2,272	3,330
Finished products and merchandise	1,676	1,361
	23,388	21,743

Impairment losses on inventories recognised as an expense amount to €1,067 thousand (previous year: €1,129 thousand). This expense is reported under the cost of materials. See ► Note 12.

28. Trade Receivables

Trade receivables came to:

in € thousand	31.12.2013	31.12.2012
Trade receivables	140,921	128,037

The trade receivables are owed by third parties, do not bear interest and all have a remaining term of less than one year. No receivables were assigned as collateral for financial liabilities, either in 2012 or in the year under review. Collateral for trade receivables is only held to a minor extent (e.g. rental guarantees).

Details of impairment allowances for trade receivables can be found in ► Note 47.

29. Receivables from Related Parties

Receivables from related parties are made up as follows:

in € thousand	31.12.2013	31.12.2012
Receivables from HHLA Frucht- und Kühl-Zentrum GmbH	8,965	10,428
Receivables from HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV)	5,708	8,802
Receivables from METRANS Rail (Deutschland) GmbH	3,765	0
Receivables from the Free and Hanseatic City of Hamburg (FHH)	2,001	2,354
Receivables from Kombi-Transeuropa Terminal Hamburg GmbH (KTH)	1,098	1,486
Receivables from Hamburg Port Authority (HPA)	1,072	1,245
Other receivables from related parties	1,227	613
	23,836	24,928

Receivables from HGV include €5,700 thousand from existing cash clearing (previous year: €8,800 thousand).

30. Other Financial Receivables

Other financial receivables consist of the following:

in € thousand	31.12.2013	31.12.2012
Current receivables from employees	1,317	1,274
Current reimbursement claims against insurers	274	243
Other current financial receivables	1,504	865
	3,095	2,382

31. Other Assets

Other assets can be broken down as shown below:

in € thousand	31.12.2013	31.12.2012
Current tax credit	17,804	7,286
Payments on account	585	1,330
Other	5,618	6,341
	24,007	14,957

Current tax credits have increased due to the increase in VAT rebate entitlements on account of the loss of the free port boundaries.

The other assets shown are not subject to any significant restrictions on title or use.

32. Income Tax Receivables

in € thousand	31.12.2013	31.12.2012
Income tax receivables	4,098	9,345

Income tax receivables result from offsettable taxes paid on investment income and advance tax payments.

33. Cash, Cash Equivalents and Short-Term Deposits

Cash, cash equivalents and short-term deposits consist of the following:

in € thousand	31.12.2013	31.12.2012
Cash and cash equivalents with a maturity of up to 3 months	55,404	116,316
Short-term deposits with a maturity of 4–6 months	70,000	50,000
Bank balances and cash in hand	90,034	63,756
	215,438	230,072

Cash, cash equivalents and short-term deposits are made up of cash in hand and various bank balances in different currencies.

Cash of € 10,647 thousand (previous year: € 15,090 thousand) is subject to foreign exchange outflow restrictions.

Bank balances bear interest at variable rates applicable to demand accounts. Short-term deposits are made for varying periods of time ranging from one day to six months, depending on the Group's cash requirements. They attract interest at rates payable for short-term deposits. In the financial year, the interest rates were between 0.0 and 1.3 % (previous year: 0.0 and 2.0 %). The fair value of cash and cash equivalents is largely equivalent to their carrying value.

As of the balance sheet date, the Group had unused lines of credit amounting to € 1,650 thousand (previous year: € 1,041 thousand) and had met all the conditions for their use. HHLA is confident that the Group has sufficient credit lines at its disposal whenever required.

34. Non-Current Assets Held for Sale

The assets reported here in the previous year (mainly buildings in HHLA's Logistics segment) in the amount of € 12,442 thousand were disposed of in the period under review. The gain on disposal came to approx. € 5 million and is included in other operating income, see ► Note 11.

35. Equity

Changes in the individual components of equity for the 2013 and 2012 financial years are shown in the statements of changes in equity.

Subscribed Capital

As of the balance sheet date HHLA's nominal capital consists of two different classes of share: Class A shares and Class S shares. Subscribed capital is € 72,753 thousand, divided into 70,048,834 Class A shares and 2,704,500 Class S shares; each no-par-value share represents € 1.00 of nominal capital on paper.

The nominal capital has been fully paid in.

In the course of the stock flotation on 2 November 2007, 22,000,000 Class A shares were sold on the market. This corresponds to a free float of approx. 30 % of HHLA's nominal capital.

As of the balance sheet date, the Free and Hanseatic City of Hamburg, through the company HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg, holds 69.58 % of the shares, including the 18.85 % of voting rights attributable directly to HHLA-Beteiligungsgesellschaft mbH, Hamburg.

Authorised Capital I

In April 2012, HHLA, in accordance with its previous Executive Board resolution and with the approval of the Supervisory Board, carried out a capital increase from authorised capital I. The capital was increased in exchange for cash contributions while excluding the subscription rights of Class A shareholders. In the process, 73,508 new no-par bearer Class A shares, each with a share of € 1.00 in the nominal capital, were issued to employees of the company and of the companies affiliated to it. The capital increase and its implementation were entered in the commercial register on 23 April 2012.

The Executive Board is authorised until 13 June 2017, with the consent of the Supervisory Board, to increase the company's nominal capital by up to € 35,024,417.00 by issuing up to 35,024,417 new bearer Class A shares (no-par-value shares, each with a share of € 1.00 in the nominal capital) in return for cash deposits and/or contributions in kind in one or more stages (authorised capital I). The statutory subscription right of the holders of Class S shares shall be excluded. Class A shareholders must in principle be granted subscription rights. The new shares may also be purchased by one or more banks chosen by the Executive Board together with the obligation to offer them for sale to Class A shareholders (indirect subscription right). However, the Executive Board is authorised – with the approval of the Supervisory Board – to exclude the subscription rights of holders of Class A shares,

(a) if it is necessary to do so in order to offset fractional amounts;

(b) if the Class A shares are issued in return for a contribution in kind, especially in connection with the acquisition of companies, parts of companies or equity stakes in companies, as part of company mergers and/or for the purpose of acquiring other assets, including rights and receivables; subscription rights may only be excluded on Class A shares accounting for up to 20 % of the nominal capital attributable to Class A shares in conjunction with this authorisation (i.e. up to the amount of € 14,009,766.00);

(c) if the company's Class A shares are issued in return for cash and the issue price per share is not significantly lower than the price of similar Class A shares in the company already listed on the stock exchange at the time of the share issue. However, subscription rights can only be excluded in this case if the number of shares thus issued together with the number of treasury shares sold during the term of this authorisation for which subscription rights were excluded as per Section 186 (3) sentence 4 AktG and the number of Class A shares which can be created by exercising warrants and/or conversion rights or fulfilling conversion obligations arising from warrants, convertible bonds and/or participation rights issued during the term of this authorisation for which subscription rights were excluded as per Section 186 (3) sentence 4 AktG does not exceed a total of 10 % of the company's nominal capital at the time this authorisation comes into effect or – if the total is lower – at the time the authorisation is exercised;

(d) if the Class A shares are offered to persons employed by the company or one of its associates as defined in Section 15 AktG or are transferred to them;

(e) to the extent necessary to grant the bearers of warrants, convertible bonds and/or conversion obligations those subscription rights to new Class A shares to which they would be entitled as shareholders after exercising the warrant or conversion right or fulfilling their conversion obligation.

The Executive Board is authorised, with the consent of the Supervisory Board, to specify the further details of the implementation of the capital increases using authorised capital I, in particular the additional rights embodied in share certificates and the other conditions of the share issue. After each share increase from authorised capital – or once the authorisation has expired – the Supervisory Board is permitted to adjust the wording of the articles of association accordingly, in particular with regard to the amount of nominal capital and the number of no-par-value Class A shares in existence.

Authorised Capital II

The Executive Board is authorised until 13 June 2017, with the consent of the Supervisory Board, to increase the company's nominal capital by up to € 1,352,250.00 by issuing up to 1,352,250 new bearer Class S shares (no-par-value shares, each with a share of € 1.00 in the nominal capital) in return for cash deposits and/or contributions in kind in one or more stages (authorised capital II). The statutory subscription right of the holders of Class A shares shall be excluded. The Executive Board is authorised, with the consent of the Supervisory Board, to remove from the Class S shareholders' subscription right fractional amounts which arise due to the subscription relationship.

The Executive Board is authorised, with the consent of the Supervisory Board, to specify the further details of the implementation of the capital increases out of authorised capital II, in particular the additional rights embodied in share certificates and the other conditions of the share issue. After each share increase from authorised capital – or once the authorisation has expired – the Supervisory Board is permitted to adjust the wording of the articles of association accordingly, in particular with regard to the amount of nominal capital and the number of no-par-value Class S shares in existence.

Other Authorisations

The Annual General Meeting of HHLA held on 13 June 2013 resolved to authorise the Executive Board to issue on one or more occasions bearer or registered bonds with warrants or convertible bonds for a total nominal amount of up to € 200,000,000.00 in the period until 12 June 2016. Option and conversion rights may only be issued for Class A company shares amounting to up to € 6,900,000.00 of the company's total nominal capital accounted for by Class A shares (conditional capital € 6,900,000.00).

The Annual General Meeting of HHLA held on 16 June 2011 additionally authorised the company's Executive Board to purchase Class A treasury shares up to a maximum of 10 % of the portion of the company's nominal capital accounted for by Class A shares at that time. In addition to being sold on the stock exchange or offered with subscription rights to all Class A shareholders, the shares acquired under this authorisation may – subject to the approval of the Supervisory Board – be used in the cases stipulated by the resolution excluding other shareholders' subscription rights or be redeemed either in whole or in part without the need for an additional resolution by the Annual General Meeting. This authorisation expires on 15 June 2016. This authorisation may not be used for the purpose of trading in treasury shares.

HHLA does not currently hold any treasury shares. There are no plans to buy back shares.

Capital Reserve

The Group's capital reserve includes premiums from share issues and the associated costs of issue, which are deducted from the capital reserve. It also comprises premiums from capital increases at subsidiaries with minorities and a reserve increase from an employee stock purchase plan. A capital increase conducted in prior years reduced the capital reserve.

At the reporting date, the HHLA Group therefore had capital reserves of € 141,584 thousand (previous year: € 141,584 thousand). € 1,856 thousand was placed in the capital reserve in the previous year due to the issue of new shares as part of an employee stock purchase programme. The premium is to be fully attributed to the capital reserve of the A division.

Retained Earnings

Retained earnings include net profits from prior years for companies included in the consolidated financial statements, as far as these were not distributed as dividends. This item also encompasses differences between HGB and IFRS as of 1 January 2006 (the transitional date).

Other Comprehensive Income

In accordance with the currently applicable version of IAS 19R, the HHLA Group's other comprehensive income also includes all actuarial gains and losses from defined benefit pension plans. This item additionally comprises changes in the fair value of hedging instruments (cash flow hedges), changes in the fair value of working lifetime accounts and the corresponding tax effects.

The reserve for translation differences enables the recognition of differences arising on the translation of financial statements for foreign subsidiaries.

Non-Controlling Interests

Non-controlling interests comprise outside interests in the Group companies' consolidated equity and totalled €21,696 thousand at the end of the financial year (previous year restated: € - 1,401 thousand).

In the 2010 financial year, profit and loss transfer agreements were signed between the subsidiaries HHLA Container-Terminal Altenwerder GmbH, Hamburg, and HHLA CTA Besitzgesellschaft mbH, Hamburg, on the one hand and HHLA Container Terminals GmbH, Hamburg (HHCT), on the other. In the profit and loss transfer agreements, HHCT pledges to pay a financial settlement based largely on future earnings to the above-mentioned companies' minority shareholder for the duration of the agreement.

In accordance with IAS 32, the minority shareholder's future estimated entitlements to financial settlements are also recognised as other financial liabilities for the remaining term of the profit and loss transfer agreement, although the agreement states that the variable entitlement to a settlement only arises once the annual financial statements are approved. This will contribute €58,380 thousand towards other financial liabilities for the financial years 2013 and 2014. See ► Note 38.

Notes on Capital Management

Capital management at HHLA aims to ensure the Group's long-term financial stability and flexibility in order to safeguard the Group's growth and enable its shareholders to participate in its success. Balance sheet equity is the primary benchmark in this regard. The key value-oriented performance indicator at the HHLA Group is the return on capital employed (ROCE). The equity ratio is also monitored in order to maintain a stable capital structure. This should not fall below 30 %.

in € thousand	31.12.2013	31.12.2012 (restated)
Equity [1]	600,105	563,800
Total assets [1]	1,731,366	1,767,645
Equity ratio	35 %	32 %

[1] Retrospective restatement of the figures for the previous year due to amendment of IAS 19R

The equity ratio increased during the period under review. This increase was mainly due to the rise in accumulated other Group equity. The change of parameters here has led to an increase in actuarial gains and in the deferred taxes established for this purpose. In addition, minority interests were higher due to the inclusion of current earnings.

If the financial instruments classified in accordance with IAS 32 had not been entered as liability components, but rather – as prior to the profit and loss transfer agreement – as equity components, equity of €627,840 thousand and an equity ratio of 36 % would have been reported for the same balance sheet total.

External minimum capital requirements were fulfilled at all agreed audit points throughout the reporting year. See ► Note 38 for more information.

36. Pension Provisions

Pension Obligations

Provisions for pensions and similar obligations are formed for commitments arising from both vested rights to future pension payments and current payments to active and former members of HHLA Group companies in Germany and any surviving dependants who are entitled to receive such benefits. A distinction is made between defined benefit and defined contribution company pension plans.

Defined Benefit Pension Plans

In the case of defined benefit plans, the Group is obliged to make the agreed payments to active and former employees. HHLA's pension scheme is financed by both provisions and funds.

Company retirement benefits are paid on the basis of various entitlements. As well as individual agreements these are primarily the collective company pension agreement (BRTV) and the so-called 'port pension', which is governed by a collective labour agreement for port workers in German seaports.

The BRTV is a total benefit plan. HHLA guarantees the participating employees a certain amount of benefits, which are made up of the statutory pension and the company pension. The amount of total benefits is determined by a variable percentage (according to years of service) of a fictitious net payment in the final wage or salary band based on social security data for the year 1999. These figures are always calculated on the basis of the currently applicable contribution assessment ceiling.

The amount of the port pension depends on the years in service and is determined by the collective labour agreement for German seaports.

Based on these pension plans, the Group forms provisions for pensions and similar obligations for the amount of expected future retirement and surviving dependants' pensions. External actuaries calculate the amount of the obligation using the projected unit credit method.

Shown below are the amounts recognised for benefit commitments in the reporting year and the previous financial year:

in € thousand	31.12.2013	31.12.2012
Present value of pension commitments	362,900	381,197
Obligations from working lifetime accounts	3,507	3,038
	366,407	384,235

Pension Commitments

The following table reconciles the present value of the obligation arising from pension commitments at the beginning and end of the year:

in € thousand	2013	2012
Present value of pension obligations as of 01.01.	381,197	312,119
Deconsolidation	0	- 880
Current service expense	5,623	3,284
Past service expense	34	103
Interest expenses	12,060	15,557
Pension payments	- 19,727	- 19,948
Acturial gains (+), losses (-) due to amendments in biometric assumptions	- 1,961	1,213
Acturial gains (+), losses (-) due to amendments in financial assumptions	- 14,326	69,749
Present value of pension obligations as of 31.12.	362,900	381,197

The balance sheet shows the full present value of pension obligations including actuarial gains and losses. The reported pension obligation relates to an unfinanced plan.

The present value of defined benefit pension obligations is divided up between the individual groups of beneficiaries as follows:

- Current employees with entitlements: 35.8 % (previous year: 36.0 %)
- Former employees with entitlements: 1.5 % (previous year: 1.5 %)
- Pensioners: 62.7 % (previous year: 62.5 %)

As of 31 December 2013, the weighted average term of the defined benefit obligation is 12.1 years (previous year: 12.6 years).

The following figures were recognised in the income statement:

in € thousand	2013	2012
Current service expense	5,623	3,284
Past service expense	34	103
Interest expenses	12,060	15,557
	17,717	18,944

The gains and losses reported under other comprehensive income developed as follows:

in € thousand	2013	2012
Actuarial gains as of 01.01.	- 3,864	67,019
Deconsolidation	0	79
Changes in the financial year due to amendments in biometrical assumptions	1,961	- 1,213
Changes in the financial year due to amendments in financial assumptions	14,326	- 69,749
Actuarial gains (+)/losses (-) as of 31.12.	12,423	- 3,864

The following actuarial assumptions are used to determine pension provisions:

in %	31.12.2013	31.12.2012
Discount rate	3.50	3.25
Projected salary increase	3.00	3.00
Projected increase in pensions (without BRTV)	2.00	2.00
Projected increase in pensions (monthly pensions under BRTV)	1.00	1.00
Fluctuation rate	2.10	2.10
Rate of inflation	2.00	2.00
Adjustment of social security pension	according to pension insurance report 2013	according to pension insurance report 2012 (half)

The biometric data is drawn from the 2005 G actuarial tables by Prof. Dr. Klaus Heubeck.

HHLA derives the interest rates used for discounting from corporate loans with a very good credit rating whose terms and payouts match HHLA's pension plans.

A change in the valuation parameters will lead to the following changes in the present value of pension obligations:

	Change in parameter	Effect on present value
Discount rate	0.5 % increase	€ 20,457 thousand decrease
	0.5 % decrease	€ 22,633 thousand increase
Payment trend	0.1 % increase	€ 1,064 thousand increase
	0.1 % decrease	€ 1,040 thousand decrease
Adjustment to state pension	20.0 % decrease	€ 2,715 thousand increase
Expected mortality	10.0 % decrease	€ 14,380 thousand increase

When calculating the present value of the pension obligations, a change in the percentage assumed for the discount rate and the payment trend will not have a linear impact on the absolute value of the obligation due to certain mathematical effects. Accordingly, the change in period-related pension expenses in the case of an increase or reduction in these assumed figures will not correspond to the same absolute amount. Should several assumptions change simultaneously, the cumulative effect will not necessarily be the same as in the case of an isolated change in only one of these assumptions.

Pension Payments

In the 2013 financial year, HHLA made pension payments for plans totalling € 19,727 thousand. HHLA anticipates the following payments for pension plans over the next five years:

Year	in € thousand
2014	20,841
2015	20,780
2016	20,963
2017	21,180
2018	21,453
	105,217

Obligations from Working Lifetime Accounts

In 2006, the Group companies in Germany undertook to set up working lifetime accounts due to collective labour agreements. Employees have pay components invested in money market or investment funds by the Group and then use the value of the funds saved to finance their early retirement. The amount of pay to which employees are entitled during their early retirement depends on the amount of funds saved, which in turn depends on the performance of the fund assets, plus other contractually agreed social benefits during the early retirement phase.

The portion of the obligations covered by the funds saved is reported at the funds' fair value. The additional benefits arising from collective labour agreements which are not covered by the funds saved are reported at the full present value of the obligation including actuarial gains and losses.

The allocation of benefit commitments changed as follows during the reporting year and the previous financial year:

in € thousand	31.12.2013	31.12.2012
Present value of obligations	16,614	13,663
Present value of plan assets (fund shares)	- 13,107	- 10,625
Uncovered allocations	3,507	3,038

The present value of the obligations developed as follows:

in € thousand	2013	2012
Fair value of plan assets as of 01.01.	13,663	9,780
Deconsolidation	0	- 108
Current service expense	2,941	2,478
Interest expenses (recognised in income statement)	469	542
Revaluation:		
Acturial gains (+), losses (-) due to amendments in biometric assumptions	- 199	- 35
Acturial gains (+), losses (-) due to amendments in financial assumptions	- 192	1,023
Capital payments	- 192	- 52
Other	124	35
Fair value of plan assets as of 31.12.	16,614	13,663

As of 31 December 2013, the weighted average term of the defined benefit obligation was 22.9 years (previous year: 21.7 years).

The present value of the plan assets developed as follows:

in € thousand	2013	2012
Fair value of plan assets as of 01.01.	10,625	8,170
Deconsolidation	0	- 95
Expected income from plan assets	372	451
Proceeds	2,096	2,026
Changes in the financial year due to amendments in financial assumptions	25	84
Capital payments	- 133	- 45
Other	122	34
Fair value of plan assets as of 31.12.	13,107	10,625

The plan assets consist solely of shares in money market and investment funds. Losses of € 106 thousand were recorded on the plan assets in the financial year (previous year: € 39 thousand).

The following actuarial assumptions are used to determine provisions for working lifetime accounts:

in %	31.12.2013	31.12.2012
Discount rate	3.50	3.25
Anticipated return on invested capital	3.50	3.25
Forecast increase in pay	3.00	3.00
Fluctuation rate	0	0

With the exception of the covered part of the service cost for plan assets, the following amounts were recognised in the income statement:

in € thousand	2013	2012
Current service expense		
including salary conversion	2,941	2,478
thereof gathered at costs as uncovered part	845	452
thereof gathered at plan assets as covered part	2,096	2,026
Interest expenses	469	542
Expected income from the plan assets	- 372	- 451
Benefits paid	59	7
	3,097	2,576

The gains and losses offset in equity developed as follows:

in € thousand	2013	2012
Actuarial gains (+)/losses (-) as of 01.01.	- 102	832
Deconsolidation	0	- 30
Changes in the financial year due to amendments in biometrical assumptions	199	35
Changes in the financial year due to amendments in financial assumptions	217	- 939
Actuarial gains (+)/losses (-) as of 31.12.	314	- 102

A change in the valuation parameters will lead to the following changes in the present value of obligations from working lifetime accounts:

	Change in parameter	Effect on present value
Forecast increase in pay	0.1 % increase	€ 16 thousand decrease
	0.1 % decrease	€ 17 thousand increase
Expected mortality	10.0 % decrease	€ 17 thousand increase

When calculating the present value of the obligations from working lifetime accounts, a change in the percentage assumed for the discount rate will not have a linear impact on the absolute value of the obligation due to certain mathematical effects. Accordingly, the change in period-related expenses in the case of an increase or reduction in these assumed figures will not correspond to the same absolute amount. Should several assumptions change simultaneously, the cumulative effect will not necessarily be the same as in the case of an isolated change in only one of these assumptions.

The obligations from working lifetime accounts are financed through contributions to the fund-based pension scheme comprising portions of the employees' remuneration. For 2014, HHLA expects payments in the amount of € 2,814 thousand.

Shown below is the structure of the plan asset portfolio for obligations from working lifetime accounts:

	2013	2012
Money market funds	52 %	51 %
Mixed funds	30 %	31 %
Funds of funds	16 %	16 %
Annuity funds	2 %	2 %
	100 %	100 %

Payments for Obligations from Working Lifetime Accounts

In the financial year under review, HHLA made payments for plans totalling € 192 thousand. In return, the company acquired corresponding securities holdings worth € 133 thousand. The outflow of funds therefore amounted to € 59 thousand in the year under review. In the next five years, HHLA expects the following payments from obligations arising from working lifetime accounts which are not hedged by securities:

Year	in € thousand
2014	22
2015	28
2016	35
2017	81
2018	81
	247

Defined Contribution Pension Plans

In the case of defined contribution plans, the relevant companies merely make payments to dedicated funds. There are no further obligations. HHLA does not incur any financial or actuarial risks arising from these commitments.

The costs incurred in connection with pension funds which are to be regarded as defined contribution pension plans amounted to € 344 thousand in the reporting year (previous year: € 306 thousand).

HHLA paid € 25,333 thousand (previous year: € 24,656 thousand) into the state pension system as its employer's contribution.

37. Other Non-Current and Current Provisions

The following table shows non-current and current provisions:

in € thousand	31.12.2013			31.12.2012 (restated)		
	Total	Thereof current	Thereof non-current	Total	Thereof current	Thereof non-current
Demolition obligations	44,929	0	44,929	41,492	0	41,492
Bonuses and single payments	6,347	6,347	0	6,090	6,090	0
Phased early retirement [1]	5,345	2,380	2,966	6,908	2,731	4,177
Insurance excesses	3,261	3,261	0	3,528	3,528	0
Anniversaries	2,653	0	2,653	2,607	0	2,607
Legal fees and litigation expenses	1,037	0	1,037	751	0	751
Expected increases in rents	969	969	0	11,938	11,938	0
Other	6,382	2,429	3,954	3,806	763	3,043
	70,923	15,384	55,539	77,120	25,050	52,070

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Demolition Obligations

Provisions for demolition obligations result from obligations to be met at the end of the lease term under long-term lease agreements with the Free and Hanseatic City of Hamburg. All HHLA Group companies in the Port of Hamburg are obliged to return leased land free of all buildings owned by them at the end of the respective lease term. To calculate the amount of the provision it was assumed that the obligation would be carried out in full for all leased property, with the exception of buildings designated as historical landmarks. The demolition obligations relate to HHLA's Container, Logistics and Real Estate segments and are discounted at a rate of 4.5 % p. a., as in the previous year. In the reporting year, an anticipated price increase of 2.0 % was used to calculate the provisions shown. This rate is derived from the German construction cost index.

The cash outflow of these provisions is expected in the period 2025–2037.

Bonuses and One-Off Payments

Provisions for bonuses and one-off payments largely consist of provisions for Executive Board members and other senior staff.

Phased Early Retirement

Provisions for phased early retirement obligations consist of HHLA's obligations from the entitlements accrued during the beneficiaries' working period, plus the supplementary amounts.

The securities holdings acquired in connection with phased early retirement contracts are classified as plan assets under IAS 19R. They were therefore offset against the phased early retirement obligations included in the provisions. The corresponding figure of €6,888 thousand (previous year: €6,868 thousand) therefore reduces the provisions reported. See ► Note 26.

The amount of the provision was determined using a discount rate of 1.0 % p. a. (previous year: 0.9 % p. a.).

Because of amendments to IAS 19R, the accounting method for supplementary contributions has changed since the period under review. Due to simultaneous retrospective adoption, HHLA has restated the previous year's figures for phased early retirement provisions as indicated below. Please see ► Note 5 for further information.

in € thousand	Before restatement	Restatement due to amendment of IAS 19R	After restatement
Phased early retirement as of 01.01.2012	9,683	- 2,893	6,790
Addition	6,558	314	6,872
Interest accrued	465	- 91	374
Used	7,118	0	7,118
Reversal	10	0	10
Phased early retirement as of 31.12.2012	9,578	- 2,670	6,908

Adoption of IAS 19R in previous years would have had the following effects on reporting in terms of the maturity structure:

in € thousand	01.01.2012	Restatement due to amendment of IAS 19R	01.01.2012 (restated)	31.12.2012	Restatement due to amendment of IAS 19R	31.12.2012 (restated)
Phased early retirement	9,683	- 2,893	6,790	9,578	- 2,670	6,908
of which current	2,733	7	2,740	3,250	- 519	2,731
of which non-current	6,950	- 2,900	4,050	6,328	- 2,151	4,177

Insurance Excesses

This obligation relates to provisions largely created by the Group's parent company to allow for potential cases of damage or loss which go beyond the existing insurance cover.

Anniversaries

The provisions for anniversaries relate to Group employees' contractual entitlement to anniversary gratuities. The amount recognised is determined by an actuarial opinion. A discount rate of 3.50 % p. a. (previous year: 3.25 % p. a.) was used for the calculation.

Expected Increases in Rents

The existing general lease agreements for port areas, properties in the Speicherstadt historical warehouse district and quay walls include graduated rent arrangements and other provisions concerning regular rent adjustments. These provisions are subject to newly drafted contractual adjustments. However, the parties had not signed the related agreements as of 31 December 2012. The amount of the associated rent increases was therefore uncertain and provisions were recorded accordingly. These agreements were concluded in the period under review and almost completely exhausted the related provisions.

The following provisions schedule shows changes in other non-current and current provisions:

in € thousand	01.01.2013	Additions	Accrued interest	Used	Reversed	31.12.2013
Demolition obligations	41,492	2,471	1,780	0	812	44,929
Bonuses and single payments	6,090	6,347	0	5,451	639	6,347
Phased early retirement [1]	6,908	7,637	135	9,293	42	5,345
Insurance excesses	3,528	2,463	0	1,774	956	3,261
Anniversaries	2,607	92	84	130	0	2,653
Legal fees and litigation expenses	751	340	0	52	3	1,037
Expected increases in rents	11,938	841	0	10,948	862	969
Other	3,806	4,632	0	2,016	40	6,382
	77,120	24,823	2,000	29,664	3,354	70,923

[1] The reported provision as of 1 January 2013 was restated resulting from application of IAS 19R.

38. Non-Current and Current Financial Liabilities

Non-current and current financial liabilities are broken down as follows:

in € thousand	31.12.2013			
	Total	Up to 1 year	1 to 5 years	Over 5 years
Liabilities from bank loans	288,698	39,800	119,217	129,681
Finance lease liabilities	10,782	4,888	4,750	1,144
Liabilities towards employees	15,160	15,160	0	0
Negative fair values of exchange and interest rate hedges	1,005	584	421	0
Other loans	4,072	0	4,072	0
Other financial liabilities	79,158	47,081	31,692	385
	398,875	107,513	160,152	131,210

in € thousand	31.12.2012			
	Total	Up to 1 year	1 to 5 years	Over 5 years
Liabilities from bank loans	319,844	74,295	122,302	123,247
Finance lease liabilities	15,788	5,480	9,061	1,247
Liabilities towards employees	15,114	15,114	0	0
Negative fair values of exchange and interest rate hedges	1,835	921	914	0
Other loans	4,932	0	4,113	819
Other financial liabilities	94,817	42,504	51,754	559
	452,330	138,314	188,144	125,872

Amounts due to banks include interest of €2,336 thousand accrued up to the balance sheet date (previous year: €2,497 thousand). Transaction costs of €759 thousand (previous year: €798 thousand) incurred by taking out loans only increase the amounts due to banks for the duration of the loan.

Buildings, surfacing and movable non-current assets carried at €13,957 thousand (previous year: €18,961 thousand) have been pledged as collateral for interest-bearing loans. The collateral agreements provide that the assets are transferred to the banks until the loans and interest have been repaid in full and that they have a right to dispose of the assets if the borrower is in arrears with payments of interest and principal.

The liabilities from finance leases amounting to €10,782 thousand (previous year: €15,788 thousand) represent the discounted value of future payments for movable non-current assets.

The liabilities towards employees consist primarily of wages, salaries and holiday entitlement.

Other financial liabilities mainly comprise liabilities to shareholders outside the Group. In the 2010 financial year, profit and loss transfer agreements were signed between the subsidiaries CTA and CTA Besitz on the one hand and HHCT on the other. In the profit and loss transfer agreements, HHCT pledges to pay a financial settlement to the above-mentioned companies' minority shareholder for the duration of the agreement. Amounting to €58,380 thousand (previous year: €77,043 thousand), this settlement for the minority shareholder is reported under other financial liabilities. Please also refer to the 'Non-Controlling Interests' section in ► Note 35.

The following table shows the terms of the liabilities from bank loans:

Carrying amount as of 31.12.2013 in € thousand	Nominal value in TCU	Currency	Remaining fixed interest period	Interest rate	Interest condition
62,135	83,651	EUR	2022	2.85 – 4.22 %	fixed
23,294	34,257	EUR	2021	2.83 %	fixed
16,228	24,542	EUR	2020	2.76 – 2.88 %	fixed
20,838	20,890	EUR	2019	3.55 – 3.80 %	fixed
2,068	7,811	EUR	2018	3.79 – 3.84 %	fixed
12,716	33,579	EUR	2017	1.90 – 5.67 %	fixed
69,000	90,000	EUR	2016	2.37 – 5.61 %	fixed
25,000	25,000	EUR	2015	4.23 %	fixed
38,995	74,793	EUR	2014	floating + margin	floating
15,201	21,000	USD	2014	floating + margin	floating
1,647	113,900	CZK	2014	floating + margin	floating
287,121					

The floating interest rates are EURIBOR or PRIBOR rates with maturities of one to six months. The financial liabilities for which fair value is not equivalent to the carrying amount are as follows:

in € thousand	31.12.2013		31.12.2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Fixed interest-bearing loans	231,279	231,853	221,700	225,514

Interest rates of 2.0 to 3.5 % p. a. (previous year: 2.0 to 3.2 % p. a.) were used to measure the fair value of fixed-interest loans. The interest rates are derived from the risk-free rate depending on maturity plus a premium according to the credit rating. They therefore constitute market rates. The average interest rate for the reported liabilities from bank loans was 3.0 % in the reporting year (previous year: 2.5 %).

The variable interest rates are partly hedged by interest rate hedges. Please refer to the comments on derivative financial instruments under ▸ Note 47. As a result of borrowing, certain affiliates have covenants linked to key balance sheet figures and collaterals. Violating these covenants would authorise the lender to demand additional collateral, a change to the conditions or the repayment of the loan. In order to prevent such steps, HHLA constantly monitors compliance with the covenants and, where required, implements measures to ensure that all conditions of the loan are met. As of the balance sheet date, the corresponding borrowings totalled € 44,125 thousand (previous year: € 54,870 thousand).

The liabilities to banks become due throughout the next five years and beyond as follows:

Maturity	in € thousand
Up to 1 year	37,248
1 year to 2 years	53,869
2 years to 3 years	27,576
3 years to 4 years	22,162
4 years to 5 years	16,606
Over 5 years	129,660
	287,121

39. Trade Liabilities

Trade liabilities amount to:

in € thousand	31.12.2013	31.12.2012
Trade liabilities	69,895	65,850

Trade liabilities from the financial year are only owed to third parties. As in the previous year the total amount is due within one year.

40. Non-Current and Current Liabilities to Related Parties

Liabilities to related parties are made up as follows:

in € thousand	31.12.2013			
	Total	Up to 1 year	1 to 5 years	Over 5 years
Liabilities to HGV	65,276	65,276	0	0
Liabilities to HPA (finance leases)	107,052	183	1,402	105,467
Other liabilities to related parties	7,937	7,937	0	0
	180,265	73,396	1,402	105,467

in € thousand	31.12.2012			
	Total	Up to 1 year	1 to 5 years	Over 5 years
Liabilities to HGV	65,776	65,776	0	0
Liabilities to HPA (finance leases)	114,235	146	1,183	112,906
Other liabilities to related parties	4,658	4,658	0	0
	184,669	70,580	1,183	112,906

Liabilities to HGV of €65,276 thousand (previous year: €65,776 thousand) relate to a loan pertaining to the Real Estate subgroup which attracts standard market interest along with the corresponding interest portion.

The liabilities to HPA involve leased mega-ship berths at both Container Terminal Burchardkai and Container Terminal Tollerort in Hamburg. The amount recognised in the balance sheet is equivalent to the present value of the finance lease liabilities and is based on a lease term up to and including 2062. See also ► Note 45.

41. Other Liabilities

Other liabilities are made up as follows:

in € thousand	31.12.2013	31.12.2012
Tax liabilities	7,160	7,039
Employers' liability insurance premiums	5,213	4,763
Public subsidies	2,438	2,438
Port workers' welfare fund (Hafenfonds)	1,274	1,952
Advance payments received for orders	1,055	1,984
Social security payables	671	927
Other liabilities	7,973	2,662
	25,784	21,765

All other liabilities have a remaining term of up to one year.

The public subsidies relate to preliminary funding in connection with the promotion of intermodal transport. This will be deducted from the acquisition cost capitalised for the subsidised investments following an audit to confirm that all of the requirements have been met.

The HHLA Group received €0 thousand in public subsidies (previous year: €351 thousand) in the year under review.

There is sufficient certainty that all the conditions have been or will be fulfilled for the public subsidies to promote intermodal transport totalling €35,691 thousand which were paid to HHLA in the period between 2001 and 2011. These subsidies have therefore already been deducted from the cost of purchasing the subsidised investments. The conditions for the subsidies include obligations to operate the subsidised equipment for a retention period of five to 20 years, observe certain operating criteria and provide the subsidising body with evidence for the use of the funds.

Other liabilities increased because payment claims in the amount of €4,690 thousand had not yet been settled due to acceptance formalities.

42. Income Tax Liabilities

Income tax liabilities, to the extent that they exist, result from expected additional payments for corporation tax, solidarity surcharge and trade tax.

When preparing the financial statements, provisions are made for the corresponding amounts of corporation tax, solidarity surcharge and trade tax on the basis of the tax and legal situation known at the time of preparation.

in € thousand	31.12.2013	31.12.2012
Income tax liabilities	3,022	4,458

Notes to the Cash Flow Statement

43. Notes to the Cash Flow Statement

Free Cash Flow

The balance of the cash inflow from operating activities and the cash outflow from investing activities makes up the free cash flow. This indicates what cash resources are available for dividend payments or the redemption of existing loans. Free cash flow increased year on year from €49,596 thousand to €79,246 thousand. This was mainly due to a decrease in investment expenses.

Financial Funds

In addition to the cash and cash equivalents entered in the balance sheet, financial funds are made up as shown below as of the balance sheet date for the purposes of the cash flow statement:

in € thousand	31.12.2013	31.12.2012
Cash and cash equivalents	55,404	116,316
Short-term deposits with a maturity of 4–6 months	70,000	50,000
Bank balances and cash in hand	90,034	63,756
Cash, cash equivalents and short-term deposits	215,438	230,072
Receivables from HGV	5,700	8,800
Cash pool receivables	5	0
Short-term deposits with a maturity of 4–6 months	- 70,000	- 50,000
Financial funds at the end of the period	151,143	188,872

Financial funds include cash in hand, cheques and bank balances with a remaining term of up to three months, receivables and/or liabilities relating to HGV and receivables and/or liabilities from cash pooling. They are recognised at nominal value.

Receivables from HGV are overnight deposits available on demand.

Notes to the Segment Report

44. Notes to the Segment Report

The HHLA Group's segment report is prepared in accordance with the provisions of IFRS 8 Operating Segments and requires reporting on the basis of the internal reports to the Executive Board for the purpose of controlling the commercial activities. The segment performance indicator used is the internationally customary key figure EBIT (earnings before interest and taxes), which serves to measure the performance of each segment and therefore aids the internal control function.

The accounting and valuation principles applied for internal reporting comply with the principles applied by the HHLA Group as described in ► Note 6, 'Accounting and Valuation Principles'.

The following four independent segments have been identified, in accordance with the Group's reporting structure for management purposes and the definition provided in IFRS 8:

Container

The Container segment pools the Group's container handling operations. The Group's activities in this segment consist primarily of handling container ships and transferring containers to other carriers (e.g. rail, truck or feeder ship). HHLA operates three container terminals in Hamburg (Altenwerder, Burchardkai and Tollerort) and another container terminal in Odessa, Ukraine. The portfolio is rounded off by supplementary container services, such as maintenance and repairs provided by its subsidiary HCCR.

Intermodal

As a core element of HHLA's business model, which is vertically integrated along the transport chain, the Intermodal segment provides a comprehensive seaport–hinterland rail and truck network. The rail companies Metrans and Polzug and the trucking company CTD complete HHLA's range of services in this field.

Logistics

The Logistics segment encompasses contract and warehousing logistics services as well as specialist handling services. Its service portfolio comprises stand-alone logistics services, entire process chains for the international procurement and distribution of merchandise, and the processing of cruise ships. The segment also provides consulting and management services for clients in the port and transport sectors.

Real Estate

This segment is equivalent to the Real Estate subgroup. Its business activities encompass the development, letting and management of properties in the Port of Hamburg. These include properties in the Speicherstadt historical warehouse district and the fish market area on the Northern banks of the river Elbe.

The Holding/Other division used for segment reporting does not represent an independent business segment as defined by IFRS 8. However, it has been allocated to the segments within the Port Logistics subgroup in order to provide a complete and clear picture.

Due to the structure of the HHLA Group, it is necessary to issue a large number of invoices for inter-segmental services. These predominantly relate to the use of real estate, IT services, administrative services and staff provided by the holding company. Wherever possible, these services are valued at market prices. If it is impossible to make a direct comparison with market prices, benchmarks are used to ensure market conformity. The charges for staff provided by the holding company are usually based on the actual cost.

The following table gives the details of the reconciliation of the segment variables with the corresponding Group variables:

Earnings

The reconciliation of the segment variable EBIT with consolidated earnings before taxes (EBT) incorporates transactions between the segments and the subgroups for which consolidation is mandatory, along with the proportion of companies accounted for using the equity method, net interest income and the other financial result.

Reconciliation of the Segment Indicator EBIT with Consolidated Earnings before Taxes (EBT)

in € thousand	2013	2012 (restated)
Total segment earnings (EBIT) [1]	157,237	185,063
Elimination of business relations between segments and subgroups	763	900
Group earnings (EBIT)	158,000	185,963
Earnings from associates accounted for using the equity method	- 549	- 4,026
Net interest [1]	- 40,580	- 29,268
Other financial result	418	540
Earnings before tax (EBT)	117,289	153,209

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Segment Assets

The reconciliation of segment assets with Group assets incorporates not only items and financial investments for which consolidation is mandatory, but also claims arising from current and deferred income taxes and financial funds which are not to be assigned to segment assets.

Reconciliation of Segment Assets with Group Assets

in € thousand	31.12.2013	31.12.2012 (restated)
Segment assets	1,620,361	1,637,830
Elimination of business relations between segments and subgroups	- 643,961	- 697,735
Current assets before consolidation	489,710	539,228
Financial assets	10,545	6,940
Deferred tax [1]	35,175	41,965
Income tax receivables	4,098	9,345
Cash, cash equivalents and short-term deposits	215,438	230,072
Group assets	1,731,366	1,767,645

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

Other Segment Information

The reconciliation with Group investments totalling € - 111 thousand (previous year: € - 229 thousand) contains the elimination of internal invoices for services to generate intangible assets and the inter-segmental sale of property, plant and equipment.

In relation to the reconciliation of depreciation and amortisation amounting to € - 873 thousand (previous year: € - 1,094 thousand), the entire amount is attributable to the elimination of inter-company profits between the segments and the subgroups.

The reconciliation of non-cash items amounting to € 65 thousand (previous year: € 37 thousand) contains items for which consolidation is mandatory between the segments and the subgroups.

Information about Geographical Regions

	Germany		EU		Outside EU		Total		Reconciliation with Group assets		Group	
in € thousand	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012 (restated)	2013	2012 (restated)
Segment income	849,180	870,098	256,452	213,163	49,605	45,281	1,155,237	1,128,542	0	0	1,155,237	1,128,542
Non-current segment assets [1]	949,955	987,637	217,307	229,078	83,951	58,483	1,251,213	1,275,198	480,153	492,447	1,731,366	1,767,645
Investments in non-current segment assets	70,228	117,336	10,580	45,696	32,854	33,488	113,662	196,520	0	0	113,662	196,520

[1] Retrospective restatement of the figures for the previous year resulting from application of IAS 19R

For the information by region, the segment revenue and disclosures on non-current segment assets are broken down in accordance with the affiliates' respective locations. In addition to items between the segments for which consolidation is mandatory, the reconciliation to Group assets primarily contains current assets, financial investments and claims arising from current and deferred income taxes.

Information about Key Clients

In the HHLA Group there is no customer with which more than 10 % of the entire consolidated revenue was generated.

Other Notes

45. Lease Liabilities

Obligations under Finance Leases

The Group has concluded various finance lease and hire-purchase agreements for a number of properties, technical equipment, and operating and office equipment. These agreements relate to, among other things, quay walls, lifting and ground-handling vehicles, container-carrying wagons and chassis, and IT hardware. For the most part, the contracts include renewal options and, in some cases, a PUT (purchase upon termination) option. The renewal options are always for the lessee; the PUT option can used by the respective lessor to force a sale.

The key obligations under finance leases result from the leasing of mega-ship berths from HPA, a related party. The fixed lease initially runs until 2036, but HHLA anticipates that the lease terms of these assets will extend over 50 years, as in the past. The contracts make provisions for the allocation of liability in the event of nullity and the associated premature termination of the lease as a result of conflict with EU law. The Executive Board of HHLA believes the risk of a conflict with EU law is currently very low. Following the completion of a present value test, the mega-ship berth leases are to be classified as finance lease obligations according to IAS 17. Including expected increases in the rents payable, this results in anticipated minimum lease payments of €251,785 thousand (previous year: €273,758 thousand).

The following table shows the reconciliation between future minimum lease payments from finance leases and hire-purchase agreements and their present value:

in € thousand	31.12.2013	31.12.2012
Within one year	10,011	11,068
Between one and five years	24,979	30,590
Over five years	232,480	253,637
Total minimum lease payments	267,470	295,295
Within one year	5,070	5,626
Between one and five years	6,151	10,244
Over five years	106,611	114,153
Present value of minimum lease payments	117,832	130,023
Interest expenses from discounting	149,638	165,272

Liabilities from Operating Leases where the Group is Lessee

Contracts exist between the Free and Hanseatic City of Hamburg and/or HPA and the HHLA Group for the lease of land and quay walls in the Port of Hamburg and in the Speicherstadt historical warehouse district by companies in the HHLA Group. The main contracts expire between 2025 and 2037. Under the terms of the contracts the lease payments are generally reviewed every five years on the basis of price developments in relevant competing ports or based on appropriate rental indices. Provisions are made for the anticipated increases in lease payments. Leasing expenses for the space in the Speicherstadt historical warehouse district are partly linked to the development of Group income from subletting these buildings.

Without the prior approval of the lessor, the leased areas and the buildings on them belonging to HHLA may not be sold or let. Major changes to the terms of subletting agreements also require the approval of the lessor.

There are also leases relating to real estate and movable property at the container terminal in Odessa, Ukraine. On the whole, the rents payable for this are fixed and will only change during the course of the agreement as a result of future inflation. The company will not have purchase options at the end of the lease agreements. The respective lease agreements have terms of between five and 34 years.

The Group also has leasing agreements for various motor vehicles and items of technical equipment. These leases have an average duration of one to seven years and generally do not include renewal options. The lessee takes on no obligations when signing these leases.

At the balance sheet date the following minimum lease payment obligations exist under uncancellable operating leases:

in € thousand	31.12.2013	31.12.2012
Within one year	37,931	36,010
Between one and five years	140,521	133,387
Over five years	754,974	802,151
	933,426	971,548

In the financial year, expenses of €48,241 thousand (previous year: €43,954 thousand) were incurred for leases, of which €1,740 thousand (previous year: €1,683 thousand) relates to conditional rental payments.

Operating Leases where the Group is Lessor

The Group has signed leasing agreements for letting its investment properties on a commercial basis. The investment properties consist of office space and facilities not used by the Group. These leases have remaining uncancellable lease terms of between one and 15 years. After the end of the uncancellable lease period some contracts give tenants the option of extending the lease for a period of between two and up to a maximum of three times five years. Some leases contain a clause under which the rent can be increased in line with market conditions.

The following table shows the minimum lease payments anticipated for the years ahead on the basis of uncancellable operating leases for investment property at the balance sheet date:

in € thousand	31.12.2013	31.12.2012
Within one year	29,479	28,849
Between one and five years	69,616	82,175
Over five years	33,573	27,299
	132,668	138,323

In the financial year, income of € 50,950 thousand (previous year: € 49,777 thousand) was earned from letting property, plant and equipment and investment property.

46. Contingent Liabilities and Other Financial Obligations

No provisions were formed for the following contingent liabilities because it was deemed highly unlikely that they would be utilised:

Contingent Liabilities

in € thousand	31.12.2013	31.12.2012
Guarantees	5,608	5,454
Comfort letters	2,500	1,850
	8,108	7,304

Other Financial Obligations

The nominal values of other financial obligations are made up as follows on the balance sheet date:

in € thousand	31.12.2013	31.12.2012
Outstanding purchase commitments	166,756	108,421
Miscellaneous other obligations	963,738	1,029,767
	1,130,494	1,138,188

Of the obligations from outstanding purchase commitments, € 148,523 thousand (previous year: € 91,811 thousand) is attributable to capitalisation of property, plant and equipment.

Miscellaneous other obligations contain commitments from operating leases amounting to € 933,246 thousand (previous year: € 971,548 thousand), see also ► Note 45. Of the total reported for miscellaneous other obligations, proportionately consolidated joint ventures account for € 56,438 thousand (previous year: € 58,685 thousand).

47. Management of Financial Risks

To finance its business activities, the Group uses short, medium and long-term bank loans, finance leases and hire-purchase agreements as well as cash and short-term deposits. The Group has access to various other financial assets and liabilities, such as trade payables and receivables which arise directly from its business.

The Group also enters into derivative transactions. Derivative financial instruments are most likely to include interest rate hedging instruments such as interest rate swaps and interest rate caps and currency futures. The purpose of these derivative financial instruments is to manage interest rate, currency and commodity price risks which result from the Group's business activities and its sources of financing.

Derivative financial instruments are used to hedge existing transactions and planned transactions which are sufficiently likely to take place. Hedging transactions are only concluded with counterparties with very good credit ratings. HHLA also makes use of external ratings to assess its counterparties' creditworthiness. The Group does not hold derivative financial instruments for speculative purposes.

Interest Rate and Market Price Risk

As a result of its financing activities, the Group is exposed to an interest rate risk which principally stems from medium to long-term borrowing at floating rates of interest.

Managing the Group's interest expenses involves a combination of fixed and floating-rate debt, depending on the market. It is Group policy to arrange the majority of interest-bearing debt at fixed rates of interest, either by agreeing fixed rates with the lenders or by taking out interest rate swaps. These instruments are used in the HHLA Group to reduce interest rate risks and, to a minor extent, to reduce currency and commodity price risks where applicable. Derivatives shown in the consolidated financial statements are reported at their fair value on the basis of the market prices posted by counterparties. Resulting gains and losses are recognised through profit and loss in the financial result unless the derivative financial instrument is part of a designated cash flow hedging relationship. The effective portion of unrealised gains and losses on cash flow hedges is recognised in equity without effect on profit and loss.

At the balance sheet date, 86.1 % (previous year: 76.1 %) of the Group's borrowing was at fixed interest rates, including an amount of € 16,001 thousand (previous year: € 20,336 thousand) covered by interest rate swaps.

The fixed-interest financial instruments are not held at fair value and are therefore not subject to market price risks on the balance sheet.

Market price risks can, however, affect securities and equity investments in particular. Due to the minor scope of these instruments, the risk is deemed insignificant.

A change in the variable interest rate affects the interest expenses arising from floating-rate loans, the interest income from overnight deposits and time deposit investments, and the income from interest rate hedges and their fair value.

If the variable interest rate had been 0.5 percentage points higher as of the balance sheet date, interest expenses arising from floating-rate loans would have been € 279 thousand p. a. higher, interest income from overnight deposits and time deposit investments would have been € 1,105 thousand p. a. higher, and income from interest rate hedges would have been € 80 thousand p. a. higher. The fair value of the interest rate hedges would have risen by € 126 thousand. Of this, € 77 thousand would be recorded directly in equity and € 49 thousand would be recognised in the income statement, whose result would increase by a total of € 954 thousand before tax.

Exchange Rate Risk

Due to investments in countries outside the eurozone, changes in exchange rates can affect the balance sheet. Foreign currency risks on individual transactions, such as the sale of a shareholding for example, are hedged by currency futures or currency options if a market analysis requires it. The hedging transactions are in the same currency as the hedged item. The Group only concludes currency futures contracts when specific claims or obligations exist.

As in the previous year, the Group did not hold any currency hedging instruments on the balance sheet date.

Revenue in the HHLA Group is predominantly invoiced in euros or in the national currencies of the European affiliates. Investments in these countries are largely transacted in euros. A 20.0 % change in the weighted average rate for the Ukrainian hryvnia, a functional currency, in the financial year would have had a positive or negative impact of approx. €3 million on consolidated earnings before taxes. For all other currencies, changes in exchange rates do not pose a material risk to the Group.

Commodity Price Risk

The Group is primarily exposed to a commodity price risk when purchasing fuel. Depending on the market situation the Group can arrange price hedges for part of its fuel requirements. This was not the case at the balance sheet date or on 31 December 2012.

In addition to the market risks mentioned, there are also financial risks in the form of credit and liquidity risks.

Credit Risk/Default Risk

The Group only maintains customer relationships on a credit basis with recognised, creditworthy third parties. Clients who wish to complete transactions with the Group on a credit basis are subject to a credit scoring procedure. Receivables are also monitored on an ongoing basis and impairment allowances are made if risks are identified, such that the Group is not exposed to any additional significant default risks on receivables. The maximum default risk for the trade receivables and other financial receivables is theoretically the carrying amount for the individual receivable. HHLA has also taken out loan loss insurance to minimise default risks. This covers key outstanding receivables as of the balance sheet date.

The term structure of trade receivables is as follows:

in € thousand	31.12.2013	31.12.2012
Receivables not due for payment and not written down	104,990	99,497
Overdue receivables not written down	35,931	28,540
thereof up to 30 days	28,702	24,066
thereof 31 to 90 days	5,114	3,661
thereof 91 days to 1 year	2,061	801
thereof over 1 year	54	12
	140,921	128,037

Value adjustments on trade receivables developed as follows:

in € thousand	2013	2012
Impairment as of 01.01.	2,621	2,504
Additions (impairment expenses)	1,124	1,614
Used	- 1,097	- 519
Reversals	- 203	- 978
Impairment as of 31.12.	2,445	2,621

The default risk in the case of derivative financial instruments and cash, cash equivalents and short-term deposits is, in theory, that of counterparty default and is therefore equivalent to the carrying amounts of the individual financial instruments.

The risk of default can be considered to be very low, since the Group as a rule only conducts derivative financial transactions and liquid investments with counterparties with very good credit ratings.

In addition, credit risks may arise if the contingent liabilities listed in ► Note 46 are incurred.

Liquidity Risk

The Group guarantees sufficient liquidity at all times with the help of medium-term liquidity planning, by diversifying the maturities of loans and finance leases, and by means of existing lines of credit and funding commitments. If covenants have been agreed for individual loans, they are monitored on an ongoing basis to make sure they are being complied with. HHLA will introduce measures it deems necessary to ensure that the covenants are met.

For details on the repayment of the HHLA Group's loans, the liabilities towards employees, the finance lease liabilities and other financial liabilities, please refer to the table of residual maturities for financial liabilities in ► Note 38.

Future interest payments are expected to result in the following outflows of liquidity:

	31.12.2013			
in € thousand	Total	Up to 1 year	1 to 5 years	Over 5 years
Outflow of liquidity for future interest payments on fixed-interest loans	43,878	6,925	18,049	18,904
Outflow of liquidity for future interest payments on floating-rate loans	4,584	1,262	2,825	497
	48,462	8,187	20,874	19,401

	31.12.2012			
in € thousand	Total	Up to 1 year	1 to 5 years	Over 5 years
Outflow of liquidity for future interest payments on fixed-interest loans	43,961	6,698	18,732	18,531
Outflow of liquidity for future interest payments on floating-rate loans	2,737	804	1,544	389
	46,698	7,502	20,276	18,920

It is anticipated that the interest rate swaps in place on the balance sheet date will result in the following interest outflows in the future. In this context, an interest outflow is considered to be the difference between the amount to be paid and the amount to be received.

in € thousand	31.12.2013	31.12.2012
Within one year	526	703
Between one and five years	585	1,144
Over five years	0	0
	1,111	1,847

Financial Instruments

Carrying Amounts and Fair Values

The following table shows carrying amounts and fair values for financial assets and financial liabilities, including their respective levels in the fair value hierarchy.

Financial Assets as of 31.12.2013

in € thousand	Carrying amount			Fair value			
	Loans and receivables	Available for sale	Balance sheet value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Financial assets (securities)		4,557	4,557	4,557			4,557
	0	4,557	4,557				
Financial assets not measured at fair value							
Financial assets	4,224	4,511	8,735				
Trade receivables	140,921		140,921				
Receivables from related parties	23,836		23,836				
Other financial receivables	3,095		3,095				
Cash, cash equivalents and short-term deposits	215,438		215,438				
	387,514	4,511	392,025				

Financial Liabilities as of 31.12.2013

in € thousand	Carrying amount				Fair value			
	Held for trading	Fair value – hedging instruments	Other financial liabilities	Balance sheet value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value								
Financial liabilities (interest rate swaps used for hedging transactions)	421	584		1,005		1,005		1,005
	421	584	0	1,005				
Financial liabilities not measured at fair value								
Financial liabilities (liabilities from bank loans)			288,698	288,698		289,272		289,272
Financial liabilities (finance lease liabilities)			10,782	10,782		6,951		6,951
Financial liabilities (other)			98,390	98,390				
Trade liabilities			69,895	69,895				
Liabilities to related parties			180,265	180,265		98,420		98,420
	0	0	648,030	648,030				

Financial Assets as of 31.12.2012

in € thousand	Carrying amount			Fair value			
	Loans and receivables	Available for sale	Balance sheet value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Financial assets (securities)		4,451	4,451	4,451			4,451
	0	4,451	4,451				
Financial assets not measured at fair value							
Financial assets	5,160	4,324	9,484				
Trade receivables	128,037		128,037				
Receivables from related parties	24,928		24,928				
Other financial receivables	2,382		2,382				
Cash, cash equivalents and short-term deposits	230,072		230,072				
	390,579	4,324	394,903				

Financial Liabilities as of 31.12.2012

in € thousand	Carrying amount				Fair value			
	Held for trading	Fair value – hedging instruments	Other financial liabilities	Balance sheet value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value								
Financial liabilities (interest rate swaps used for hedging transactions)	932	903		1,835		1,835		1,835
	932	903	0	1,835				
Financial liabilities not measured at fair value								
Financial liabilities (liabilities from bank loans)			319,844	319,844		323,658		323,658
Financial liabilities (finance lease liabilities)			15,788	15,788		10,179		10,179
Financial liabilities (other)			114,863	114,863				
Trade liabilities			65,850	65,850				
Liabilities to related parties			184,669	184,669		105,586		105,586
	0	0	701,014	701,014				

Write-backs totalling €6 thousand (previous year: €23 thousand) were recognised on securities in the period under review.

In the reporting year, gains of €512 thousand (previous year: €64 thousand) were recognised in the income statement on financial assets and/or liabilities held at fair value through profit and loss. These primarily relate to interest rate hedges with no effective hedging relationship as per IAS 39.

In the reporting year, changes of €319 thousand (previous year: €-43 thousand) in the fair value of financial instruments designated as hedging instruments (interest rate swaps) were recognised directly in equity. Losses amounting to €1,065 thousand were derecognised from equity in the previous year due to the changes in the scope of consolidation.

The interest rate swaps disclosed covered a total amount of €16,001 thousand (previous year: €20,336 thousand). Of these, financial instruments covering an amount of €8,821 thousand (previous year: €9,299 thousand) with a market value of €-584 thousand (previous year: €-903 thousand) were held as part of cash flow hedging relationships to hedge future cash flows from interest-bearing liabilities as of the balance sheet date. The hedged cash flows are expected to occur within the next three years. The amount covered by interest rate swaps is adjusted in line with the anticipated repayment of the loan over the term of the derivative.

The interest income and interest expenses recorded form part of the financial result. See ► Note 16.

For the non-current financial liabilities indicated, there are no significant differences between the carrying amounts and fair values of financial instruments.

Valuation Methods and Key Unobservable Input Factors for Calculating Fair Value

The following tables show the valuation methods applied for calculation of fair value at level 2 and level 3 as well as the key unobservable input factors applied:

Financial Instruments Measured at Fair Value

Type	Valuation method	Key unobservable input factors	Relationship between key unobservable input factors and measurement at fair value
Financial liabilities (interest rate swaps)	Market comparison method: Fair values are based on brokers' prices. Similar contracts are traded on an active market and the prices reflect actual transactions for similar instruments. The market values are calculated with present value and option pricing models to determine the fair value. Whenever possible, these models use the relevant market prices and interest rates observed at the balance sheet date, obtained from recognised sources, as input parameters. The fair value of available-for-sale financial assets is determined on the basis of market prices. The relevant fixed interest rate amounts to between 3.82 and 4.33 %. Any variable components are based on 1M to 6M EURIBOR rates. The derivatives have a remaining maturity period of up to three years.	Not applicable	Not applicable

Financial Instruments Not Measured at Fair Value

Type	Valuation method	Key unobservable input factors
Financial liabilities (liabilities from bank loans)	Discounted cash flows	Not applicable
Financial liabilities (finance lease liabilities)	Discounted cash flows	Not applicable
Liabilities to related parties (finance lease liabilities included in this item)	Discounted cash flows: The valuation model utilises the present value, taking into account contractually agreed increases in rents. Discount rates of between 4.21 and 5.56 % are used.	Not applicable

48. Related Party Disclosures

IAS 24 defines related parties as companies and individuals which directly or indirectly control or exert significant influence over the HHLA Group or over which the HHLA Group has control, joint control or significant influence.

The shareholders HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (HGV), and HHLA Beteiligungsgesellschaft mbH, Hamburg, as well as their shareholder, the Free and Hanseatic City of Hamburg (FHH), companies over which the Free and Hanseatic City of Hamburg has control or significant influence, the members of HHLA's Executive and Supervisory Boards, and the subsidiaries, associates and joint ventures in the HHLA Group are therefore defined as related parties. HGV is the final parent company of HHLA which publishes consolidated financial statements. HHLA is the parent company of the HHLA Group.

In addition to the business relationships with subsidiaries fully consolidated in the consolidated financial statements, the following transactions took place with related parties in the respective financial year:

	Income		Expenses		Receivables		Liabilities	
in € thousand	2013	2012	2013	2012	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Companies with control over the Group	554	523	5,809	4,174	7,709	11,156	65,276	65,776
Non-consolidated subsidiaries	63	3,199	10,973	726	4,841	355	2,709	963
Joint ventures	6,018	6,286	5,716	5,874	1,143	1,537	1,418	1,517
Associated companies	6,539	6,098	1,346	971	8,992	10,444	1,290	904
Other transactions with related parties	4,632	5,838	30,034	28,793	1,151	1,436	109,572	115,509
	17,806	21,944	53,878	40,538	23,836	24,928	180,265	184,669

Liabilities towards related parties with control over the Group include a loan of €65,000 thousand (previous year: €65,000 thousand) to the Real Estate subgroup, which is granted by HGV for an indefinite period and attracts interest at a rate of 4.50 % p. a. (previous year: 4.50 %) as of the balance sheet date. The loan can be cancelled with three months' notice. In addition, HHLA has receivables from cash clearing with HGV totalling €5,700 thousand (previous year: €8,800 thousand). HHLA's receivables accrued interest at a rate of between 0.15 and 0.40 % p. a. (previous year: between 0.13 and 0.83 % p. a.) in the reporting year. The interest rates for HHLA's liabilities were between 0.25 and 0.60 % p. a. (previous year: between 0.23 and 0.93 %).

Obligations from finance leases amounting to € 107,052 thousand (previous year: € 114,235 thousand) for the lease of four mega-ship berths from HPA are included in other transactions with related parties.

Expenses with related parties mostly include rent for land and quay walls in the port and the Speicherstadt historical warehouse district.

Expenses for non-consolidated subsidiaries were incurred for METRANS Rail (Deutschland) GmbH in the past financial year, in the amount of €9,691 thousand (previous year: € 14 thousand).

Furthermore, HGV and the Free and Hanseatic City of Hamburg as parties related to HHLA have provided comfort letters and guarantees to lender banks for loans granted to companies in the HHLA Group. The nominal amount of the associated loan liabilities is € 208,000 thousand (previous year: € 248,000 thousand), of which around € 145,237 thousand plus interest was still outstanding on the balance sheet date (previous year: € 193,500 thousand).

With effect from 18 October 2007, a partial loss compensation agreement was concluded between HHLA and HGV. HGV hereby undertakes to assume each annual deficit posted by the HHLA Real Estate subgroup as per commercial law during the term of the agreement. This applies insofar as the deficit is not compensated for by transferring amounts from retained earnings, other revenue reserves or the capital reserve which were carried forward as profit or transferred to these reserves during the term of the contract in accordance with Section 272 (2) (4) of the German Commercial Code (HGB).

Expenses and income from related parties are on standard market terms. The amounts outstanding at year-end are not secured and – with the exception of overnight funds in clearing and the loan liability to HGV – do not attract interest.

No loans or comparable benefits were granted to the members of the Executive and Supervisory Boards in the reporting year or in the previous year.

The following table lists subsidiaries, associated companies and joint ventures, plus HHLA's other participating interests:

List of HHLA's Shareholdings by Business Sector as of 31 December 2013

Name and headquarters of the company	Share of capital held		Equity	Result for the financial year	
	directly	indirectly			
	in %	in %	in € thousand	year	in € thousand
Port Logistics					
Container segment					
HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg [1, 2, 3]	100.0		111,449	2013	0
HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH, Hamburg [1, 2, 3a]		100.0	1,942	2013	0
HHLA Container Terminal Tollerort GmbH, Hamburg [1, 2, 3a]		100.0	34,741	2013	0
HHLA Rosshafen Terminal GmbH, Hamburg [1]		100.0	19,410	2013	1,981
HHLA Container-Terminal Altenwerder GmbH, Hamburg [1, 2, 3]		74.9	74,072	2013	0
SCA Service Center Altenwerder GmbH, Hamburg [1, 2, 3b]		74.9	601	2013	0
Kombi-Transeuropa Terminal Hamburg GmbH, Hamburg [4]		37.5	141	2013	31
HHLA CTA Besitzgesellschaft mbH, Hamburg [1, 2, 3a]		74.9	6,360	2013	0
CuxPort GmbH, Cuxhaven [6]		25.1	7,676	2012	1,584
FLZ Hamburger Feeder Logistik Zentrale GmbH, Hamburg [4]		66.0	25	2013	0
HHLA Container Terminal Burchardkai GmbH, Hamburg [1, 2, 3a]	100.0		76,961	2013	0
Service Center Burchardkai GmbH, Hamburg [1, 2, 3b]		100.0	26	2013	0
Cuxcargo Hafenbetrieb GmbH & Co. KG, Cuxhaven [5]	50.0		8	2013	5
Cuxcargo Hafenbetrieb Verwaltungs-GmbH, Cuxhaven [5]	50.0		16	2013	0
DHU Gesellschaft Datenverarbeitung Hamburger Umschlagsbetriebe mbH, Hamburg [5]	23.0	17.4	1,643	2013	906
SC HPC UKRAINA, Odessa/Ukraine [1]		100.0	73,729	2013	10,577
Intermodal segment					
CTD Container-Transport-Dienst GmbH, Hamburg [1, 2, 3b]	100.0		1,256	2013	0
CIT Container Inland Trucking GmbH, Hamburg [5]		50.0	53	2012	17
HHLA Intermodal Polska Sp. z o.o., Warsaw/Poland [1]		100.0	5,022	2013	- 279
METRANS a.s., Prague/Czech Republic [1]	86.5		129,433	2013	18,556
METRANS (Deutschland) GmbH, Hamburg [1, 5]		86.5	158	2013	1
METRANS (Danubia) a.s., Dunajska Streda/Slovakia [1]		86.5	25,758	2013	3,481
METRANS Danubia Kft., Gyor/Hungary [1, 5]		86.5	368	2013	230
METRANS Adria D.O.O., Koper/Slovenia [1, 5]		86.5	488	2013	72
METRANS D.O.O., Rijeka/Croatia [1, 5]		86.5	- 6	2013	3
METRANS Danubia Krems GmbH, Krems an der Donau Austria [1, 5]		86.5	- 275	2013	- 495
METRANS DYKO Rail Repair Shop s.r.o., Prague/Czech Republic [1]		86.5	3,169	2013	305
METRANS Rail s.r.o., Prague/Czech Republic [1]		69.2	1,204	2013	652
METRANS Rail (Deutschland) GmbH, Kirnitzschtal [1, 5]		86.5	0	2013	- 244
METRANS Railprofi Austria GmbH, Krems an der Donau Austria [1, 5]		69.2	483	2013	412
IBZ Pankrác a.s., Nyrany/Czech Republic [1, 5]		80.8	231	2013	18
JPFE-07 INVESTMENTS s.r.o., Ostrava/Czech Republic [1, 5]		86.5	783	2013	26
POLZUG Intermodal GmbH, Hamburg [1, 2, 3]	100.0		7,990	2013	0
POLZUG Intermodal Polska sp. z o.o., Warsaw/Poland [1]		100.0	1,049	2013	- 555
POLZUG INTERMODAL LLC, Poti/Georgia [1]		75.0	729	2013	543
IPN Inland Port Network Verwaltungsgesellschaft mbH, Hamburg [5]	50.0		30	2013	1
IPN Inland Port Network GmbH & Co. KG, Hamburg [5]	50.0		79	2013	33

List of HHLA's Shareholdings by Business Sector as of 31 December 2013

Name and headquarters of the company	Share of capital held		Equity	Result for the financial year	
	directly	indirectly			
	in %	in %	in € thousand	year	in € thousand
Logistics segment					
HPC Hamburg Port Consulting Gesellschaft mit beschränkter Haftung, Hamburg [1, 2, 3]	100.0		1,367	2013	0
HPTI Hamburg Port Training Institute GmbH, Hamburg [1, 2, 3b]		100.0	102	2013	0
Uniconsult Universal Transport Consulting Gesellschaft mit beschränkter Haftung, Hamburg [1, 2, 3b]		100.0	100	2013	0
UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg [1]	51.0		4,973	2013	558
ARS-UNIKAI GmbH, Hamburg [4]		25.5	351	2013	45
HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg [6]	51.0		13,516	2013	- 2,446
Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg [6]	51.0		451	2013	140
HHLA Logistics GmbH, Hamburg [1, 2, 3]	100.0		- 1,237	2013	0
HHLA Logistics Altenwerder GmbH & Co. KG, Hamburg [1]	100.0		587	2013	4,978
HHLA Immobilien Speicherstadt GmbH, Hamburg (formerly: HHLA Logistics Altenwerder Verwaltungsgesellschaft mbH, Hamburg) [1, 5]	100.0		46	2013	- 1
Hansaport Hafenbetriebsgesellschaft mit beschränkter Haftung, Hamburg [3a, 4]	49.0		n. a.	2013	n. a.
HCC Hanseatic Cruise Centers GmbH, Hamburg [1]		51.0	789	2013	64
Holding/Other					
GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg [1, 2, 3b]	100.0		3,609	2013	0
HHLA-Personal-Service-GmbH, Hamburg [1, 2, 3b]	100.0		45	2013	0
HCCR Erste Beteiligungsgesellschaft mbH, Hamburg [1]		100.0	32	2013	- 1
Real Estate					
Real Estate segment					
Fischmarkt Hamburg-Altona Gesellschaft mit beschränkter Haftung, Hamburg [1, 2, 3]	100.0		4,518	2013	0
HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (formerly: GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Block D mbH, Hamburg) [1, 2, 3c]	100.0		14,305	2013	0
GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg [1]	100.0		12,304	2013	1,547

[1] Controlled companies
[2] Profit and loss transfer agreements were held in these companies in 2013.
[3] The non-disclosure option provided for in Section 264 (3) of the German Commercial Code (HGB) was used for these companies.
[3a] The non-disclosure option and the option of non-inclusion in the management report provided for in Section 264 (3) of the German Commercial Code (HGB) were used for these companies.
[3b] The non-disclosure option and the option of non-inclusion in the management report and the Notes provided for in Section 264 (3) of the German Commercial Code (HGB) were used for these companies.
[3c] The non-disclosure option provided for in Section 264b of the German Commercial Code (HGB) was used for these companies.
[4] Proportionately consolidated companies
[5] Due to the minor importance of these companies, they are not recognised using the equity method in the consolidated financial statements or as associated companies, but rather as an equity investment.
[6] Companies recognised using the equity method

Remuneration for Key Management Personnel

The relevant group of people includes the current and former members of the Executive Board and their surviving dependants. The Supervisory Board and their immediate families also count as related parties. Apart from the details provided below, there were no notifiable transactions with related parties or their close relatives in the 2013 financial year.

Executive Board Remuneration

In accordance with Article 11 (2) of HHLA's articles of association, the Supervisory Board is responsible for signing and terminating service contracts with members of the Executive Board. The Supervisory Board in its entirety also establishes and regularly reviews the remuneration system for the Executive Board – including the core contractual components – based on recommendations by the Personnel Committee. When conducting such reviews, the Personnel Committee considers HHLA's size and area of operations, its commercial and financial position and the amount and structure of Executive Board remuneration in comparable companies. The responsibilities and services provided by each Executive Board member are also taken into account. Following the introduction of the German Act on the Appropriateness of Management Board Remuneration (VorstAG), the Supervisory Board approved a new remuneration system at its meeting in December 2010. This system has been in use since 1 January 2011.

The remuneration of Executive Board members is made up of non-performance-related fixed remuneration, a performance-related bonus and other benefits. The performance-related bonus is usually set using a three-year assessment period as a basis. The calculation is based on the average earnings before interest and taxes (EBIT) for the last three years (before additions to pension provisions and less any extraordinary income from the disposal of real estate and companies), the average return on capital employed (ROCE) and the achievement of targets relating to environmental issues (reduction of the carbon footprint of each container handled and transported) and social issues (broken down into training and continuing professional development, health and employment) over the same period. Target ranges were set for each of the sustainability components. Achieving these targets triggers the payment of the relevant bonus. When making these calculations, roughly equal weight is given to EBIT on the one hand and the above-mentioned sustainability components on the other. The variable remuneration is capped at 150 % of the basic salary. It is paid out once the annual financial statements have been approved.

In addition to this, there is a pension commitment for each Executive Board member. Pensions are paid to former Executive Board members either after five or eight years' service on the Executive Board if they leave the Board for reasons unrelated to the Board member, or as a result of incapacity or due to reaching retirement age. Pensions consist of a percentage of the entitlement salary, which is based on the annual basic salary. The percentage is between 35 and 50 %. Surviving spouses of Executive Board members receive a widow(er)'s pension of 55 to 60 % of the pension entitlement and children receive an orphan's allowance of 12 to 20 % of the pension.

Should the pension entitlement have been suspended or no longer apply, transitional or interim pay applies for a limited period on the basis of the fixed remuneration.

The service contracts valid during the year under review include a change of control clause. This stipulates that Executive Board members will receive their financial entitlement for the remaining duration of their contract, discounted by 2 % p. a. and discharged in a one-off payment, should they lose their seat on the Board. This does not affect their pension entitlements.

Please see the remuneration report for details of the remuneration paid to individual Board members.

The following remuneration was paid to the members of the Executive Board:

in € thousand	2013	2012
Non-performance-related remuneration		
Basic salary	1,440	1,440
Other benefits	46	46
Performance-related remuneration	1,484	1,641
	2,970	3,127

The other benefits are made up of benefits in kind, which principally consist of the use of a company car.

After leaving the Executive Board on 31 December 2011, Dr. Jürgens received his contractually agreed fixed remuneration until 31 December 2013. The sum of € 325,000 was stipulated as the basis for calculating his performance-related pay.

Benefits totalling € 1,334 thousand (previous year: € 1,385 thousand) were paid to former members of the Executive Board and their surviving dependants. Provisions of €8,522 thousand (previous year: €8,365 thousand) have been made for pension commitments to active Executive Board members and provisions of €10,956 thousand (previous year: €11,417 thousand) have been made for pension commitments to former Executive Board members and their surviving dependants.

Supervisory Board Remuneration

In accordance with Article 16 of HHLA's articles of association, Supervisory Board members are remunerated as resolved by the Annual General Meeting. This remuneration is based on the scope of the Supervisory Board members' activities as well as on the company's financial position and results. The current remuneration clause was adopted at the Annual General Meeting held on 13 June 2013.

The members of the Supervisory Board receive fixed remuneration of €13,500 per financial year. The Chairman receives three times this amount and the Vice Chairman is paid one and a half times the basic figure. Supervisory Board members who belong to a committee receive an additional €2,500 per committee per financial year, while the Chairman of the respective committee receives €5,000, but altogether no more than €10,000. Furthermore, Supervisory Board members receive a meeting attendance fee of €250 for each meeting of the Supervisory Board or one of its committees. Following the resolution on the Supervisory Board's remuneration which was passed by the Annual General Meeting held on 13 June 2013, there will be no variable remuneration component as of the 2013 financial year. Supervisory Board members who have belonged to the Supervisory Board or a committee for less than a whole financial year receive a corresponding pro rata payment.

The remuneration paid to the Supervisory Board in the financial year under review totalled €291 thousand (previous year: €282 thousand).

49. German Corporate Governance Code

HHLA has based its corporate governance on the recommendations and suggestions of the German Corporate Governance Code (the Code) as published on 15 May 2012 and – subsequent to its taking effect – the version dated 13 May 2013. It will continue to comply with these recommendations and suggestions in future. Information on corporate governance at HHLA and a detailed report on the amount and structure of the remuneration paid to the Supervisory Board and Executive Board can be found in the Group management report and ► Note 48 of this report. The Executive Board and Supervisory Board discussed matters of corporate governance in 2013 and on 11 December 2013 issued the declaration of compliance 2013 in accordance with Section 161 of the German Stock Corporation Act (AktG), which is permanently available to shareholders on the company's website ► www.hhla.de.

50. Auditing Fees

The following fees have been recognised as expenses for services provided by the auditors of the consolidated financial statements, Ernst & Young GmbH.

in € thousand	2013	2012
Audit of financial statements	461	531
Other certification services	91	79
Other services	48	14
	600	624

Fees for auditing financial statements primarily consist of the fees for the audit of the consolidated financial statements and for the audits of the financial statements of Hamburger Hafen und Logistik Aktiengesellschaft and its domestic subsidiaries. In the year under review and the previous year, fees for other certification services related predominantly to the qualified review of interim financial statements.

51. Events after the Balance Sheet Date

After the balance sheet date, the conflict in Ukraine concerning the country's political future came to a dramatic head. Ukraine's future political make-up remains highly uncertain. It is possible that political developments may cause the economic trend and business environment in Ukraine to deteriorate considerably. In addition to this, the Ukrainian currency – the hryvnia – depreciated by almost 20% against the euro between the balance sheet date and the end of February. Due to the outlined situation in Ukraine, it is impossible to rule out exchange rate effects which could have a negative impact on the Group's net assets, financial and earnings position. Revaluations may also prove necessary in the future.

Hamburg, 4 March 2014

Hamburger Hafen und Logistik Aktiengesellschaft

Klaus-Dieter Peters Dr. Stefan Behn

Heinz Brandt Dr. Roland Lappin

Annual Financial Statements of the Parent Company

Income statement

for the period 1 January to 31 December 2013

in €	2013	2013	2012	2012
1. Revenue		142,012,949.36		142,704,922.21
2. Increase in work in progress		254,399.35		21,800.26
3. Own work capitalised		710,311.72		466,566.30
4. Other operating income of which income from translation differences €2,410.49 (previous year: €3,469.53)		5,916,940.85		8,068,575.51
5. Cost of materials				
a) Expenses for raw materials, consumables, supplies and purchased merchandise	4,517,901.50		4,272,846.56	
b) Expenses for purchased services	1,322,086.35	5,839,987.85	1,314,205.52	5,587,052.08
6. Personnel expenses				
a) Wages and salaries	92,834,960.51		95,782,085.78	
b) Social security contributions and expenses for pension and similar benefits of which for pensions €6,379.94 (previous year: €5,157,063.70)	15,458,894.62	108,293,855.13	20,757,715.92	116,539,801.70
7. Depreciation and amortisation on intangible fixed assets and property, plant and equipment		6,017,169.72		6,399,710.73
8. Other operating expenses of which expenses from translation differences €2,234.70 (previous year: €1,739.31)		37,094,635.04		36,334,440.95
9. Income from profit transfer agreements		85,001,116.56		123,134,160.50
10. Income from equity participations of which from affiliated companies €15,294,726.59 (previous year: €726,223.09)		18,312,848.59		3,945,815.28
11. Other interest and similar income of which from affiliated companies €4,040,165.89 (previous year: €4,422,531.91)		5,113,490.12		7,061,303.92
12. Amortization and impairment losses of financial statements		3,412,672.69		0.00
13. Expenses from assumed losses		17,717,873.71		6,341,833.13
14. Interest and similar expenses of which to affiliated companies €3,245,578.62 (previous year: €3,637,527.48) of which from accrued interest €20,587,735.37 (previous year: €18,518,729.70)		24,241,880.73		22,566,893.19
15. Result from ordinary income		54,703,981.68		91,633,412.20
16. Extraordinary expenses		68,473.53		0.00
17. Net extraordinary loss		-68,473.53		0.00
18. Taxes on income of which deferred €2,192,624.28 (previous year: €299,516.23)		18,633,630.06		26,906,096.73
19. Other taxes		535,412.60		441,442.10
20. Net profit for the year		35,466,465.49		64,285,873.37
21. Profit carried forward from the previous year		232,160,248.37		216,110,617.11
22. Dividend distributed		48,777,142.10		48,236,242.11
23. Unappropriated profit		218,849,571.76		232,160,248.37

The annual financial statement and report of Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg, for the 2013 financial year have been prepared according to the provisions of German commercial law and have been endorsed with an unrestricted auditor's certificate by the auditors of Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft. The statement of income for the period 1 January to 31 December 2013, and the balance sheet as of 31 December 2013, are presented on this and the following pages.

Balance sheet

as of 31 December 2013

in €		31.12.2013	31.12.2013	31.12.2012	31.12.2012
Assets					
A.	Non-current assets				
I.	Intangible assets				
1.	Purchased software	2,740,725.85		1,466,883.02	
2.	Payments made on account	0.00	2,740,725.85	53,250.00	1,520,133.02
II.	Property, plant and equipment				
1.	Land, equivalent land rights and buildings, including buildings on leased land	67,231,633.61		70,861,889.15	
2.	Technical equipment and machinery	2,219,845.02		2,381,496.30	
3.	Other plant, operating and office equipment	3,056,335.47		3,275,215.78	
4.	Payments made on account and plant under construction	13,667,711.62	86,175,525.72	8,118,737.96	84,637,339.19
III.	Financial assets				
1.	Interests in affiliated companies	309,486,412.06		228,325,243.93	
2.	Equity investments	7,558,163.18		3,279,163.18	
3.	Non-current securities	934,481.59	317,979,056.83	920,839.80	232,525,246.91
			406,895,308.40		318,682,719.12
B.	Current assets				
I.	Inventories				
1.	Raw materials, consumables and supplies	126,062.23		173,306.12	
2.	Work in progress	2,031,649.16	2,157,711.39	1,777,249.81	1,950,555.93
II.	Receivables and other assets				
1.	Trade receivables	939,482.01		859,685.20	
2.	Receivables from the Free and Hanseatic City of Hamburg of which with a residual term of more than one year €381,655.88 (previous year: €394,053.05)	1,866,780.38		2,699,794.44	
3.	Receivables from affiliated companies	404,452,595.19		493,794,111.27	
4.	Receivables from investee companies	8,580,375.02		10,417,223.80	
5.	Other assets of which with a residual term of more than one year €521,529.27 (previous year: €1,143,259.02)	16,579,458.69	432,418,691.29	13,590,604.42	521,361,419.13
III.	Cash and cash equivalents		193,063,140.48		199,625,655.34
			627,639,543.16		722,937,630.40
C.	Accruals and deferrals		1,004,840.07		780,934.70
D.	Deferred tax assets		24,657,796.89		26,483,487.25
			1,060,197,488.52		1,068,884,771.47

Balance sheet

as of 31 December 2013

in €	31.12.2013	31.12.2013	31.12.2012	31.12.2012
Equity and liabilities				
A. Equity				
I. Subscribed capital				
1. Port Logistics	70,048,834.00		70,048,834.00	
2. Real Estate	2,704,500.00	72,753,334.00	2,704,500.00	72,753,334.00
II. Capital reserve				
1. Port Logistics	136,771,470.63		136,771,470.63	
2. Real Estate	506,206.26	137,277,676.89	506,206.26	137,277,676.89
III. Revenue reserves				
1. Statutory reserve				
a) Port Logistics	5,125,000.00		5,125,000.00	
b) Real Estate	205,000.00	5,330,000.00	205,000.00	5,330,000.00
2. Other earnings reserves				
a) Port Logistics	56,105,325.36		56,105,325.36	
b) Real Estate	1,322,353.86	57,427,679.22	1,322,353.86	57,427,679.22
		62,757,679.22		62,757,679.22
IV. Unappropriated profit				
1. Port Logistics	202,072,241.03		217,448,194.18	
2. Real Estate	16,777,330.73	218,849,571.76	14,712,054.19	232,160,248.37
		491,638,261.87		504,948,938.48
B. Provisions				
1. Provisions for pensions and similar obligations		292,691,662.85		292,116,413.74
2. Tax provisions		1,434,909.50		0.00
3. Other provisions		27,192,371.99		34,195,133.52
		321,318,944.34		326,311,547.26
C. Liabilities				
1. Liabilities from bank loans		21,819,154.00		0.00
2. Payments on account		2,278,688.28		2,024,149.95
3. Trade Liabilities		1,824,845.91		1,973,240.89
4. Liabilities towards the Free and Hanseatic City of Hamburg		10,331.44		3,688.61
5. Liabilities towards HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg		59,567,792.56		56,473,774.84
6. Liabilities towards affiliated companies		149,634,464.44		163,533,103.58
7. Liabilities towards investee companies		2,792,703.87		3,813,255.72
8. Other liabilities of which from taxes €2,127,701.22 (previous year: €2,046,611.94) of which for social security €955,677.41 (previous year: €1,413,003.02)		6,261,444.51		7,046,957.07
		244,189,425.01		234,868,170.66
D. Accruals and deferrals		399,969.64		472,161.33
E. Deferred tax liabilities		2,650,887.66		2,283,953.74
		1,060,197,488.52		1,068,884,771.47

Auditor's Report

"We have audited the consolidated financial statements prepared by Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg, comprising the consolidated balance sheet, the Group income statement, the Group statement of comprehensive income, the Group statement of changes in equity, the Group cash flow statement, and the Notes to the Consolidated Financial Statements, together with the Group management report for the financial year from 1 January to 31 December 2013. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB) and the articles of association of the parent company is the responsibility of the company's management. It is 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 of the German Commercial Code (HGB) and the generally accepted standards for the auditing of financial statements in Germany promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). These standards require that we plan and perform the audit in such a way that misstatements and infringements having a material impact on the presentation of the company's assets, financial and earnings position in the consolidated financial statements in accordance with the applicable financial reporting framework 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, as well as expectations as to possible errors are taken into account when determining the audit procedures. The effectiveness of the internal accounting control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are assessed during the audit, primarily by carrying out spot checks. The audit involves assessing the annual financial statements of those companies included in the consolidated financial statements, the definition of the consolidated group, the accounting and consolidation principles used, and the key estimates made by the company's legal representatives. It also entails an evaluation of the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a sufficient basis for our opinion.

Our audit did not give rise to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) of the German Commercial Code (HGB) and the articles of association of the parent company. Furthermore, they give a true and fair view of the assets, financial and earnings position of the Group in accordance with proper accounting principles. The Group management report is consistent with the consolidated financial statements and, as a whole, provides a faithful view of the Group's position and accurately presents the opportunities and risks of future development."

Hamburg, 4 March 2014

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Grummer	Brorhilker
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Assurance of the Legal Representatives

To the best of our knowledge, and in accordance with the applicable accounting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, financial and earnings position of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the coming financial year.

Hamburg, 4 March 2014

Hamburger Hafen und Logistik Aktiengesellschaft

The Executive Board

Klaus-Dieter Peters

Dr. Stefan Behn

Heinz Brandt

Dr. Roland Lappin

Report Profile

Sustainable business practices have long been an integral part of HHLA's business model. The company connects global goods flows to transport chains that are environmentally friendly and conserve resources in an exemplary fashion. By the same token, corporate management is geared towards the principle of sustainable value creation and demonstrates how environmental and economic targets can be reconciled with one another. HHLA's ten fields of activity within its On Course sustainability initiative comprise environmental, social and economic aspects. In order to document these transparently, this report is based on the guidelines issued by the Global Reporting Initiative or GRI (version GRI 3.1).

Report Content and Structure

The content structure of this annual report is regulated by the disclosure obligation for public limited companies as defined by the German Commercial Code (HGB). In addition to details on the financial and economic situation of the company, the report also includes information from HHLA's sustainability programme, On Course. An extended Sustainability Council, comprising members of the Group management and external experts, is responsible for the sustainability strategy. This body provides a forum for discussing and approving sustainability issues and measures across the Group, as well as for regularly evaluating and updating the existing stakeholder structure. The data on economic performance, as well as environmental and social issues, is prepared centrally by the Finance, Sustainability and HR departments and subsequently made available.

The Group management report and consolidated financial statements have been audited by Ernst & Young. The report has also been presented to the GRI, where it qualified for level B+. The GRI index points to parts in this annual report or sections of the HHLA website which provide information about individual GRI indicators. This report contains a concise summary of the GRI index. A detailed version can be found at ► www.hhla.de/en/GRI.

HHLA engages in regular dialogue with its stakeholders, who include customers (e.g. shipping companies), customers' customers (e.g. forwarders), employees and their families, suppliers, the media, potential and existing shareholders, associations and institutions, research institutes, political decision-makers, local residents close to the terminals and interested members of the public. The report is an established medium which supplements this regular dialogue and takes the stakeholder groups' interests into account.

Boundaries of the Report

The reporting period is the 2013 financial year (1 January to 31 December 2013). The data presented generally refers to this period or the facts and figures at the end of the reporting period. If information refers to a different period of time, this is explicitly stated. The report is published once a year. The previous annual report was published on 27 March 2012.

Unless otherwise stated, the key figures and information in this report concern the entire Group including associated companies in which the company has a majority holding.

Some sections contain forward-looking statements. These estimates and statements were made to the best of our knowledge and in good faith. Future global economic conditions, legislation, market conditions, competitors' activities and other factors are not within the control of HHLA.

Data Collection and Calculation Methods

All data and information was collected from the respective units responsible for such information using representative methods for the reporting period.

HHLA prepares its consolidated financial statements and its interim reports in accordance with International Financial Reporting Standards (IFRS). This annual report provides further information on IFRS in the Notes to the Consolidated Financial Statements. The individual financial statements for HHLA Aktiengesellschaft are prepared in line with the accounting regulations of the German Commercial Code (HGB). The appropriation of profits is based solely on the individual financial statements.

Sustainability-relevant key figures are input into the internal management information system on a monthly basis and analysed every six months. The Executive Board receives a corresponding report. The sustainability performance indicators are calculated every year and published in the management report section of the annual report, having been signed off by the auditors. This ensures the reliability of the data. Data comparability and consistency is guaranteed by complying with widely used international reporting standards (e.g. Greenhouse Gas Protocol).

Opportunities and risks are analysed by means of a comprehensive risk management system. Compliance with corporate guidelines as well as with relevant and recognised national and international industry standards is regarded as an essential part of corporate governance at HHLA.

Workflows and processes are structured in line with these regulations. External audits (including ISO 14001, ISO 9001 and CTQI [Container Terminal Quality Indicator]) confirm compliance with recognised international standards.

In view of the extent of HHLA's activities, it is not possible to include the full details in this printed report. Additional information can be found at: ► www.hhla.de

GRI Index

A detailed GRI Index is available online at ► www.hhla.de/en/GRI

GRI indicator		Location of disclosure/comments	Level of reporting
	Strategy and Analysis		
1.1	Statement from the Chairman of the Executive Board	Page 2 et seq.	■
1.2	Description of key impacts, risks, and opportunities	Page 46 et seqq., 75 et seqq., 80 et seqq. http://hhla.de/en/investor-relations/corporate-governance/risk-report.html http://hhla.de/en/investor-relations/corporate-governance/compliance.html	■
2.1 – 2.10	Organisation, data and facts	Page 24, 44 et seqq., 59, 60 et seq., 65, 66 et seq., 71 et seqq., 108, 150 et seq.	■
3.1 – 3.4	Report profile	Page 162, Imprint	■
3.5 – 3.13	Boundaries and audit of the report	Page 65, 109 et seqq., 152 et seq., 162, 163	■
4.1 – 4.7	Corporate Governance	Page 26 et seqq., 30 et seqq., 34 et seqq., 38 et seqq., 45, 55, 58 www.hhla.de/hauptversammlung	■
4.8 – 4.13	Engagement	Page 26 et seqq., 27 et seqq., 34 et seqq., 49, 50, 53 et seqq., 60 et seqq., 162 http://hhla.de/en/investor-relations/corporate-governance.html http://hhla.de/en/sustainability/strategy.html http://hhla.de/en/sustainability/organisation.html http://hhla.de/en/investor-relations/corporate-governance/declar-of-compliance.html	■
4.14 – 4.17	Stakeholder	Page 24, 49, 55 et seq., 58 et seq., 162	■
	Economy/ Management approach	Page 51 et seq., 53 et seq., 55 et seq., 58 et seq. http://hhla.de/en/sustainability/economy.html http://hhla.de/en/sustainability/strategy.html	■
EC 1	Economic values	Page 24, 54, 64 et seqq.	▪
EC 2	Consequences of climate change	Page 55 et seqq., 58 et seq., 63	▪
EC 3	Coverage of the organisation's defined benefit plan obligation	Page 120 et seq.	■
EC 4	Financial assistance received from government	Page 117, 142	▪
EC 6	Local suppliers	Page 62 et seq. http://hhla.de/en/sustainability/economy.html	▪
EC 7	Local hiring	Page 58 et seqq.	▪
EC 8	Investments for public interest	Page 73 et seq.	▪
EC 9	Indirect economic impacts	Page 57	▪
	Ecology/ Management approach	Page 55 et seqq. http://hhla.de/en/sustainability/ecology.html http://hhla.de/en/sustainability/strategy.html	■
EN 1 – 2	Material	The focus of HHLA's activities is on providing services at ports and in the field of railway freight, which means that the input of material to produce goods is largely irrelevant. Page 57	■
EN 3 – 7	Energy	Page 56 et seqq.	■
EN 8 – 10	Water	Page 57	■
EN 16 – 20	Emissions	Page 56 et seqq.	■
EN 21	Water discharge	Page 57	■
EN 22 – 25	Waste and pollutants	Page 57 Insofar as such spills occur, this information is published in the risk and opportunity report included in this Annual Report.	■
EN 26 – 27	Products and services	Page 56 et seq., 58 et seq. http://hhla.de/en/sustainability/ecology/climate-protection.html	■
EN 29	Significant ecological impacts of transport and employee mobility	Page 55 et seqq. http://hhla.de/en/sustainability/ecology/transport-chains.html	■

Level of reporting: ■ Fully reported ▪ Partially reported

GRI indicator		Location of disclosure/comments	Level of reporting
	Social/ Management approach	Page 55, 57, 59 et seqq. http://hhla.de/en/focus-on-people.html http://hhla.de/en/sustainability/strategy.html http://hhla.de/en/sustainability/social.html	■
LA 1 – 3	Employees	Page 59, 61	■
LA 4	Collective agreements	Page 59	■
LA 5	Notice periods	Minimum notice periods as defined in the German Industrial Relations Act (Betriebsverfassungsgesetz) are observed.	■
LA 6 – 9	Health and safety	Page 60	■
LA 10 – 11	Education and training	Page 60, 61	■
LA 12	Performance reviews	Page 60	■
LA 13	Composition of governance bodies	Page 29 et seqq., 38 et seqq., 60 et seq.	■
LA 14 – LA 15	Equation	The equal pay of male and female employees is provided for through labour agreements. Page 62	■
	Human Rights/ Management approach	Page 28 et seq., 59 et seqq., 72 et seq. http://hhla.de/en/investor-relations/corporate-governance/compliance.html http://hhla.de/en/focus-on-people.html	■
HR 1 – 3	Human Rights	Page 27 et seqq., 61	■
HR 4	Discrimination	http://hhla.de/fileadmin/download/HHLA_513390_Verhaltenskodex.pdf	■
HR 5	Freedom of association and collective bargaining	No restrictions were placed on the right to exercise freedom of association in the reporting period. HHLA actively encourages co-determination at work. The basis for this is set out in Germany by the Industrial Relations Act (BetrVG), among others.	■
HR 6 – 7	Child labor/ forced and compulsory labor	Page 28 et seq. http://hhla.de/en/investor-relations/corporate-governance/compliance.html	■
HR 8	Human rights reviews	Page 60 http://hhla.de/en/customers/security.html	■
HR 9 – 10	Human rights grievances	HHLA is primarily active in Hamburg. Compliance with basic constitutional law and the associated protection of human rights is of utmost importance to the HHLA Group.	■
	Society/ Management approach	Page 55 et seqq. http://hhla.de/en/sustainability/strategy.html#c7952 http://hhla.de/en/investor-relations/corporate-governance/compliance.html	■
SO 1	Local community	Page 56 et seqq. http://hhla.de/en/investor-relations/corporate-governance/compliance.html http://hhla.de/en/sustainability	■
SO 2 – 3	Compliance	Page 28 et seq. http://hhla.de/en/investor-relations/corporate-governance/compliance.html	■
SO 5 – 6	Public policy	HHLA's interests are represented by the German Association of Ports (Zentralverband der deutschen Seehafenbetriebe e.V. or ZDS), among others.	■
SO 9 – 10	Degree of regulation	http://hhla.de/en/sustainability/ecology/tracking-noise.html	■
	Product Responsibility/ Management approach	http://hhla.de/en/sustainability/strategy.html#c7947 http://hhla.de/en/customers/security.html http://hhla.de/en/sustainability/social/safety.html http://hhla.de/en/investor-relations/corporate-gevernance/compliance.html	■
PR 1, 3	Information regarding products and services	http://hhla.de/en/sustainability/social/safety.html http://hhla.de/en/customers/security.html	■
PR 6 – 7	Marketing	In its commercial communication, HHLA complies with the provisions of the German Advertising Standards Council (Deutscher Werberat), a body for voluntary self-regulation. As a result, we are committed to the generally accepted core values of the council and its standards of decency and morality. Commercial communication must always exhibit due respect for competitors and responsibility to society. In particular, advertising may not discriminate against particular people or groups. There were no sanctions, fines or warnings due to non-compliance with applicable provisions during the reporting year.	■

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Hamburger Hafen und Logistik AG (HHLA)** has presented its report "Annual Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 10 March 2014

B+
GRI REPORT
GRI CHECKED

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

The "+" has been added to this Application Level because **Hamburger Hafen und Logistik AG (HHLA)** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 5 March 2014. GRI explicitly excludes the statement being applied to any later changes to such material.*

Specialist Terminology

Automated Guided Vehicle (AGV)
Fully automatic, driverless transport vehicle which carries containers back and forth between the container gantry cranes on the quayside and the block storage yard. HHLA uses AGVs at the Container Terminal Altenwerder.

Block Storage
Automated block storage facilities are used at HHLA Container Terminal Altenwerder and HHLA Container Terminal Burchardkai as a compact and efficient means of stacking containers. These facilities consist of multiple storage blocks. ► Rail-mounted gantry cranes are used to transport and stow the boxes.

Container Gantry Crane
A crane system used to load and discharge container ships. To handle ever larger ships, the new container gantry cranes are also significantly bigger in terms of the height and length of their jibs.

Feeder, Feedership
Vessels which carry smaller numbers of containers to ports that are not served directly by container mega-ships. Feeders are used to transport boxes from Hamburg to the Baltic region, for instance.

Hinterland
Describes a port's catchment area.

Hub Terminal (Hinterland)
► A terminal which bundles and distributes consignments as a handling hub. HHLA's rail companies operate hub terminals like this in Ceska Trebova, Dunajska Streda, Poznan and Prague.

Intermodal, Intermodal Systems
Transportation via several modes of transport (rail, water, road) combining the specific advantages of the respective carriers.

North Range
North European international ports. In the broadest sense, the term refers to all large continental ports in Northern Europe from Le Havre to Hamburg and Gothenburg. The Hamburg-Antwerp Range is often used to denote a more specific geographic area consisting of Hamburg, the Bremen ports, Rotterdam and Antwerp.

Rail Gantry Crane
See ► RMG

RMG – Rail-Mounted Gantry Crane
Crane units spanning their working area like a gantry, often operating on rails, hence the abbreviation RMG. If used in ► Block Storage, they are also called ► Storage Cranes, and in rail cargo handling they are called ► Rail Gantry Cranes.

RoRo
Short for "roll on, roll off", RoRo is a means of loading wheeled cargo, such as cars, which can simply be rolled or driven onto a ship.

Shuttle Train
A train which travels back and forth on one route with the same arrangement of wagons, eliminating the need for time-consuming shunting. HHLA's rail subsidiaries operate shuttle trains between the sea ports and the ► Hub Terminals (Hinterland).

Standard Container
See ► TEU

Storage Crane
See ► RMG

Straddle Carrier
A long-legged vehicle used to transport containers at the terminals. The driver manoeuvres his straddle carrier into position above a container and lifts it up. The vehicles can stack containers up to four layers.

Tandem Gantry Crane
A highly efficient ► Container Gantry Crane capable of discharging or loading two 40-foot containers or four 20-foot containers in a single movement. Also known as a Twin-Forty container crane.

Terminal
In maritime logistics, a terminal is a facility where freight transported by various modes of transport is handled, such as a container terminal. Cargo can also be temporarily stored at a terminal prior to the next stage of its journey.

TEU (Twenty-Foot Equivalent Unit)
A TEU is a 20-foot standard container, used as a unit for measuring container volumes. A 20-foot standard container is 6.06 metres long, 2.44 metres wide and 2.59 metres high.

Traction
The use of traction units to pull trains

Ultra Large Container Ship (ULCS)
Container mega-ship with a carrying capacity of more than 10,000 ► TEU. This type of ship is becoming increasingly important for the routes between the Far East and Northern Europe.

Financial Terms

Added Value
Added value is calculated on the basis of the value of production less input (costs of materials, depreciation, other costs). Added value is distributed to different interest groups in HHLA , such as employees, shareholders, partners or the state.

Average Operating Assets
Average net non-current assets (intangible assets, property, plant and equipment, investment properties, associates accounted for using the equity method and financial assets) + average net current assets (inventories + trade receivables less accounts payable). Assets held for sale are not part of the average operating assets.

Cost of Capital
Expenses that must be incurred to utilise financial resources as equity or borrowed capital.

DBO (Defined Benefit Obligation)
Performance-oriented pension obligations arising from the accrued and estimated pension rights of active and former members of staff as at settlement day, allowing for probable future changes in pensions and emoluments.

Derivative Financial Instruments
Financial instruments that are traditionally used to protect existing investments or obligations.

EBIT
Earnings before interest and taxes.

EBITDA
Earnings before interest, taxes, depreciation and amortisation.

EBT
Earnings before tax.

Economies of Scale
Law of economics according to which increases in production are accompanied by reductions in unit costs.

Equity Ratio
Equity / total assets

Financial Result
Interest income – interest expenses +/– result from participations – write-downs and losses on the disposal of financial investments and of current securities – expense from loss adoption

Gearing Ratio
Commercial debts / equity

IAS
International Accounting Standards

IFRS
International Financial Reporting Standards

Impairment Test
Impairment test as defined under IFRS

Investments
Payments for investments in tangible assets and investment property and for investments in intangible assets.

Operating Cash Flow (as Defined in Literature on IFRS Indicators)
EBIT – taxes + amortisation and depreciation – writebacks +/– change of non-current provisions (excl. interest portion) +/– gains / losses on the disposal of property, plant and equipment + change of working capital

ROCE (Return On Capital Employed)
EBIT / average operating assets

Revenue
Sales derived from selling, letting or leasing and from services provided by the Group, less sales deductions and turnover tax.

Financial Calendar

27 March 2014
Annual Report 2013
Press Conference, Analyst Conference

14 May 2014
Interim Report January-March 2014
Analyst Conference Call

19 June 2014
Annual General Meeting
Congress Center Hamburg (CCH)

14 August 2014
Interim Report January-June 2014
Analyst Conference Call

13 November 2014
Interim Report January-September 2014
Analyst Conference Call

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HHLA Multi-year Overview

in € million	2007	2008	2009	2010	2011	2012	2013
Revenue							
Port Logistics subgroup	1,152.4	1,299.2	962.9	1,042.8	1,190.6	1,101.2	1,127.2
Real Estate subgroup	30.8	32.6	32.7	29.8	31.7	32.4	33.1
Consolidation	- 3.2	- 5.0	- 4.9	- 4.8	- 5.0	- 5.0	- 5.1
HHLA Group	1,180.0	1,326.8	990.7	1,067.8[1]	1,217.3	1,128.5	1,155.2
EBITDA							
Port Logistics subgroup	364.6	439.4	261.1	290.1	317.3	290.1	263.1
Real Estate subgroup	14.1	17.6	16.4	16.8	16.2	17.1	17.8
Consolidation	0	- 0.2	0	0	0	0	0
HHLA Group	378.7	456.8	277.5	306.9	333.4	307.2[5]	280.9
EBITDA margin in %	32.1	34.4	28.0	28.7	27.4	27.2	24.3
EBIT							
Port Logistics subgroup	277.0	341.3	147.7	179.9	194.8	172.8[5]	144.3
Real Estate subgroup	10.3	13.7	12.3	12.7	11.9	12.8	13.3
Consolidation	0.3	0.1	0.2	0.3	0.3	0.3	0.3
HHLA Group	287.6	355.1[2]	160.2[2]	192.9[2]	207.0	186.0[5]	158.0
EBIT margin in %	24.4	26.8	16.2	18.1	17.0	16.5	13.7
Profit after tax	152.0	217.5	89.1	113.9	118.8	111.7[5]	80.4
Profit after tax and minority interests	111.3	160.4	53.0	76.2	89.3	72.3[5]	54.3
Cash Flow/Investments/ Depreciation and Amortisation							
Cash flow from operating activities	246.7	341.9	193.2	206.9	266.1	210.5	188.1
Cash flow from investing activities	- 174.7	- 265.6	- 157.3	- 36.3	- 138.0	- 160.9	- 108.8
Cash flow from financing activities	131.9	- 88.5	- 88.6	- 95.2	- 45.9	- 155.9	- 117.6
Investments	194.8	259.4	159.7	173.8	128.7	196.5	114.9
Depreciation and amortisation	91.0	101.8	117.3	114.0	126.4	121.2	122.9
Assets and Liabilities							
Non-current assets	1,042.9	1,174.2	1,224.9	1,290.6	1,280.1	1,323.7[5]	1,296.6
Current assets	440.9	438.3	365.6	424.5	531.5	443.9	434.8
Equity	569.5	682.6	637.0	567.0	644.7	563.8[5]	600.1
Equity ratio[3] in %	38.4	42.3	40.0	33.1	35.6	31.9[5]	34.7
Pension provisions	312.4	300.7	325.1	331.1	313.7	384.2	366.4
Other non-current assets	342.4	350.3	385.5	518.8	563.9	493.6[5]	469.9
Current liabilities	259.5	278.9	242.9	298.2	289.3	326.0[5]	295.0
Gearing ratio	0.8	0.6	0.8	1.1	0.9	1.3	1.1
Total assets	1,483.8	1,612.5	1,590.5	1,715.1	1,811.5	1,767.6[5]	1,731.4
Employees							
Employees as of 31.12.	4,565	5,001	4,760	4,679	4,797	4,915	4,994
Performance Data							
Container throughput in million TEU	7.2	7.3	4.9	5.8	7.1	7.2	7.5
Container transport[4] in million TEU	1.7	1.8	1.5	1.7	1.9	1.0	1.2

[1] For the purposes of comparison, revenue has been restated due to the reclassification of incidental rental expenses
[2] EBIT from continuing activities €190.7 million in 2010, €177.7 million in 2009 and €357.8 million in 2008
[3] Equity ratio in 2010 after a reclassification from minority interests to financial liabilities
[4] Transport volume was fully consolidated; as of 2012 after realignment of Intermodal activities
[5] 2012: Restatement of the figures for the previous year resulting from application of IAS 19R

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