ANNUAL REPORT 2015

HAMBURGER HAFEN UND LOGISTIK AKTIENGESELLSCHAFT

HHLA Segments

Container

€ 675.2 million
Revenue

59 %
Share of revenue

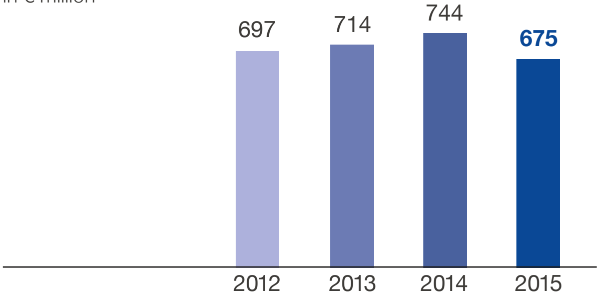
HHLA's container terminals link ships, rail networks and trucks create an efficient transport chain. The terminals in Hamburg form the most important European hub between Asia and Central/Eastern Europe. HHLA also operates a container terminal in the Ukrainian city of Odessa.

Key Figures

in € million	2015	2014	Change
Revenue	675.2	743.7	- 9.2 %
EBITDA	195.8	247.1	- 20.8 %
EBITDA margin in %	29.0	33.2	- 4.2 pp
EBIT	110.6	156.1	- 29.1 %
EBIT margin in %	16.4	21.0	- 4.6 pp
Container throughput in thousand TEU	6,561	7,480	- 12.3 %

Revenue

in € million



Logistics

€ 65.1 million
Revenue

6 %
Share of revenue

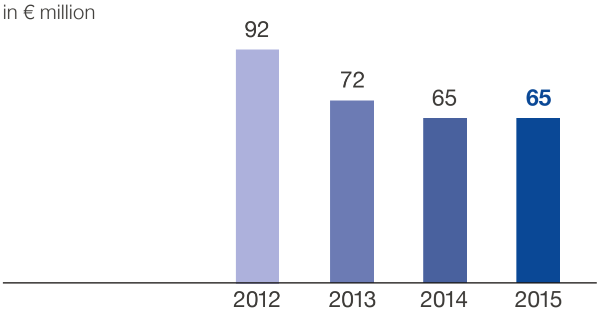
In this segment, HHLA pools a wide range of port-related services such as dry bulk, vehicle and fruit logistics, as well as project and contract logistics. HHLA also handles cruise ships in Hamburg and markets its expertise in infrastructure and project development internationally.

Key Figures

in € million	2015	2014	Change
Revenue	65.1	65.4	- 0.4 %
EBITDA	4.6	0.5	pos.
EBITDA margin in %	7.0	0.8	6.2 pp
EBIT	- 0.8	- 0.7	- 26.1 %
EBIT margin in %	- 1.3	- 1.0	- 0.3 pp
At-equity earnings	3.0	4.3	- 30.2 %

Revenue

in € million



Intermodal

€ 364.0 million
Revenue

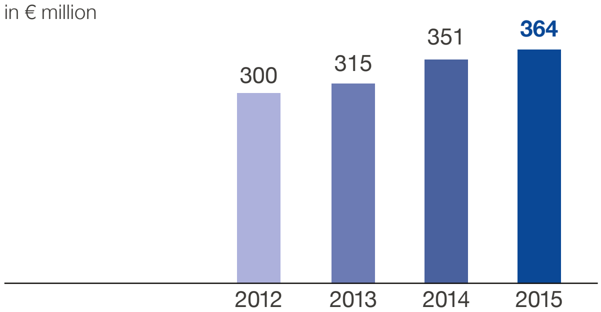
32 %
Share of revenue

HHLA's rail companies operate a comprehensive transport and terminal network for container transportation and connect ports on the North and Baltic seas, as well as the northern Adriatic, with their hinterland. Transshipments by truck within the Port of Hamburg round off the service portfolio.

Key Figures

in € million	2015	2014	Change
Revenue	364.0	351.5	3.6 %
EBITDA	78.8	47.8	64.8 %
EBITDA margin in %	21.7	13.6	8.1 pp
EBIT	55.2	27.3	101.9 %
EBIT margin in %	15.2	7.8	7.4 pp
Container transport in thousand TEU	1,318	1,283	2.7 %

Revenue
in € million



Real Estate

€ 36.5 million
Revenue

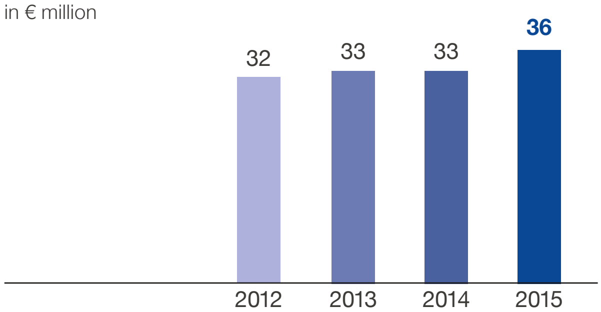
3 %
Share of revenue

Following the sustainable renovation of Hamburg's landmarked Speicherstadt historical warehouse district to create an exemplary redeveloped quarter, HHLA is committed to intelligent site development and preserving the city's fishing tradition with the Hamburg-Altona fish market.

Key Figures

in € million	2015	2014	Change
Revenue	36.5	33.5	9.0 %
EBITDA	20.2	17.9	12.7 %
EBITDA margin in %	55.4	53.6	1.8 pp
EBIT	15.2	13.4	13.2 %
EBIT margin in %	41.5	40.0	1.5 pp

Revenue
in € million



HHLA Key Figures

in € million	HHLA Group 2015	2014	Change
Revenue and Earnings			
Revenue	1,141.8	1,199.6	- 4.8 %
EBITDA	281.4	294.2	- 4.3 %
EBITDA margin in %	24.6	24.5	0.1 pp
EBIT	156.5	169.3	- 7.5 %
EBIT margin in %	13.7	14.1	- 0.4 pp
Profit after tax	95.8	90.6	5.8 %
Profit after tax and minority interests	66.7	58.9	13.2 %
Cash flow statement and Investments			
Cash flow from operating activities	195.3	233.4	- 16.3 %
Investments	145.5	138.4	5.1 %
Performance data			
Container throughput in thousand TEU	6,561	7,480	- 12.3 %
Container transport in thousand TEU	1,318	1,283	2.7 %

in € million	31.12.2015	31.12.2014	Change
Balance sheet			
Balance sheet total	1,750.4	1,788.1	- 2.1 %
Equity	580.6	546.7	6.2 %
Equity ratio in %	33.2	30.6	2.6 pp
Employees			
Number of employees	5,345	5,194	2.9 %

	Port Logistics Subgroup[1, 2]			Real Estate Subgroup[1, 3]		
in € million	2015	2014	Change	2015	2014	Change
Revenue	1,111.0	1,171.2	- 5.1 %	36.5	33.5	9.0 %
EBITDA	261.2	276.2	- 5.5 %	20.2	17.9	12.7 %
EBITDA margin in %	23.5	23.6	- 0.1 pp	55.4	53.6	1.8 pp
EBIT	141.1	155.6	- 9.3 %	15.2	13.4	13.2 %
EBIT margin in %	12.7	13.3	- 0.6 pp	41.5	40.0	1.5 pp
Profit after tax and minority interests	58.9	52.3	12.8 %	7.7	6.7	16.3 %
Earnings per share in €[4]	0.84	0.75	12.8 %	2.86	2.46	16.3 %
Dividend per share in €[5]	0.59	0.52	13.5 %	1.75	1.50	16.7 %

1 Before consolidation between subgroups
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3 Non-listed Class S shares
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http://report.hhla.de/annual-report-2015

To Our Shareholders

> *The strategic expansion of our rail activities is now making a significant contribution to the economic stability of our company.*

Ladies and Gentlemen,

Hamburger Hafen und Logistik AG (HHLA) faced an extremely difficult environment in the 2015 financial year. Global economic growth slowed to its lowest level since the 2008/2009 financial crisis. World trade was weak and once again lagged behind global GDP growth. As a result, global container throughput was also considerably weaker than originally projected at the beginning of the year, rising by just over 1 percent. With the exception of the 2009 crisis, this was the weakest growth since global container throughput was first recorded.

China, the most important economy for us, continued to lose momentum and disappointed forecasts with growth of less than 7 percent. Russia – the Port of Hamburg's second most important partner for seaborne container traffic until recently – remains mired in deep recession. In Ukraine, where we operate the Container Terminal Odessa, the economy is also suffering a severe crisis.

The ongoing restrictions with regard to infrastructure continue to pose a burden. Of particular relevance in this context is the long delay in the dredging of the river Elbe, which was originally planned for 2007, as well as the persistently poor condition of the Kiel canal, the restrictions caused by insufficient sediment management in the Port of Hamburg and bottlenecks on the roads in and around Hamburg. Against a backdrop of fiercer competition between the European North Range ports caused by surplus capacity and an increase in direct calling at ports in the Baltic Sea, this all resulted in a significant decline in volumes at our terminals.

Despite this extremely difficult operating environment, we recorded solid Group revenue of € 1.1 billion and a respectable operating result (EBIT) of nearly € 157 million in the 2015 financial year. We were unable to match the prior-year level, however. Revenue declined by almost 5 percent and the operating result (EBIT) by over 7 percent compared to the 2014 figures.

We recorded a good 12 percent decrease in seaborne handling to round 6.6 million standard containers (TEU) at our container terminals. This is primarily attributable to lower feeder traffic in the Baltic Sea, mainly as a result of the slump in traffic to and from Russia. Seaborne transport volumes between Asia and Hamburg were also down considerably year-on-year, impacted in particular by China's weaker foreign trade. As the decline in volumes at our terminal in Odessa was cushioned by market share gains, it was less pronounced than at the container terminals in Hamburg.

The decrease in volumes saw revenue in the Container segment contract by over 9 percent to € 675 million. The segment was unable to bring down costs in line with the volume trend. This is mainly due to personnel expenses, which were reduced by curtailing the use of external staff, but could not be adapted quickly enough to the temporary underutilisation of facilities. The segment's operating result (EBIT) declined by around 29 percent to just under € 111 million.

The Intermodal segment once again recorded encouraging growth in volumes and earnings. The transport volumes of our Metrans and Polzug rail companies in seaport-hinterland traffic rose by a further 5 percent above the already strong prior-year figure to reach 1.0 million TEU. There was above-average growth in both the links between the Adriatic ports and Central and Eastern Europe, as well as traffic between the Polish seaports and Poland's hinterland. By contrast, road transport was down by just under 5 percent due to challenging traffic conditions in the greater Hamburg area. All in all, container transport in the Intermodal segment rose by almost 3 percent to over 1.3 million TEU.

Revenue grew in line with volumes and rose to € 364 million. The operating result (EBIT) doubled to just over € 55 million, This achievement was significantly aided by investments in our own locomotives, container wagons and handling facilities. These increase our productivity, flexibility, quality and added value. Although this encouraging earnings growth in the Intermodal segment was unable to fully offset shortfalls in the Container segment, it once again clearly vindicates the strategic expansion of our rail activities, which is now making a significant contribution to the economic stability of our company.

We continue to safeguard the Port of Hamburg's importance as an all-purpose port with our range of services in the Logistics segment. However, the difficult operating environment and market conditions are forcing us to focus on those areas of the company which offer sustainable economic prospects. HHLA's expertise in infrastructure and project development along the maritime transport chain is marketed around the world by our consultancy subsidiaries.

The Real Estate subgroup drives the process of structural change in the Speicherstadt historical warehouse district and Fischmarkt Hamburg-Altona area. Its success is reflected not only in higher revenue and earnings, but also in the honour bestowed on the Speicherstadt historical district in July 2015 when it was named a UNESCO World Heritage Site.

HHLA is a major employer and provides jobs for 5,345 people. The number of employees increased by almost 3 percent over the previous year. The strongest growth in headcount was recorded by the Intermodal segment, which hired an additional 130 people as part of investments in our own rolling stock. In addition, a good 68 percent of all jobs at HHLA are based in Hamburg. We therefore make an important contribution towards stabilising the labour market and safeguarding prosperity both in the city itself and in neighbouring states.

Our target of reducing CO_2 emissions on each container handled by 30 percent from 2008 to 2020 was almost achieved already in 2015 as we reached 29.5 percent. The fact that we have virtually achieved our own ambitious target five years earlier than planned is a great success for the environment and also has a positive economic impact on the company.

Based on developments in the past financial year, the Executive and Supervisory Boards of Hamburger Hafen und Logistik AG will propose a dividend of € 0.59 per entitled Class A share for the 2015 financial year for the listed shares of the Port Logistics subgroup at the Annual General Meeting on 16 June 2016. This would represent a dividend payout of € 41.3 million for the Port Logistics subgroup – 13.5 percent more than in the previous year.

We will continue to pursue our successful, vertically aligned corporate strategy in 2016. We will make further improvements to our container terminals and their processes for efficiently handling the increasing number of container mega-ships. Our rail networks will be further expanded in line with demand and we will continue to invest in new locomotives as well as in the construction of our hub terminal in Budapest, Hungary, a key European hub. In addition, we are examining opportunities to invest or participate in attractive port projects. We are also working hard on our cost structures, and if necessary will dispose of shares in companies with no long-term prospects, adapt employee schedules more flexibly to the capacity utilisation of our facilities and continue to automate processes.

Klaus-Dieter Peters
Chairman of the Executive Board

> *The ongoing restrictions with regard to infrastructure continue to pose a burden. Of particular relevance in this context is the long delay to the dredging of the river Elbe, which was originally planned for 2007.*

In light of current global economic forecasts and the outlook for our sector environment, we expect container throughput to be on a par with the previous year. In the container transport, we anticipate a slight increase against previous year. Group revenue is expected to be similar to that of the previous year. Due to one-off consolidation expenses, the Group's operating result (EBIT) will be in the range of € 115 million to € 145 million. We will face a wide range of geopolitical, global and financial risks, the potential consequences of which for our business are difficult to forecast at present.

Ladies and gentlemen, thanks to our quality and efficiency leadership both in container handling and the closely integrated, high-performance hinterland transport systems, I am confident that we are well positioned to exploit the opportunities presented to us in an increasingly competitive environment.

Yours,

Klaus-Dieter Peters
Chairman of the Executive Board

Klaus-Dieter Peters
Chairman of the Executive Board

Responsibility

Corporate Development
Corporate Communications
Sustainability
Intermodal Segment
Logistics Segment

Dr. Stefan Behn

Responsibility

Container Sales
Container Operations
Container Engineering
Information Systems

Heinz Brandt

Responsibility

Human Resources
Purchasing & Materials Management
Health and Safety in the Workplace
Legal and Insurance
(including Compliance)

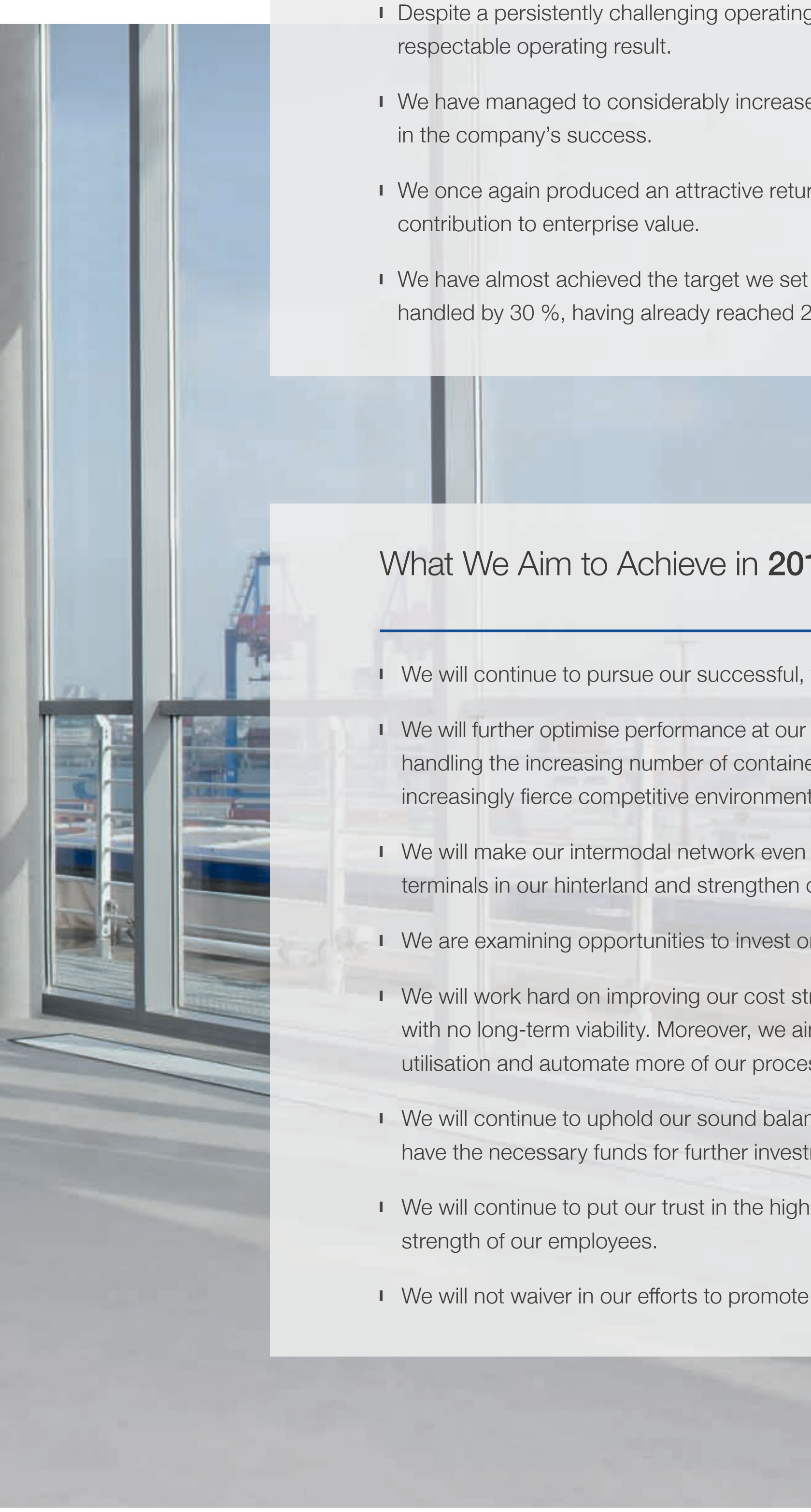
Dr. Roland Lappin

Responsibility

Finance and Controlling
(including Organisation)
Investor Relations
Internal Audit
Real Estate Segment

What We Achieved in **2015**

- We made further investments in the expansion and performance of our container terminals in order to improve the efficiency of our container mega-ship handling.
- We continued to expand the network of our Intermodal companies and greatly increased the vertical integration of our production systems by adding our own terminals, wagons and locomotives. As a result, we achieved further improvements in our quality standards and market position.
- Despite a persistently challenging operating environment, we generated solid Group revenue and a respectable operating result.
- We have managed to considerably increase earnings per share and therewith our shareholders' share in the company's success.
- We once again produced an attractive return on capital employed and made a strongly positive contribution to enterprise value.
- We have almost achieved the target we set for 2020 of reducing CO_2 emissions on each container handled by 30 %, having already reached 29.5 % in 2015.



What We Aim to Achieve in **2016**

- We will continue to pursue our successful, vertically aligned corporate strategy.
- We will further optimise performance at our container terminals as well as the processes for efficiently handling the increasing number of container mega-ships and successfully defend our position in an increasingly fierce competitive environment.
- We will make our intermodal network even denser, continue to invest in our own rolling stock and terminals in our hinterland and strengthen our market position even further.
- We are examining opportunities to invest or participate in attractive port projects.
- We will work hard on improving our cost structures and, if necessary, shed those parts of the company with no long-term viability. Moreover, we aim to adapt employee schedules more flexibly to capacity utilisation and automate more of our processes.
- We will continue to uphold our sound balance sheet policy with stable liquidity reserves to ensure we have the necessary funds for further investments and to shape the company's future development.
- We will continue to put our trust in the high productivity, tremendous dedication and great innovative strength of our employees.
- We will not waiver in our efforts to promote climate protection and the energy efficiency of our facilities.

Dear Shareholders,

In the following I would like to report on the work performed by the Supervisory Board in the 2015 financial year.

On behalf of the Supervisory Board, I would also like to take this opportunity to thank the members of the Executive Board and all Group employees for their work in the 2015 financial year, and our shareholders and business partners for the trust they have placed in us.

Working Relationship between the Supervisory Board and the Executive Board

In the 2015 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, provided advice on the company's further strategic development as well as on important individual measures, and concluded that the management of the company is lawful, proper and appropriate. The Supervisory Board also continuously monitored the organisation of the company and the Group, the risk management system and the economic viability of management activities.

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. The Chairman of the Supervisory Board was also regularly in touch with the Executive Board between meetings and was informed about the Group's planning and strategy, the current business situation, significant transactions, the risk position, risk management and compliance. 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 it for approval by the Executive Board in accordance with the law, the articles of association and the Executive Board's rules of procedure.

The Work of the Full Supervisory Board

The Supervisory Board held four routine meetings and one special meeting in the 2015 financial year.

At each meeting, the Supervisory Board received timely and detailed reports from the Executive Board on the current revenue, earnings and liquidity trend, on budget planning, the current business situation of the company, the Group and the individual segments, including the risk position and risk management as well as Group-wide compliance, strategic targets and all significant organisational and personnel changes. During the Supervisory Board meetings, the Executive Board informed the Supervisory Board about the economic, financial and strategic position of the company and the Group, the company's strategy in Germany and abroad, as well as significant developments and events.

Furthermore, individual meetings concentrated especially on the following items:

The **financial statements meeting held on 24 March 2015** focused on the reporting, auditing and approval of the Annual Financial Statements of HHLA, including the individual divisional financial statements for the A and S divisions, the Consolidated Financial Statements including the subgroup financial statements, the Combined Management Report of HHLA and the Group, as well as the reports on transactions with related parties and on the relationship between the A and S divisions for the 2014 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 also 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 2015 financial year. Other topics included the Supervisory Board's report to the Annual General Meeting, the Corporate Governance Report and the agenda for the 2015 Annual General Meeting. The Supervisory Board also addressed the implementation of the functional management structure in the Group and an intragroup transfer of fixed assets to Unikai Lagerei- und Speditionsgesellschaft mbH at this meeting.

At its **meeting on 3 June 2015**, the Supervisory Board addressed the situation of the HHLA Group, the granting of general commercial power of attorney to two individuals, as well as the issuing of a comfort letter in support of HHLA Container Terminal Burchardkai GmbH in connection with an order for container stacking cranes, among other topics. It also dealt with Executive Board matters as well as the status of the efficiency review of the Supervisory Board.

At its **special meeting on 28 July 2015**, the Supervisory Board considered Executive Board matters in detail, particularly the upcoming decisions on the extension of the terms of office of current members of the Executive Board, Executive Board remuneration matters and other amendments to the Executive Board contracts in line with the recommendations of the German Corporate Governance Code. Another focus of this meeting was the discussion on the findings of the efficiency review of the Supervisory Board and its committees, which was performed with the help of an independent consultant. Overall, cooperation was rated very good and efficient.

The main topics at the third regular **meeting on 11 September 2015** were the approval of a loan to be taken out by the Real Estate segment as well as the approval of the acquisition of additional locomotives by Metrans a. s. The Supervisory Board also addressed corporate governance issues in detail, particularly the changes to the German Corporate Governance Code and the effects of the German Act on the Equal Participation of Women and Men in Leadership Positions, and the implementation of each of these in the HHLA Group. In connection with this, the rules of procedure of the Supervisory Board and the code of practice of the Executive Board were adapted and a target for the proportion of women on the Executive Board resolved, ▶ see also the Corporate Governance Report and the Corporate Management Declaration, page 51. Finally, the Supervisory Board addressed the results of the invitation to tender for audit services from 2016 onwards.

At its **last meeting in the reporting period on 9 December 2015**, the Supervisory Board concentrated on the 2016 budget for the Group and the Port Logistics and Real Estate subgroups, each of which were approved by the Supervisory Board, as well as the position of the HHLA Group. Another focus was the findings of the risk inventory and the risk management system. Moreover, the Supervisory Board's diversity objectives were updated and the annual declaration of compliance with the German Corporate Governance Code was discussed and adopted. Finally, the Supervisory Board considered an acquisition opportunity, the granting of a general commercial power of attorney as well as personnel matters relating to the Executive Board and Supervisory Board.

As a general rule, Supervisory Board meetings are attended by all of its members and – provided Executive Board matters or internal Supervisory Board topics are not discussed – all of the members of the Executive Board as well.

The average attendance at the meetings of the Supervisory Board and its committees in the reporting period was 91 %. None of the Supervisory Board members attended only half or fewer of the meetings of the Supervisory Board or committees of which they are members. No conflicts of interest regarding members of the Executive Board or the Supervisory Board arose in the reporting period. The Supervisory Board does not include any former members of the company's 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 on the composition of the committees, ▶ see also Note 49 in the Notes to the Consolidated Financial Statements, Board Members and Mandates, page 146

The **Finance Committee** met a total of four times in the reporting period: in March, May, September and December 2015. It regularly looked at the Group's financial results as well as its general financial position and investments. In the reporting period, the Finance Committee also addressed the intragroup transfer of fixed assets to Unikai Lagerei- und Speditionsgesellschaft mbH, the issuing of a comfort letter in support of HHLA Container Terminal Burchardkai GmbH in connection with an order for container stacking cranes, the approval of a loan to be taken out by the Real Estate segment as well as the approval of the acquisition of additional locomotives by Metrans a. s. Finally, the December meeting focused on the detailed preliminary review of the budget for 2016 and the medium-term planning for 2017 to 2020.

The **Audit Committee** also held one meeting per quarter, or a total of four meetings in the reporting period. Significant agenda items at the first meeting in March included an in-depth discussion and examination of HHLA's Annual Financial Statements, Consolidated Financial Statements and Combined Management Report for the 2014 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 2015 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 2015 financial year. Representatives of the auditors were present when the Annual and Consolidated Financial Statements were discussed. They reported on the results of the audit and were available to answer questions. The second meeting in May focused on the Interim Report for the first quarter of 2015, the report on the compliance management system audit, the work performed by Internal Audit and the report on the internal control system. The Head of Internal Audit attended this meeting in a reporting capacity and provided comprehensive information. At its third meeting in September, the Audit Committee mainly dealt with the auditor's review of the Interim Report for the first half of 2015, the changes to the German Corporate Governance Code and the effects of the German Act on the Equal Participation of Women and Men in Leadership Positions, as well as the results of the invitation to tender for audit services from the 2016 financial year onwards. 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. At its last meeting in the reporting period, the Audit Committee primarily addressed the Interim Report for the third quarter of 2015, a discussion of the auditors' focus points for the audit of the 2015 Annual and Consolidated Financial Statements, the findings of the 2015 risk inventory as well as the planning of the 2016 audit. The meeting also focused on preparations for the declaration of compliance with the German Corporate Governance Code and the annual report of HHLA's Compliance Officer.

In addition to the committee members, the meetings of both the Finance Committee and the Audit Committee are regularly attended by the Chairman of the Executive Board and the Chief Financial Officer. HHLA's Compliance Officer also regularly attended the meetings of the Audit Committee, where he spoke about his role, kept the committee abreast of current developments, and was available to answer questions. Other participants such as representatives from the auditors or Internal Audit attend meetings as necessary. Representatives of the auditors were present at all Audit Committee meetings in the period under review.

The **Real Estate Committee** met twice in the 2015 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 – as well as the Consolidated Financial Statements, the Combined Management Report and the Separate Financial Statements of the real estate companies for the 2014 financial year (March meeting). The committee also dealt with the budget for 2016 and the medium-term planning for 2017 to 2020 (December meeting), each in relation to the Real Estate subgroup (S division).

The **Personnel Committee** convened a total of four times in the past financial year to prepare the personnel decisions to be taken by the Supervisory Board. Its work in the reporting period focused on the upcoming decisions to be made on the extension of Executive Board mandates and Executive Board remuneration matters.

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 annual declaration of compliance with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG) was discussed in detail and prepared together with the Executive Board at the Audit Committee meeting on 3 December 2015 before being adopted by the Supervisory Board at its meeting on 9 December 2015. The joint declaration of compliance of the Executive Board and the Supervisory Board dated 9 December 2015 is permanently available to the general public on the HHLA website www.hhla.de/corporate-governance

Detailed information about the declaration of compliance and corporate governance can also be found in the Corporate Governance Report for 2015, which also includes the corporate management declaration in accordance with Section 289a of the German Commercial Code (HGB). ▶ See also the Corporate Governance Report and the Corporate Management Declaration, page 51.

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 2015 financial year at the Annual General Meeting on 11 June 2015. The Audit Committee then negotiated the audit assignment, defined the focus areas of the audit and awarded the assignment in line with the recommendations of the German Corporate Governance Code. In particular, the Audit Committee satisfied itself of the independence of the auditors and acquired a declaration of independence to this effect before awarding the assignment.

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 Combined Management Report for HHLA and the Group. They issued an unqualified opinion with respect to each of the foregoing.

The auditors also audited the report prepared by the Executive Board on company transactions with related parties for the 2015 financial year in line with Section 312 of the German Stock Corporation Act (AktG), 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, and (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 Article 4 (5) of the articles of association applied analogously to Section 312 AktG, the Executive Board of HHLA also prepared a report on the relationship between the A division and the S division in the 2015 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."

The Annual Financial Statements including the divisional financial statements, the Consolidated Financial Statements including the subgroup financial statements, the Combined Management Report 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 as soon as they had been prepared and audited.

The Audit Committee and the Real Estate Committee each carried out a preliminary review of the financial statements and reports at their respective meetings on 17 March 2016. The committees reported on the review to the Supervisory Board in the financial statements meeting on 23 March 2016 and recommended that it approve the financial statements and reports. In the financial statements meeting of the Supervisory Board on 23 March 2016, the Supervisory Board examined in detail the aforementioned financial statements and reports and discussed them thoroughly. The Executive Board explained the individual financial statements and reports of HHLA and the Group, the corresponding divisional financial statements as well as the risk management system. Representatives of the auditors were also present at this meeting; they reported on the main results of their audit and were available to answer questions. They also reported on the auditors' findings on the accounting processes within the internal accounting control and risk management systems and were available to answer questions in this connection. 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 to the company. 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 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 Combined Management Report for HHLA and the Group, the report on transactions with related parties and the report on the relationship between the A and S divisions, 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 23 March 2016, approved the Annual Financial Statements, including the divisional financial statements, the Consolidated Financial Statements including the subgroup financial statements and the Combined Management Report as recommended by the Audit Committee and the Real Estate Committee. HHLA's Annual Financial Statements for the 2015 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.

The Executive Board's proposal for appropriation of the distributable profit was analysed in detail by the Audit Committee – for the A division – and the Real Estate Committee – for the S division – and discussed with the Executive Board in the committees' respective meetings on 17 March 2016, particularly with respect to the development in earnings and financial planning as well as shareholders' interests. Following this discussion and after carrying out their own audits, both committees endorsed the Executive Board's proposal for appropriation of the distributable profit. At its financial statement meeting on 23 March 2016, the full Supervisory Board concurred, after carrying out its own audit, with the Executive Board's suggestion to propose to the Annual General Meeting that a dividend of € 0.59 per dividend-entitled Class A share and € 1.75 per dividend-entitled Class S share be distributed from distributable profit for the 2015 financial year.

Personnel Changes

Mr. Michael Pirschel stepped down from the Supervisory Board effective 10 December 2015. The Supervisory Board would like to thank Mr. Pirschel for his good work and dedication. He was succeeded by Mr. Stephan Möller-Horns, who joined the Supervisory Board first effective 11 December 2015. Mr. Möller-Horns had already been elected as the substitute member for Mr. Pirschel by the Annual General Meeting on 14 June 2012. After Mr. Möller-Horns stepped down from the Supervisory Board with effect as of 9 February 2016, the Hamburg Local Court appointed Dr. Rolf Bösinger as a member of the company's Supervisory Board effective until the close of the next Annual General Meeting.

The terms of office of two Executive Board members – Dr. Lappin and Dr. Behn – were extended by five and three years, respectively, in the reporting period. By contrast, at the Supervisory Board's December meeting, the Chairman of the Executive Board announced that he will not be at the company's disposal after his contract expires on 31 December 2016. The Supervisory Board accepted this decision with great regret. In their respective December meetings, the Supervisory Board and the Personnel Committee initiated the steps necessary to find a successor as Chairman of HHLA's Executive Board from 2017.

Hamburg, 23 March 2016
The Supervisory Board

Prof. Dr. Peer Witten
Chairman of the Supervisory Board

Members of the Supervisory Board

Prof. Dr. Peer Witten
Chairman of the Supervisory Board
Former member of the Otto Group Executive Board

Wolfgang Abel
Vice Chairman
Trade union secretary, ver.di Hamburg

Torsten Ballhause
Local manager of the Transport division, ver.di Hamburg

Petra Bödeker-Schoemann
Managing Director of Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV)

Dr. Rolf Bösinger (since 18 February 2016)
State Secretary at the Hamburg Ministry for the Economy, Transport and Innovation (since 17 April 2015)

Dr. Bernd Egert
State Secretary at the Hamburg Ministry for the Economy, Transport and Innovation (until 16 March 2015)

Holger Heinzel
Director of Finance and Controlling at HHLA

Dr. Norbert Kloppenburg
Member of the Executive Board of KfW Bankengruppe

Frank Ladwig
Chairman of the Group works council and the works council of HHLA Container Terminal Tollerort GmbH

Stephan Möller-Horns (11 December 2015 to 9 February 2016)
Departmental head at the Hamburg Ministry for the Economy, Transport and Innovation

Arno Münster
Port technician, Hamburg

Norbert Paulsen
Chairman of the joint works council of Hamburger Hafen und Logistik AG

Michael Pirschel (until 10 December 2015)
Departmental Head at the Hamburg Ministry for the Economy, Transport and Innovation (until 30 November 2015)

Dr. Sibylle Roggencamp
Head of the Office for Asset and Investment Management at the Hamburg Ministry of Finance

▶ *See also Note 49 in the Notes to the Consolidated Financial Statements, Board Members and Mandates, page 146.*

The HHLA Share

Key Figures HHLA Share

in €, Class A Shares, Xetra	2015	2014
Closing price	14.06	17.25
Performance in %	- 18.5	- 3.0
Highest price	21.37	20.30
Lowest price	12.79	16.22
Average daily trading volume	68,040	59,191
Dividend per Class A share[1]	0.59	0.52
Dividend yield as of 31.12. in %	4.2	3.0
Number of listed Class A shares in thousand	70,048.8	70,048.8
Market capitalisation as of 31.12. in € million	984.9	1,208.3
Price-earnings-ratio as of 31.12.	16.7	20.3
Earnings per share	0.84	0.75

1 *Dividend proposal for 2015*

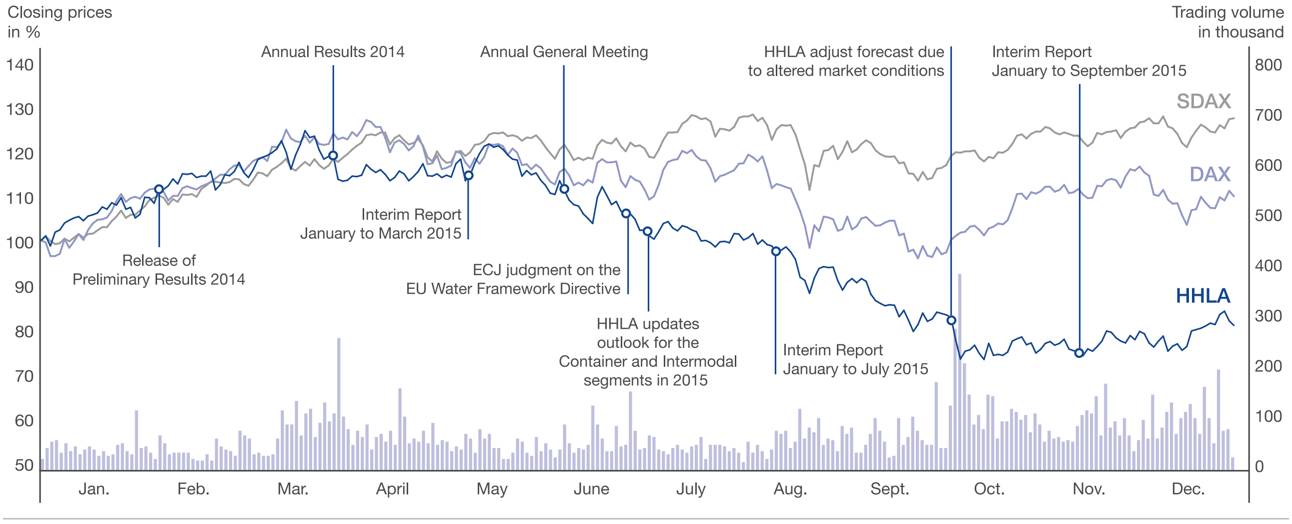
Stock Markets Up in 2015 Despite High Volatility

Despite periods of volatility, the German stock market recorded a clearly positive trend over the course of 2015 and closed with a gain for the fourth year in a row. The upward trend at the beginning of the year was tempered by the ongoing decline in oil prices and uncertainty surrounding future developments in Greece and Ukraine. However, the bond-buying programme (quantitative easing) announced by the European Central Bank (ECB) helped boost the benchmark indices from mid-January. Buoyed by this positive market environment, the DAX recorded strong growth over the first quarter and reached a new all-time-high of 12,375 points on 10 April. Renewed fear of a possible Greek exit from the eurozone depressed the stock markets from mid-April. The capital markets were further unsettled by weak data from the USA and speculation surrounding an impending interest rate turnaround by the Federal Reserve. The ECB's announcement that it would ramp up its bond-buying programme in summer, coupled with the weak euro, brought some relief. The positive start to the second half of the year was cut short by weak economic data from China at the end of July. In mid-August, the Chinese central bank responded to weak export data with an unexpected devaluation of its yuan currency. This triggered major share slides at stock markets around the world. After an initial recovery of the DAX in September, the scandal surrounding Volkswagen's manipulated emissions data led to further markdowns. The DAX recorded a year-low of 9,428 points on 24 September. Aided by a continuation of the highly expansive central bank monetary policy, the DAX recovered in October and once again passed the 11,000-point mark at the end of November. The rebound continued until mid-December, when the trend was broken by a further slump in oil prices. The DAX closed at 10,743 points, up 9.6 % year-on-year. The SDAX significantly outperformed Germany's benchmark index with growth of 26.6 %, closing at 9,099 points on 30 December 2015.

HHLA Share Price Hit by Chinese Slowdown

The HHLA share began the year with encouraging gains. The positive price trend was bolstered by the publication of the preliminary figures for the 2014 financial year, which were slightly above market expectations. In an optimistic market environment, the share exceeded the € 20 mark and rose to its year-high of € 21.37 on 20 March. The outlook for the 2015 financial year published as part of the annual figures for 2014 only partially met market expectations, causing the share to fall below € 19 at the beginning of April. The HHLA share developed largely in line with the markets until the publication of the quarterly results in mid-May. Market participants were positively surprised by the results for the first quarter: although container throughput was down, the operating result (EBIT) was considerably higher than expected, which prompted the share to settle above the € 20 mark. At the end of May, the HHLA

Share Price Development 2015



Source: Datastream

share was no longer able to escape the gloomy market mood and dropped below € 20 in line with the market. The EU's decision to extend sanctions against Russia due to the ongoing conflict with Ukraine was viewed critically by the market and led to significant markdowns in mid-July. At the beginning of the third quarter, the European Court of Justice ruling on the interpretation of the Water Framework Directive in connection with the dredging of the river Elbe once again attracted investor interest. In a declining market environment, however, the news was unable to boost the share's performance. HHLA revised its forecast at segment level for the 2015 financial year on 6 July. As the adjustment did not affect guidance at Group level, it had no impact on the share price which trended sideways between € 17 and € 18 until publication of the half-year figures on 14 August. While the Group result for the first half of the year was encouraging, volumes, revenue and EBIT were well below expectations in some cases and were met with a cautious response on the capital markets. HHLA's share price came under pressure in the second half of August following the devaluation of the Chinese currency. HHLA revised its forecast for the Group in early October as a result of changed market conditions. This led to higher trading volumes and a significant decline in the share price. The share recorded a new all-time-low of € 12.79 on 14 October. Although the share price stabilised at between € 13 and € 14 in November, it came under pressure from continued weak market data, such as disappointing export figures from China. The HHLA share only managed to rise above the € 14 mark again towards the end of December and closed the year at € 14.06, down 18.5 % on the previous year. At the end of the year, the market capitalisation of the listed Port Logistics subgroup amounted to € 984.9 million. HHLA succeeded in raising earnings per share – a figure of great interest to investors and analysts – by 12.8 % to € 0.84 in the 2015 financial year.

Shareholder Base Still Widely Spread

HHLA's shareholder base remained largely stable in 2015. 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 submitted to HHLA as of the end of 2015, the US investor First Eagle Investment Management LLC owned 5.2 % of free floating shares, pushing it above the statutory reporting thresholds. The daily traded shares attributable to retail investors increased by 0.6 percentage points: as of year-end, 8.8 % of share capital was held by private investors (previous year: 8.2 %). By contrast, institutional investors continued to hold the majority of free floating shares, with 22.8 % of all shares (previous year: 23.4 %). Overall, HHLA's share capital remained widely distributed among some 30,000 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.

Basic Data HHLA Class A-Share

Type of shares	No-par-value registered shares
ISIN / SIC	DE000A0S8488 / A0S848
Symbol	HHFA
Stock exchanges	Frankfurt am Main, Hamburg
Segment	Prime Standard
Sector	Transport & Logistics
Index affiliation	SDAX
Ticker symbol Bloomberg / Reuters	HHFA:GR / HHFGn.de

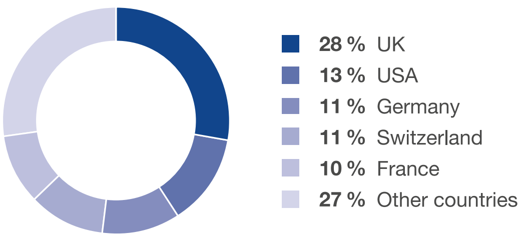
Dialogue with Capital Market Intensified

Rapid reaction times, an ability to provide comprehensive information and an open dialogue with financial analysts and investors were key to HHLA's investor relations activities in 2015, given the volatile market environment. In order to serve the needs of both institutional and private investors, HHLA attended a number of investor conferences in the key financial cities of Frankfurt, London, Paris and New York as well as private investor events in Germany. These initiatives were supplemented by roadshows in further financial centres in Continental Europe. Investors were also invited to a large number of meetings at the company's headquarters in Hamburg. The information on offer and discussion opportunities generated much interest. Furthermore, the Executive Board provided details on business developments during quarterly conference calls.

With its proactive approach to communications, the Investor Relations department maintains a close dialogue with shareholders and potential investors. In addition to informing interested members of the public, the team also responds to issues of particular relevance to investors. In the 2015 financial year, the company's shareholders were particularly interested in how the declining and slowing markets in Russia and China were expected to affect business developments at HHLA, as well as the situation in Ukraine. The formation of new consortia and alliances as well as cost-cutting potential were also discussed at length. The current status of the dredging of the river Elbe remained a major focus of discussions.

Coverage of IR Activities

in 2015 by region



HHLA's communications activities were once again commended by the capital market. HHLA's annual report was awarded first place in the category for SDAX companies by business journal "Bilanz". Financial reporting was further expanded in the financial year under review: in addition to its existing online services such as the IR website and Twitter updates, HHLA has offered its financial reports in full HTML versions since November 2015. The switch from print to online enables all stakeholders to navigate information interactively, search for content in a targeted manner and compile this information as desired.

Majority of Analysts See Potential

At the end of year, 21 analysts covered HHLA's business development and issued research reports and recommendations. This means that the HHLA share has extremely broad coverage for an SDAX company. The vast majority of analysts recommend the HHLA share as a buy or a hold, citing the Intermodal business in particular as well as the growth potential of dredging the navigation channel as value drivers. Analysts with a sell recommendation mainly emphasise the increasingly intense competition among North Range ports, limited cost flexibility and the risks associated with the continued delay in the dredging of the river Elbe.

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

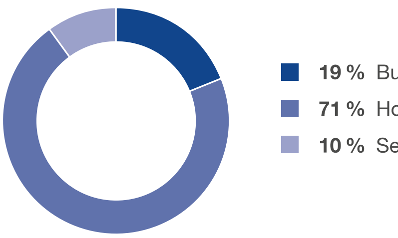
Higher Dividend Proposal

The eighth Annual General Meeting since HHLA's initial public offering in 2007 was held in Hamburg on 11 June 2015. Around 900 shareholders or 83 % of the nominal capital were represented (previous year: 82 %). The resolutions proposed by the Supervisory Board and the Executive Board were all adopted by the shareholders present with large majorities. These included a motion to distribute a dividend of € 0.52 per entitled share of the listed Port Logistics subgroup (Class A share). HHLA distributed dividends totalling € 36.4 million (previous year: € 31.5 million) This corresponded to a payout ratio of 69.7 % of the Port Logistics subgroup's net profit after minority interests for the year. The dividends were paid out to the shareholders on 12 June. Based on its closing price of € 18.76 on 12 June, the HHLA share achieved a dividend yield of 2.8 %, putting it in the top third of the SDAX in a direct comparison.

On the basis of the earnings achieved in 2015, the Executive Board and Supervisory Board will propose a dividend of € 0.59 per Class A share at the Annual General Meeting to be held on 16 June 2016. This corresponds to a total amount of € 41.3 million. In relation to earnings per share, the dividend payout ratio would remain comparatively high. 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.

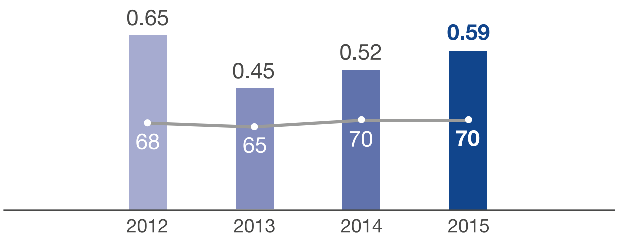
Recommendation by Financial Analysts

as of 31.12.2015



Development of Dividend and Payout Ratio

per listed Class A share in € / payout ratio in %



2015: Dividend Proposal

Combined Management Report

The Combined Management Report covers the course of business at the HHLA Group and Hamburger Hafen und Logistik Aktiengesellschaft (HHLA AG).

Group Overview

HHLA

Holding/Other
- Strategic corporate development
- Functional management of the Container segment
- Management of resources and processes
- Provision of shared services

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

Port Logistics
Subgroup
Listed Class A shares

Container
Segment
- Container handling
- Container transfer between modes of transport (ship, rail, truck)
- Container-related services (e.g. storage, maintenance, repair)

Intermodal
Segment
- Container transport in the ports' hinterland
- Loading and unloading of carriers
- Operation of inland terminals

Logistics
Segment
- Special handling of bulk cargo, general cargo, vehicles etc.
- Handling cruise ships
- Warehousing and contract logistics
- Consulting and training

Real Estate
Subgroup
Non-listed Class S shares

Real Estate
Segment
- Management of real estate in Hamburg's Speicherstadt historical warehouse district and Fischmarkt Hamburg-Altona
- Development
- Tenancy
- Facility management

Shareholder Structure
Share capital: total of 72,753,334 no-par-value registered shares (no-par-value shares)

of which 70,048,834
Class A shares – listed –

31.6 % | 68.4 %

Free float
22,128,334 Class A shares

Free and Hanseatic City of Hamburg
Shareholding: 47,920,500 Class A shares + 2,704,500 Class S shares

of which 2,704,500
Class S shares – non-listed –

100 %

Group Structure

Hamburger Hafen und Logistik AG (HHLA) is one of Europe's leading port logistics groups. It is operated as a strategic management holding company and divided into two subgroups, Port Logistics and Real Estate. 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 operations. The Real Estate subgroup includes those HHLA properties which are not specific to port handling. 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 event 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.

The HHLA Group's operations are carried out by the 30 domestic and nine foreign subsidiaries and associated firms which make up the company. In the 2015 financial year, the divisional functions and management responsibilities previously held by the operative holding HHLA Container Terminals GmbH (Container segment) were transferred to the holding company and are therefore the direct responsibility of the Executive Board. No other significant legal or organizational changes were made to the company structure in the 2015 financial year.

Management Structure

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 2015, the Executive Board of HHLA comprised four members, whose areas of responsibility are defined by their specific tasks and operating segments. The HHLA Executive Board, under the direction of the Chairman of the Executive Board, is now jointly responsible for the Container segment. The divisional responsibility held by the operative holding HHLA Container Terminals GmbH was replaced by a functional management structure. The Container Sales and Container Operations functions, which were previously held by the operative holding, are now managed directly by the holding company. The Supervisory Board has twelve members in all, with six representing the shareholders and six representing the employees, ▶ see Note 49 of the Notes to the Consolidated Financial Statements, Board Members and Mandates, page 146

Business Activities

As an integrated handling, transport and logistics provider, the **Port Logistics subgroup** offers services along the logistics chain between international ports and their European hinterland. The geographical focus of its operating 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 company's core lines of business are represented by the Container, Intermodal and Logistics segments.

The **Container segment** pools the Group's container handling operations and is the largest business unit in terms of revenue and earnings. 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.

Organisational Structure

Supervisory Board

Executive Board

Klaus-Dieter Peters Chairman	**Dr. Stefan Behn**	**Heinz Brandt**	**Dr. Roland Lappin**
Responsibility	Responsibility	Responsibility	Responsibility
Corporate Development Corporate Communications Sustainability Intermodal segment Logistics segment	Container Sales Container Operations Container Engineering Information Systems	Human Resources Purchasing and Materials Management Health and Safety in the Workplace Legal and Insurance (including Compliance)	Finance and Controlling (including Organisation) Investor Relations Internal Audit Real Estate segment

The **Intermodal segment** is the second-largest of HHLA's segments in terms of revenue and earnings. As a further key element of HHLA's business model, which is vertically integrated along the transport chain, the segment provides a comprehensive rail and truck network for seaport-hinterland traffic and, increasingly, continental traffic. While the two rail companies – Metrans and Polzug – operate regular direct connections between the ports on the North and Baltic seas and between the Northern Adriatic and its hinterland, the inland terminals provide a comprehensive range of services for maritime logistics. In addition to transshipment services at the Port of Hamburg, the trucking subsidiary CTD transports containers by road, both locally and over long-haul distances within Europe.

The **Logistics segment** encompasses a wide range of complementary 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, the company also provides consulting and management services for clients in the international port and transport industry. Some of these logistics services are provided together with partner companies.

The **Holding/Other** division is also part of the Port Logistics subgroup, although it does not constitute a separate segment as defined by the International Financial Reporting Standards (IFRS). The Holding division is responsible for strategic corporate development, the functional management of the Container segment, the central management of resources and processes, and the provision of shared 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 **Real Estate segment** corresponds to the **Real Estate subgroup**. Its business activities encompass the development, letting and commercial and technical facility management of properties in the Port of Hamburg's peripheral area. These include the Speicherstadt historical warehouse district, the world's largest traditional warehouse quarter. In this central location, HHLA offers around 300,000 m^2 of commercial space. Other prime properties totalling around 63,000 m^2 are managed by Fischmarkt Hamburg-Altona GmbH in the exclusive fish market area on the river Elbe's northern banks.

For further information on the performance of each segment, see also ▶ Segment Performance, page 39

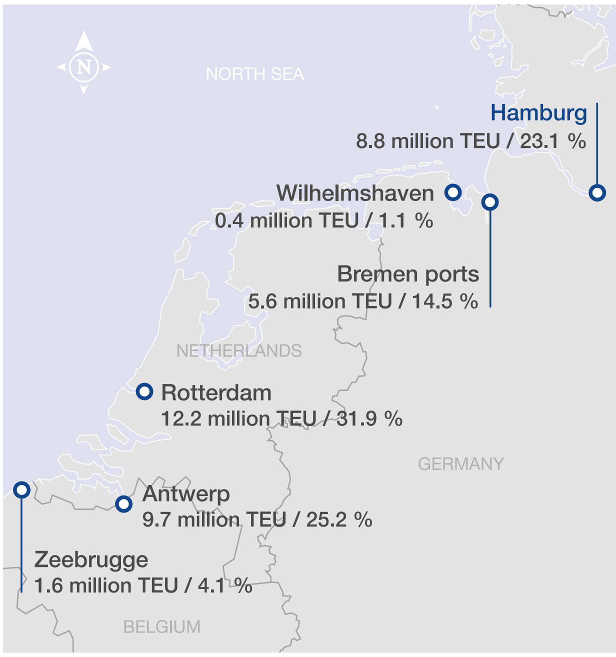
Market Position

With its listed core business Port Logistics, HHLA operates on the European market for international sea freight services. This continues to offer attractive long-term growth prospects, as the competitiveness achieved by key Central European countries in a global context provides the basis for further growth in trade volumes and consumption potential going forward. The ability to leverage the potential offered by the Eastern European markets, particularly the Russian Federation and Ukraine, is largely dependent on finding political solutions to existing regional conflicts as well as a return to more normal commodity and energy prices.

The relevant economic indicators point to a continued stabilisation of GDP growth in the eurozone. In view of the persistently high level of debt in the region, however, stronger growth is only expected in the medium to long term. For the short and medium term, on the other hand, there are indications of a fundamental reassessment of expected growth in containerised trade and transport volumes. This is primarily due to exogenous conditions and structural problems or crises, for which compelling solutions are still outstanding.

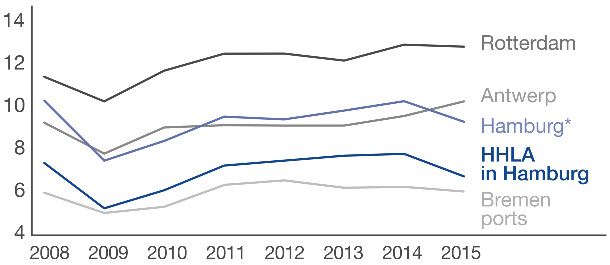
Throughput at the North Range Ports

Volumes and market shares, 2015



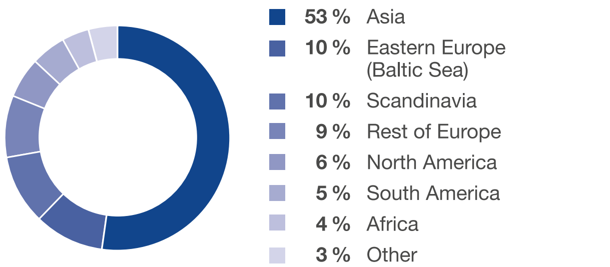
Source: Port Authorities / own calculation (market share)

Container Throughput at the largest North Range Ports
in TEU million



*Source: Port Authorities; *incl. HHLA*

Seaborne Container Throughput by Shipping Region
in the Port of Hamburg, 2015



Source: Hamburg Hafen Marketing e.V.

The market for port services on the Northern European coastline (the North Range) of relevance for HHLA is characterised by its high concentration 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 Zeebrugge – are considerably smaller in terms of their capacity and/or current freight volume. At present, the Baltic Sea ports are primarily served by feeder traffic operating via central distribution points in the North Range. Overseas services calling directly at ports, such as Gdansk (Poland) or Gothenburg (Sweden), are increasingly competing with this network system.

As well as the geographical position and hinterland links of a port, its accessibility from the sea affects the competitive position of terminal operators and thus local freight volumes. Other key competitive factors that influence market position include pricing, the reliability and speed of ship handling, the scope and quality of container handling services, as well as the performance of pre- and onward-carriage rail systems serving the hinterland (e.g. frequency, punctuality, pricing).

Two additional container terminals in Rotterdam (Maasvlakte 2) officially commenced operations in spring and autumn 2015. This led to a significant increase in capacity on the market and fiercer competition, especially for freight volume with greater geographical flexibility such as feeder traffic. In contrast to this, the market position for handling volumes which are tied to the natural catchment area onshore is largely stable – given that it is vital to take the shortest route for the disproportionately more expensive land-bound transportation.

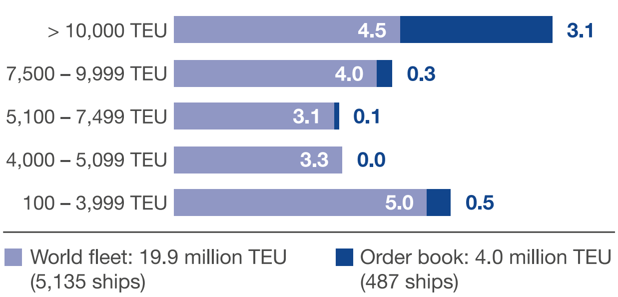
The market research institute AXS Alphaliner estimates that the carrying capacity of the global container ship fleet increased by 8.5 % to 19.9 million TEU in 2015. The number of ultra large vessels with a capacity of more than 10,000 TEU increased particularly strongly, with growth of 27.2 % to 337. This means that some 45 % of the ships delivered in 2015 can carry in excess of 10,000 TEU.

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 8.8 million TEU, Hamburg ranked an estimated 19th among the world's leading international ports in 2015 and is currently the third-largest European container port after Rotterdam and Antwerp.

In Hamburg, HHLA maintained its position as the largest container handling company with a throughput volume of 6.4 million TEU in 2015. 73 % of container traffic (previous year: 75 %) at the Port of Hamburg was handled by HHLA. Asia, Eastern Europe and Scandinavia remained the most shipping regions.

In the **Intermodal segment**, HHLA primarily utilises the advantages of the Port of Hamburg's rail infrastructure – Europe's most important rail traffic hub handling more than 2 million TEU a year. HHLA's Intermodal network also comprises further ports along the North Sea and Baltic Sea coasts as well as the northern Adriatic and increasingly, continental traffic. The companies which transport containers by train compete with other

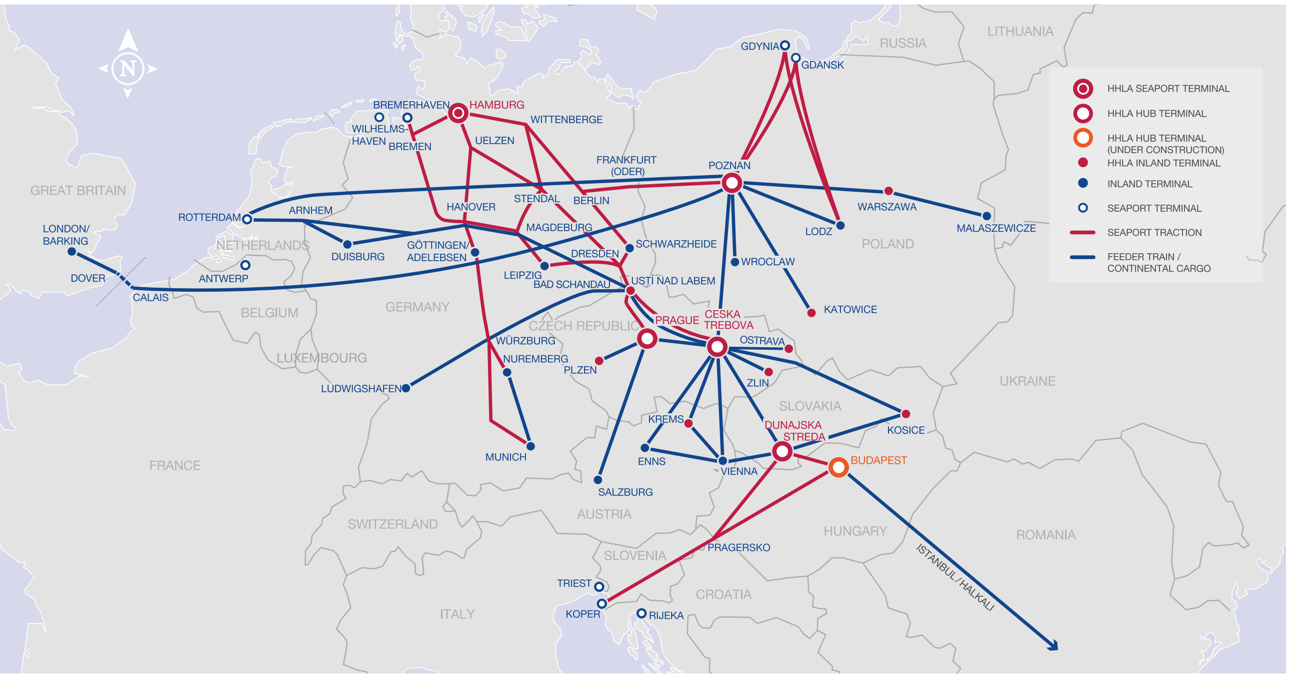
Current World Fleet and Order Book until 2019
by vessel size categories in TEU million



Source: AXS Alphaliner

Intermodal Network of HHLA

Selected connections



rail operators and intermodal transport firms in Germany and abroad, but also with other carriers such as trucks and feeder ships. As the rail infrastructure is for the most part publicly owned, various national authorities guard against discrimination in both access and usage fees. In addition to the density of the available network, key competitive factors include 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 importance of these factors is growing as ports compete with one another.

HHLA has proprietary inland terminals in Central and Eastern Europe along with its own container wagons and traction (locomotives). All of these factors play a major role in the company's service offer. This is necessary to enable it to run direct trains with frequent departures and to allow the efficient pooling of rail freight transported via the port which is efficiently distributed by central handling facilities. HHLA occupies relevant market positions in the majority of the regions it serves. HHLA has a sound market position in the greater Hamburg metropolitan region in the delivery and collection of containers by truck.

The **Logistics segment** serves various market sectors, some of them heavily specialised. With its multi-function terminal, HHLA is the leading provider of specialist handling services in Hamburg. Via Hansaport, HHLA has a stake in Germany's biggest seaport terminal for handling iron ore and coal. HHLA also provides fruit handling services for Northern Europe with its Frucht- und Kühl-Zentrum. 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 consultancy, work is conducted on pioneering development projects around the world.

With a 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 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 banks 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.

Customer Structure and Sales

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 customers from a variety of sectors, ranging from logistics and trading companies to media, consulting and advertising agencies, fashion labels, hotel and restaurants, and the creative industries.

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 with shipping companies on a neutral basis (multi-user principle) and offer a wide range of high-quality services. In the 2015 financial year, HHLA's customer base included all of the top 20 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.

Sales activities in the Container segment are organised by means of key account management. In the Intermodal and Logistics segments, sales are generally managed locally by the individual companies. As far as possible, all activities follow the strategic approach of vertical integration, i.e. offering comprehensive transport and logistics services from a single source. The Real Estate segment's sales team offers potential clients and tenants a wide range of services for properties in its two main districts – Hamburg's Speicherstadt historical warehouse district and the northern banks of the river Elbe – as well as for logistics properties in and around the port.

The share of revenue attributable to HHLA's five most important customers rose slightly to 55 % in the 2015 financial year (previous year: 52 %). The ten most important customers accounted for 80 % (previous year: 80 %) and the 15 most important customers for 94 % (previous year: 95 %) of revenue generated by the HHLA container terminals in Hamburg – nearly unchanged from the previous year. HHLA has maintained commercial relationships with the majority of its most important customers for well over two decades.

HHLA generally concludes framework contracts with its shipping customers. These contracts contain comprehensive descriptions of the services to be rendered and of the remuner-

Top 20 Shipping Companies

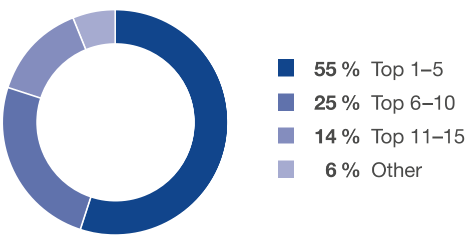
by transportation capacity as of 31 December 2015

	Shipping company	Alliance	in thousand TEU
1.	APM-Mærsk Line	2M	2,996
2.	MSC	2M	2,679
3.	CMA CGM	OCEAN THREE	1,821
4.	Evergreen	CKYHE	932
5.	Hapag-Lloyd	G6	930
6.	COSCO	CKYHE	862
7.	CSCL	OCEAN THREE	694
8.	Hamburg Süd	–	646
9.	Hanjin	CKYHE	626
10.	OOCL	G6	562
11.	MOL	G6	554
12.	APL	G6	535
13.	Yang Ming Line	CKYHE	531
14.	UASC	OCEAN THREE	513
15.	NYK	G6	496
16.	K Line	CKYHE	380
17.	Hyundai M.M.	G6	379
18.	PIL (Pacific Intl. Line)	–	360
19.	Zim	–	358
20.	Wan Hai Lines	–	213

Source: AXS Alphaliner

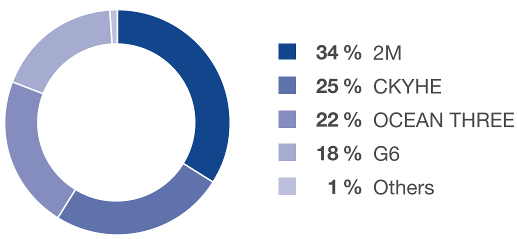
Revenue Distribution Split by Customers

in the Container segment at the main hub Hamburg, 2015



Capacity Breakdown by Shipping Line Alliances

on Far East – Europe services as of 31 December 2015



ation 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.

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 efficiently as possible. To this end, the Port of Hamburg employs a "landlord model", by which the Hamburg Port Authority (HPA) owns the port area and is responsible for building, developing 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. Lease agreements are based on HPA's general terms and conditions for port-related real estate (AVB-HI).

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 (Bundesimmissionsschutzgesetz – 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 affiliated 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. These include, for example, the handling, storage and transportation of environmentally dangerous materials and hazardous goods. However, 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 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 concerns, among other issues. At national level, work is currently under way on the German "Regulation on Installations for the Handling of Substances Hazardous to Water", which may affect HHLA in the future depending on the form it takes. In the 2015 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

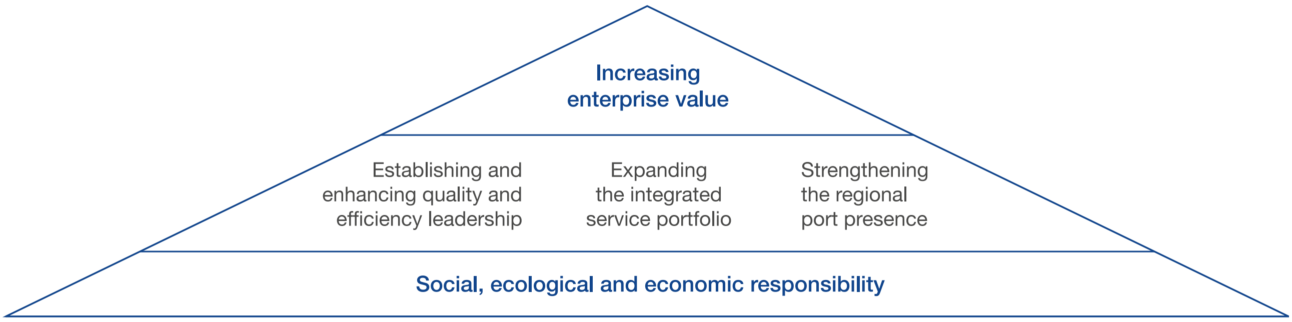
HHLA's strategy is aimed at assuming a leading position as a port logistics provider and thus achieving sustainable growth in its enterprise value. With its business model of vertical integration along the transport chain between the international seaport and its European hinterland, HHLA believes it is favourably positioned to exploit the intensification in global trade and achieve profitable growth. This is also based on Hamburg's role as a logistics hub linking the Far East, especially China and India, with the economies of Central and Eastern Europe. Sustainable business practices form an integral part of the corporate strategy. The focus here is on organising ecologically sound transport chains – especially by linking ships and rail logistics – operating terminals in an environmentally friendly manner which also uses land efficiently, and conserving resources.

In its non-listed Real Estate subgroup, HHLA pursues a long-term and demand-oriented approach to developing districts and properties. The main focus is on developing existing properties, many of which are designated as historical landmarks.

In order to consolidate and further expand the Group's market position, HHLA pursues the following strategic guidelines for the listed Port Logistics subgroup:

Corporate Strategy

Sustainably increasing enterprise value at HHLA



Establishing and 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 the Container segment, HHLA will continue to pursue its strategy of providing a neutral service to as many shipping companies as possible in the handling of ships and the coordination of berths, while ensuring a consistently high quality of service. 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 the activities of its Intermodal segment by continuing to invest in its own facilities and equipment, such as inland terminals, container-carrying rail wagons and locomotives. Due to its consistent establishment and expansion of pre- and onward-carriage rail systems and their integration into maritime transport chains, HHLA is able to offer its customers a perfectly coordinated range of services.

Expanding the Integrated Service Portfolio

HHLA plans to continuously improve the services it provides by expanding intermodal transport between the international port and the hinterland. Besides increasing the scope and range of its services, HHLA also focuses on increasing its value added. This approach is geared 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.

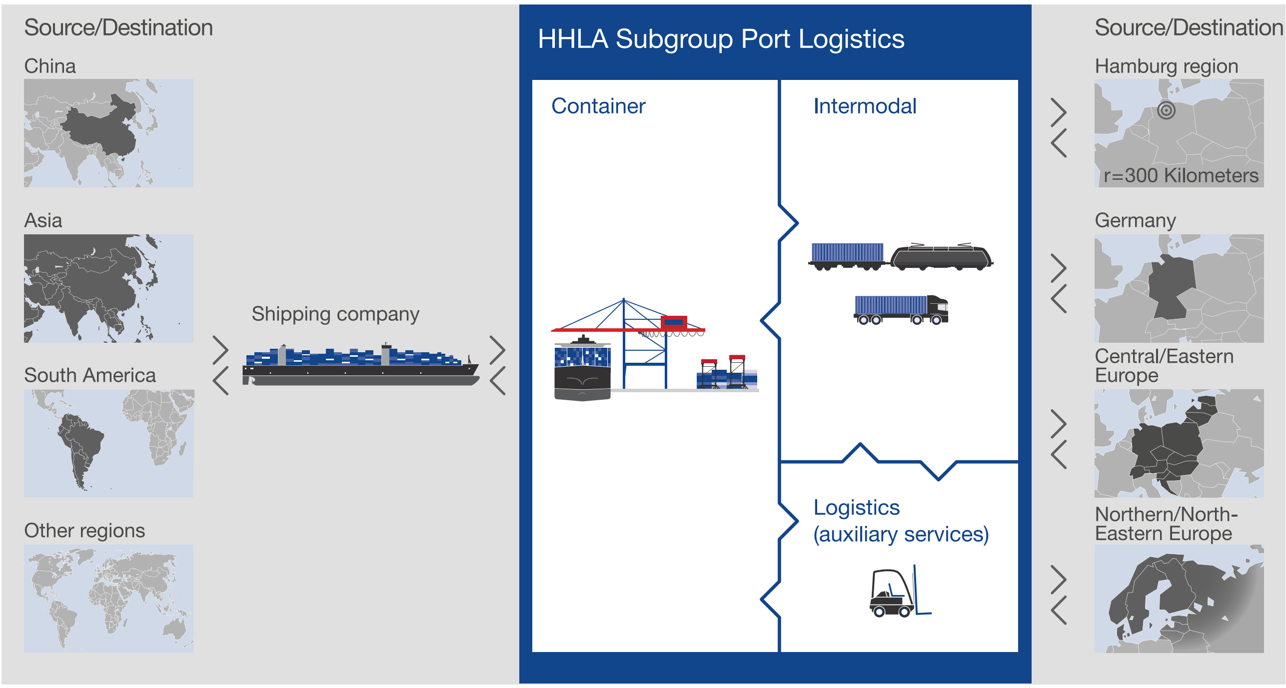
For this reason, HHLA will continue to expand the market position of its Intermodal subsidiaries with the main geographical focus on the growth markets of Central and Eastern Europe as well as Germany, Austria, Switzerland (DACH region). Investments here will concentrate on inland terminals and connecting them to international ports via direct links. By gradually increasing vertical integration by acquiring its own rolling stock (container wagons) and building up its own traction (locomotives), the company will be able to operate largely independently on the market. HHLA is accompanying these measures by expanding its trucking services, which offer a comprehensive network for delivering and collecting sea containers over the "last mile" inland.

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, projects and shareholdings in other high-growth regions are also being examined. 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 in the medium and long term, and the commercial opportunities and risks.

Vertical Integration

HHLA's Strategic Foundation



Corporate and Value Management

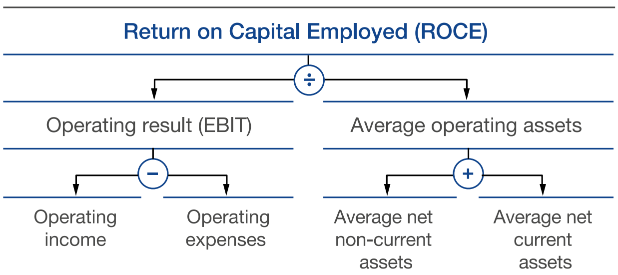
HHLA's primary financial objectives include the long-term, sustainable growth of its enterprise value. HHLA uses a Group-wide value management system for the planning, management and monitoring of its commercial activities.

Financial Performance Indicators

The central financial management control figure is the key performance indicator ROCE, i.e. the return on capital employed. The HHLA Group calculates ROCE as a ratio of the operating result (EBIT) and the average operating assets used.

Value Management

ROCE – defining parameters and influential factors



Commercial activities are generally regarded as value-generating if the return on capital employed exceeds the cost of capital and they make a positive value contribution. Such capital costs correspond to the weighted average of equity costs and the cost of borrowed capital. Due to the ECB's ongoing expansionary monetary policy, the cost of capital before tax was adjusted from 10.5 % to 8.5 % in the 2015 financial year. This minimum interest rate also reflects the Executive Board's assessment of a medium- to long-term rate of return arising from a balanced relationship between equity and borrowed capital. This approach avoids short-term fluctuations in interest rates on the capital markets which may distort the information provided by the value management system.

The HHLA Group's operating result (EBIT) fell year-on-year by 7.5 % to € 156.5 million in the 2015 financial year (previous year: € 169.3 million). ▶ see also Group Performance, page 43

With average operating assets almost unchanged at € 1,303.1 million (previous year: € 1,307.5 million) the return on capital employed was down 0.9 percentage points on the prior-year figure of 12.0 %. The minimum ROCE of 8.5 % for the 2015 financial year was exceeded by 3.5 percentage points.

The HHLA Group therefore generated a positive value added of € 45.7 million in the 2015 financial year (previous year: € 32.0 million).

Key Figures Value Added

in € million	2015	2014	Change
Operating income	1,191.0	1,241.0	- 4.0 %
Operating expenses	- 1,034.5	- 1,071.7	- 3.5 %
EBIT	156.5	169.3	- 7.5 %
Ø Net non-current assets	1,213.3	1,221.6	- 0.7 %
Ø Net current assets	89.8	85.9	4.5 %
Ø Operating assets	1,303.1	1,307.5	- 0.3 %
ROCE in %	12.0	12.9	- 0.9 pp
Capital costs before tax[1] in %	8.5	10.5	- 2.0 pp
Capital costs before tax	110.8	137.3	- 19.3 %
Value added in %	3.5	2.4	1.1 pp
Value added	45.7	32.0	42.9 %

1 *Of which 5.0 % (previous year: 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 key performance indicator ROCE. For example, the number of handling moves per man-hour, energy efficiency or the number of containers handled per square metre – the 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.

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 and changes in the correlation between gross domestic product and containerised trading volumes.

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. Due to close collaboration with technical universities, institutes, industry partners and government authorities, joint projects can be planned, managed and developed by task forces.

In the 2015 financial year, HHLA mainly focused its resources and available capacity on continuing its research into battery-powered container vehicles for horizontal transport.

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 Technology. 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.

Performance Certified

In order to document their performance, CTA and CTT 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 onshore, as well as its links to pre- and onward-carriage systems. With their successful certification, the terminals once again confirmed their high levels of performance and compliance with all quality standards.

Purchasing and Materials Management

Purchasing is a shared service provided by the HHLA Group's management holding company in Hamburg. Important objectives are pooling and harmonising purchasing processes to meet internal customers' requirements in terms of service and performance as far as possible. The purchasing team focuses on standardising the supplier base to ensure that capital goods, raw materials, consumables, supplies, services and other products are provided reliably and on time, taking aspects such as cost, quality and sustainability into account. Market developments relating to new technologies, innovations and the service performance of specific suppliers are considered in close cooperation with the operations and technology departments.

Purchasing actively supports the review and adjustment of the Group's requirements and guidelines and their mandatory fulfilment in relation to purchasing processes. All employees in the purchasing team are obliged to uphold HHLA's code of conduct. The compliance rate and purchase requisition rate are among the many methods used to monitor adherence to these requirements. The compliance rate measures the proportion of procurement orders handled by central purchasing. In 2015 the compliance rate stood at 95 % (previous year: 94 %). The purchase requisition rate indicates the ratio of requisitions entered and authorised via the SAP enterprise resource planning system in compliance with regulations. In 2015, it stood at 99.7 % (previous year: 99.2 %). The automation of purchasing processes to create efficient, transparent and uniform workflows remained a key objective for procurement in 2015. In the reporting period, approximately 13 % of all purchasing processes were handled fully automatically by means of e-procurement systems.

The Group is deliberately diversifying its procurement activities and optimising its supplier base. As a result, there were no significant dependencies on individual suppliers in the 2015 financial year, as in the previous year, neither at Group nor at segment level. There were also no supply shortages during the reporting period. In 2015, equipment and energy accounted for around 47 % of the Group-wide procurement volume, while construction accounted for 23 %, MRO (maintenance, repairs and operations) for 11 % and information technology (IT) for 19 %.

Taking competition law into account, systematic steps are being taken to enhance the way in which suppliers are involved in the development and optimisation of products, facilities and processes from a strategic and collaborative viewpoint. The aim is to safeguard the on-time completion of development and modernisation projects and the associated timely procurement of capital equipment, supplies and replacement parts. The focus here is on analysing and evaluating relationships with suppliers in terms of their reliability, quality, innovative strength, cost structures, economic stability and compliance. An IT-based supplier management system will be implemented in 2016 to support this process. Suppliers register on an internet portal, which uses questionnaires to cover topics such as occupational safety, sustainability and compliance. All content is coordinated with both the purchasing team and the relevant departments. The data entered will be evaluated internally. Certain criteria may result in suppliers being excluded. This includes entries in a corruption register, pending insolvency proceedings, not paying minimum wages or operational restrictions (lack of certain licences, etc.).

Supplier registration is mandatory for all suppliers contacting HHLA for the first time as part of bidding processes, market enquiries or on their own initiative. Suppliers already listed in the company's own pool will be asked to complete the registration process successively. The need to register will be prioritised according to the supplier's strategic relevance in terms of revenue, market and/or product and service range in the respective purchase areas.

Downstream supplier management thus allows continual internal evaluation. These strategic suppliers are evaluated annually by the internal customers and departments. The evaluations include experience on first contact. Project procurement and flow are also evaluated and documented. The content and scope of the evaluation criteria are regularly reviewed and adapted according to legal requirements, corporate guidelines and rules, and importance for service performance.

Sustainability Performance Indicators

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 port and hinterland terminals, intermodal 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.

Ecology

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 manages one of the world's largest databases of corporate greenhouse gas emissions on behalf of institutional investors and makes this information available to the public.

HHLA calculates its **CO_2 emissions** on the basis of the Greenhouse Gas Protocol Corporate Standard (revised edition), a global standard for recording greenhouse gas emissions. Within the HHLA Group, air pollution largely consists of CO_2 emissions. These are primarily influenced by throughput and transport volumes, traction services provided by the Group's own locomotives and the use of electricity from renewable sources. In line with the Greenhouse Gas Protocol, electricity procured separately 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 over land by rail and truck. HHLA uses seaborne and onshore throughput as an effective indicator to determine specific CO_2 emissions in line with the recommendations of the European Economics Environment Group (EEEG).

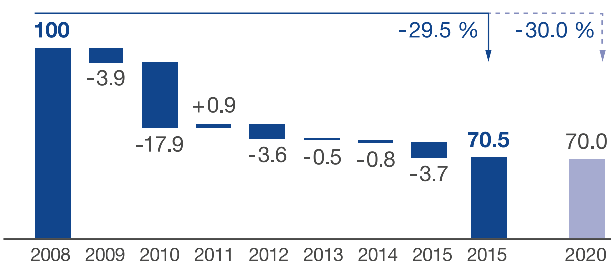
HHLA has set itself the following **climate protection target**: by 2020, the Group intends to reduce CO_2 emissions by at least 30 % for each container which it handles. The 2008 figures serve as the baseline here. In the period from 2008 to 2015, the company already succeeded in reducing CO_2 emissions by 29.5 % per container handled. Specific CO_2 emissions fell by 5.0 % in the year under review.

A long-term increase in the percentage of electricity used within the Group's energy mix will enable the company to **utilise more renewable energies** and thereby substantially reduce its carbon footprint. HHLA is therefore 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. The electricity required by all office buildings and workshops in Hamburg occupied by HHLA, the Container Terminal Altenwerder (CTA) and the all-electric yard crane system at the Container Terminal Burchardkai (CTB) comes from renewables. In the reporting period, these measures reduced CO_2 emissions by 24,108 tonnes (previous year: 26,645 tonnes). A photovoltaic system at the Container Terminal Tollerort (CTT) installed and operated by the energy supplier Hamburg Energie Solar produced 119,450 kWh of CO_2-free electricity in the year under review.

In addition to the active expansion of renewable energies, HHLA particularly promotes the **use of energy-efficient and low-emission machinery and equipment.** In the year under review, the company maintained a fleet of 64 all-electric cars. Due to the positive experience the company has had with these all-electric cars, 24 leases were extended by another three years for the oldest vehicles and a half-dozen new electric vehicles have been ordered that will be delivered over the course of 2016. HHLA's electric vehicles are powered by renewable electricity and are a quiet, low-maintenance solution which does not generate any local emissions. The electric vehicles cover a distance of some 475,000 km each year and thus reduce CO_2 emissions by approximately 148 tonnes. Two new straddle carriers that comply with strict requirements of the European Union's emissions standard Euro 4 went into operation at the CTB in the reporting year. With their extremely low emissions, these modern vehicles make an important contribution towards reducing pollution at the container terminal. 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 improve the company's use of resources.

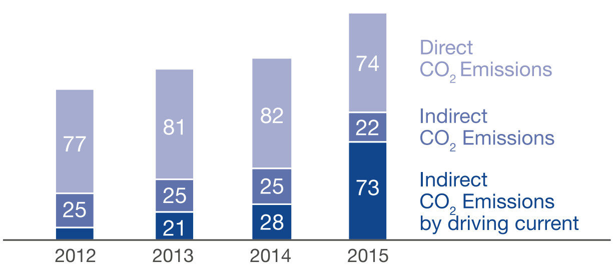
Reduction in Specific CO_2 Emissions since 2008

Climate protection target: 30 % reduction by 2020



Direct and Indirect in CO_2 Emissions

in thousand tonnes



Direct and Indirect Energy Consumption

	2012	2013	2014	2015
Diesel and heating oil in million of litres	26.6	26.8	28.5	25.7
Petrol in million of litres	0.1	0.1	0.1	0.1
Natural gas in million of m³	2.1	3.1	1.8	2.3
Electricity[1] in millions of kWh	139.9	148.7	154.4	138.3
thereof from renewable energies	70.2	78.2	84.0	76.0
Traction current in millions of kWh	16.9	37.9	51.7	130.3
District heating in millions of kWh	4.6	4.6	3.7	3.2

Consumption of natural gas, traction current an district heating in 2015 is based on measured and estimated figures.

1 Electricity without traction current

Several projects were also continued in the field of **energy-efficient lighting**. 24 additional yard cranes were switched to needs-based LED lighting at CTA. 40 of 52 yard cranes now use needs-based LED lighting at the CTA. As well as reducing lighting emissions, this system cuts electricity consumption by some 90 %.

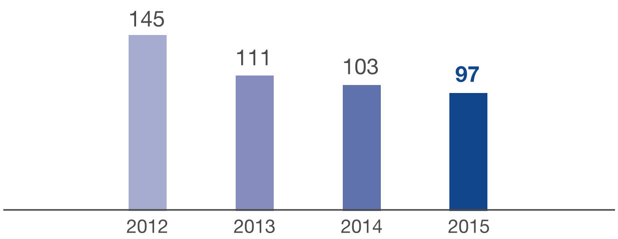
The introduction of a DIN ISO 50001 certified **energy management system** has now been successfully completed by Hamburger Hafen und Logistik AG and HHLA Personal Service GmbH.

Water Consumption

Water is mostly used in the HHLA Group to clean large-scale equipment and containers, as well as 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 a further 5.2 % to 97,305 m^3 in 2015 (previous year: 102,664 m^3). The water treatment plant at CTB, which was in operation for the full year for the first time, contributed towards this positive trend. HHLA's facilities in Hamburg draw water from the public supply network.

Developments in Water Consumption

in dam³



HHLA locations in Germany, Poland, the Czech Republic, Slovakia and Ukraine.

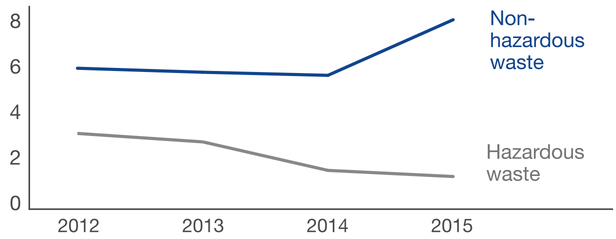
Waste and Recycling

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 increased year-on-year by 28.8 % to 9,544 tonnes in 2015 (previous year: 7,408 tonnes). This is due to a considerable rise in the amount of waste not fit for consumption or further processing, such as bananas, pineapples and potatoes. HHLA has no influence on the amount of such waste, as it includes goods that were already unsuitable when they reached Hamburg. Without these amounts, the volume of waste at HHLA fell by 2.3 % in the reporting period. There was an even stronger decline in hazardous waste: this figure fell substantially by 17.2 % to 1,332 tonnes (previous year: 1,609 tonnes). This figure represents a decrease of almost 60 % compared to 2010.

This very positive development was mainly attributable to the **construction of a water treatment plant** at CTB which was operational for a full year for the first time this year. The water used to clean large machinery is treated at this plant before being reintroduced into the cleaning cycle. The process therefore helps to conserve resources in two ways: as well as substantially reducing fresh water use, it decreases the volume of waste classified as hazardous. This also has a positive effect on the amount of sludge from oil/water separators collected at the washing, fuelling and parking spaces for straddle carriers and AGVs. The volume of waste in this category fell strongly by 44.7 % year on year, taking it to 470 tonnes (previous year: 850 tonnes). The remaining mixture of sludge, oil and water is processed at a chemical water treatment plant operated by a specialist disposal company. Once it has been separated from the oil, the water passes through a biological waste water treatment plant. The quantity of overripe bananas and other foodstuffs unsuitable for processing or consumption accounted for the largest proportion of waste. It more than tripled year on year to 3,343 tonnes (previous year: 1,091 tonnes). A large proportion of this was recycled to generate biogas. Approximately 300,000 kWh of electricity was generated without CO_2 in this way in 2015; twice as much as in 2014. 1.8 % less commercial waste was generated in the reporting period. At 1,828 tonnes, this type of refuse represented the second-largest waste volume (previous year: 1,862 tonnes). Scrap metal, which was up 11.1 % against the previous year at 1,1,39 tonnes (previous year: 1,025 tonnes) was fed completely into the recycling system. Paper and cardboard packaging accounted for 609 tonnes of total waste (previous year: 580 tonnes) while scrap wood and building timber made up 403 tonnes (previous year: 578 tonnes).

Developments in the Volume of Waste

in thousand tonnes



HHLA strives to conserve resources at its terminals, e.g. by using a total of 58,300 tonnes (previous year: 40,300 tonnes) of **recycled building materials** to maintain its terminal areas during 2015. Of this amount, waste incineration slag accounted for the largest share (40,000 tonnes). The amount of material used from asphalt recycling amounted to 15,800 tonnes in the year under review. A further 2,500 tonnes was electric furnace slag, which results from the melting of steel scrap and mineral additives in electric arc furnaces and is now reused as aggregate at the terminals. The use of this recycled building material means that less natural stone needs to be mined, thus protecting the landscape.

Society

As well as social responsibility, staff development and its employees' occupational health and safety are among HHLA's key fields of activity. ▶ see also Employees, page 28

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 handles around three quarters of Hamburg's container throughput or more than half 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

HHLA engages in regular dialogue with its stakeholders. ▶ see also Report Profile, page 161 The company also promotes a number of educational projects focusing on the port and logistics.

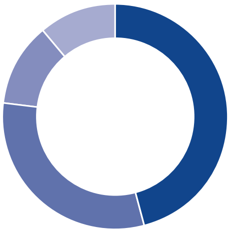
Recognising the link between the port, logistics and the water helps us understand the global division of labour and the importance of sustainable business activities. HHLA's support for educational projects focuses on two particular projects: "Hafen Scouts", a joint initiative of HHLA, which teaches schoolchildren about the transport of goods around the world, how the port functions and what careers the port offers. As well as "Hafen Scouts", the "Aqua-Agenten" project initiated by the Michael Otto Foundation is another cornerstone of HHLA's commitment to educational projects. 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, more than 1,000 schoolchildren visited HHLA facilities as part of these education projects. Since the "Aqua-Agenten" project was launched in 2009, more than 10,000 children have been taught about the importance of water and ports.

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, prevention of corruption and conflicts of interest, and how to deal with sensitive corporate information. ▶ see also Corporate Governance Report and the Corporate Management Declaration, page 51

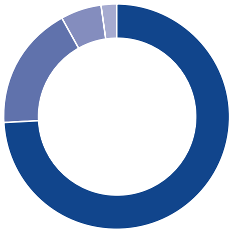
Source of Added Value

Production value 2015: € 1,178 million = 100 %



Application of Added Value

Added value 2015: € 546 million = 100 %



Economy

Value Added in the HHLA Group

in € million	2015	2014	Change
Employees	409.0	414.0	- 1.2 %
Shareholders	95.8	90.6	5.8 %
Public authorities	32.0	39.5	- 19.1 %
Lenders	8.7	8.0	8.1 %
Total	545.5	552.1	- 1.2 %

Net added value fell by 1.2 % to € 545.5 million in 2015. At 46.3 %, the added value ratio was slightly up on the previous year. Net added value serves as an indicator of the economic value creation of a business activity. It is calculated by taking the value of production and deducting all intermediate inputs, depreciation and amortisation. Added value is shared between employees, shareholders, the state (taxes) and lenders. The largest proportion, 75.0 % or € 409.0 million, went to employees.

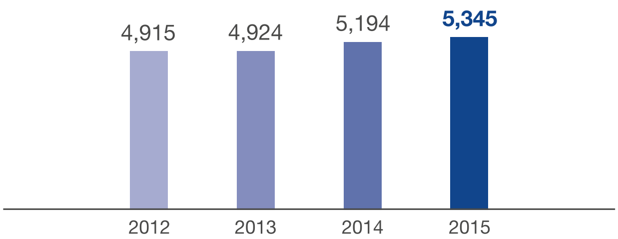
Employees

Headcount

HHLA had a total of 5,345 employees at the end of 2015. Compared with the previous year's total, the number of employees increased by 151, or 2.9 %. In geographical terms, the workforce was concentrated mainly in Germany, with 3,656 staff members (previous year: 3,591). This corresponds to a share of 68.4 % (previous year: 69.1 %), of whom the majority worked in Hamburg. The number of staff employed abroad rose

Development of Employees

HHLA Group as of 31.12.



by 5.4 % to 1,689 in 2015 (previous year: 1,603). This is primarily due to the increase in staff at the Intermodal companies in the Czech Republic and Slovakia, where headcount increased by 11.3 % to 1,093 (previous year: 982).

In Ukraine, the number of employees fell by 1.3 % to 445 (previous year: 451). The remaining 151 employees (previous year: 170) are spread across subsidiaries in Poland, Georgia and Hungary.

Employees

by segments	2015	2014	Change
Container	2,957	3,022	- 2.2 %
Intermodal	1,449	1,319	9.9 %
Holding/Others	668	588	13.6 %
Logistics	232	229	1.3 %
Real Estate	39	36	8.3 %
HHLA Group	5,345	5,194	2.9 %

The pooling of functions and management responsibilities within the holding company, which were previously performed by the operative holding HHLA Container Terminals GmbH, impacted headcount of the Container segment and the Holding/Other division. The number of employees in the Container segment decreased by 65 to 2,957 in the year under review (previous year: 3,022), while staff numbers in the strategic management holding company increased by 80 employees to 668. Due to the expansion of services and the increase in value added, staff numbers in the Intermodal segment rose by 130 employees to 1,449. Employee numbers in the Logistics segment remained almost unchanged year-on-year. The Real Estate segment hired 3 new employees and now has a total headcount of 39.

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. The positive trend of the previous year continued in 2015, and the ratio of women employed by HHLA in Germany increased once again (including apprentices). At 15.2 %, the ratio of women employed by the company was 0.4 percentage points higher than in the previous year. 14.8 %).

Based on the German Law to Implement the Equal Participation of Women and Men in Leadership Positions, the Executive Board has set a target of 25 % for women in first-level management positions directly beneath the Executive Board (status as of 31 December 2015: 15 %). A target of 30 % was set for second-level management positions (status as of 31 December 2015: 21 %). The date set for achieving these quotas is 30 June 2017. ▶ see also Corporate Governance Report and the Corporate Management Declaration, page 51

As in the previous year, the average age of headcount in Germany was 43 (men: 44, women: 40). The average length of service with the company in Germany is approximately 15 years.

Age Structure of Employment as of 31 December 2015

	Ø Employment period	Females in %	Total in %
< 30 years	6.0 years	26.5	13.5
30 – 50 years	10.9 years	15.5	54.0
> 50 years	25.2 years	9.7	32.5
HHLA Group	14.9 years	15.2	100.0

Women accounted for 18.1 % of the 149 new employees who had not previously worked for HHLA in Germany, for example via general port operations. 40.3 % of new hires were under the age of 30, over half of the new employees were between 30 and 50 years old, and 7.4 % were over the age of 50. Since 2013, HHLA has been employing a self-developed selection process (assessment centre), which not only considers the applicant's personal and professional suitability, but also diversity aspects. These processes have been used for all blue-collar roles since the end of 2013 and at all container terminals in Hamburg as of 2014. Members of the company's staff selection panels receive special training. In addition, the selection panel must include at least one woman for all selection processes in which the pool of applicants includes women.

Recruitments

2015	Females in %	Females	Total
< 30 years	28.3	17	60
30 – 50 years	10.3	8	78
> 50 years	18.2	2	11
HHLA Group	18.1	27	149

The fluctuation rate (excluding internal transfers within the Group) in Germany rose to 4.7 % (previous year: 4.3 %). The majority of people leaving the company left due to retirement.

Strategic HR Management

HR Strategy

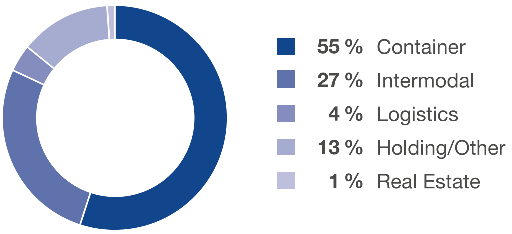
People and the organisation are at the heart of our personnel work. Highly competent and hard-working managers and employees form the foundation of our success. Long-term qualitative and quantitative personnel planning and development strategies for the entire company have been established in Hamburg. The ongoing development of specialist, management and project careers, and permeability between different career paths are the central aims of our personnel strategy. The numerous options to create a work-life balance according to the employee's current circumstances and the ongoing development of working-time systems form the cornerstone for long employee service at HHLA. The main aim of HR management is to meet the changing expectations of current and future HHLA employees by striking the right balance between offers and measures and the organisational needs of the business.

Organisation and Control

HR management is established as a central division at Executive Board level. This organisational structure ensures that strategic HR guidelines are implemented throughout the Group. All measures relating to personnel and organisational development at container throughput and joint operations companies in Hamburg have been managed centrally by HHLA since 2015. This ensures uniform implementation of the HR strategy as well as a high level of quality for all development measures.

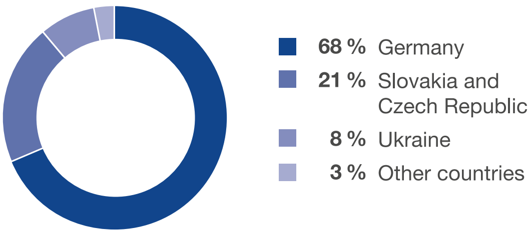
Employees by Segment

as of 31.12.2015



Employees by Region

as of 31.12.2015



The specialist department provides tailored programmes for staff on all career paths and at all levels of the hierarchy within the German companies. The performance of both professionals and managers is systematically enhanced and developed and continuously overseen by the HR Management team. The same applies to all organisational development measures.

Diversity Management

Diversity management has been an integral part of strategic HR management for many years now. HHLA believes that a balanced mix of cultures, genders and age groups forms the foundation for commercial success. The company strives to achieve such diversity in all of its companies. This applies in particular to temporary cross-company working and project groups.

Training and Professional Development

HHLA invested a total of € 5.4 million in educating and training staff from its locations in Hamburg in 2015 (previous year: € 5.4 million).

Vocational Training and Studying

As of 31 December 2015, a total of 116 apprentices (previous year: 138) were receiving training in Germany in nine different professions and five dual study courses. 48 apprentices (of which six were on dual study courses) completed their training in the course of the year and were given permanent contracts. Halfway through the year, HHLA took on 29 new apprentices. As of the reporting date, the company supported 24 young people on dual study courses.

Cooperation agreements with technical colleges and specialised grammar schools were further intensified to maintain a steady flow of suitable candidates for professions with a focus on mathematics, IT, science and technology. Internships were offered to students studying technical professions in particular. The careers in which the company offers apprenticeships are presented at training fairs and schools by the respective departments with the aid of current apprentices. In 2015, the company participated in ten fairs in the greater Hamburg area.

42 % of students were female in 2015. And 75 % of places offered for dual study courses were awarded to women in 2015. At the start of the 2015 academic year, 40 % of clerical apprentices were women.

Training and Qualification

A total of 800 events lasting one or more days were held in the reporting period, with over 3,300 participant days. 40 % of those attending internal seminars were women (previous year: 35 %). A large proportion of the seminars were organised internally and designed to develop the professional, methodical and social skills of specialists and managers.

All internal seminars are open to staff from various departments and companies. These seminars foster an understanding of the diverse tasks, roles and functions in the Group's various business fields.

In addition, the company's own trainers in Hamburg provided 3,383 training days for commercial qualifications.

The Certified Ship Planner qualification was again offered at all terminals in 2015. Employees who successfully complete this qualification can take on important planning functions at the container terminals. They form the foundation for efficient handling processes. Becoming a Ship Planner is one of the main career options at HHLA's container terminals.

Basic Education Project

The MENTO project, launched in 2014 in cooperation with the Network for Basic Education and Literacy, was continued in the period under review. All staff acting as peer mentors have been trained as learning advisers for basic education. The learning advisers provide peer-to-peer support for people with basic educational needs in reading and writing despite having attended school. The advisers can help people find suitable teaching and training which will enable them to meet the increasing technical demands of the working world.

Contracts, Remuneration and Additional Benefits

Collective Labour Agreements

Collective labour agreements govern pay and working conditions for approximately 88 % of employees in Germany (previous year: approximately 89 %).

In April 2015, 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 wage table increases of 3.0 % from 1 June 2015 with a twelve-month term for port workers at companies which operate at German seaports. Similar deals have been reached for further wage agreements of the HHLA Group.

Appraisal and Remuneration Systems

The appraisal systems at the German companies contain both bottom-up and top-down components. Some of them are laid out in collective labour agreements, comprise variable remuneration components and are linked with training requirements for the company and staff.

ROCE – the return on capital employed – is also a significant parameter for determining variable remuneration components for executives and employees not covered by collective labour agreements. Performance-related remuneration components at executive level are calculated over a period of several years. This further enhances the focus on sustainable, long-term targets.

Flexible Working Models

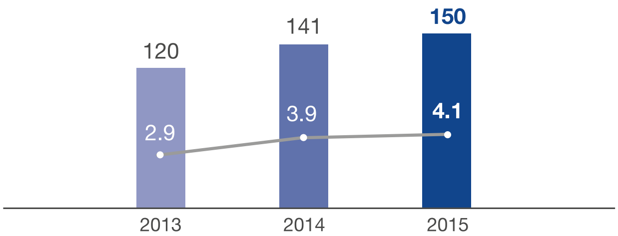
A growing number of people across all employee groups and hierarchy levels in Germany are taking up the option of working part-time to tailor their working hours to different life stages. Offering part-time work is therefore an important way of retaining staff at the company. Allowing staff to adapt their working hours helps them to reconcile their professional and family commitments, look after close relatives or do charity work. In 2015, 150 employees were in part-time employment positions (previous year: 141). 26 % of part-time positions are held by men. At the end of 2015, the ratio of part-time workers at HHLA in Germany increased to 4.1 % (previous year: 3.9 %). At the holding company, where most roles are clerical, the ratio of part-time workers was approximately 14 % (excluding apprentices), as in the previous year.

Working Lifetime Accounts

As well as various company pension schemes, HHLA offers its employees working lifetime accounts. A pensions portal was also set up in 2014. This is an online-based portal containing information about the company pension schemes available at HHLA and a simulation calculator for the working lifetime account that can be accessed by almost all employees. This gives them details of their current pension status. At the end of the period under review, 1,121 employees had a working lifetime account (previous year: 1,037). This represents participation of 31 % (previous year: 30 %) in Germany.

Developments in HHLA's Part-time Employees

in Germany as of 31.12. / part-time share in %



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. 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 represented 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 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. The occupational safety authorities regularly check and assess the performance of HHLA's management system for occupational safety. These audits certified that occupational safety was exemplary at all sites. This is the best possible rating.

HHLA also uses modern technologies to achieve constant improvements. For example, HHLA uses an occupational safety management system to monitor the fulfilment of its goals. Since 2014, accidents at all HHLA companies in Hamburg which are not linked directly to container handling (e.g. in workshops) have also been taken into account and recorded using a standardised reporting system. The reasons for changes or fluctuations are carefully analysed and – where necessary – structured measures are initiated. In 2015, there were 111 notifiable accidents (excluding accidents when commuting) at the companies in Hamburg in which HHLA owns a stake of over 50 %. This represents a decline of 13.3 % (previous year: 128).

HHLA'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. Preventive healthcare is also promoted via targeted measures, campaigns and schemes. HHLA also encourages staff to take part in a varied range of sporting activities, which are very well received.

Economic Environment

Macroeconomic Development

Global economic expansion slowed slightly over the course of the year. According to estimates by the International Monetary Fund (IMF), growth in global gross domestic product (GDP) was 0.3 percentage points down on the previous year at 3.1 % in 2015. This is the lowest rate of growth since the 2008/2009 financial crisis. The main cause was a noticeable slowdown down of the emerging economies. The year as a whole was dominated in particular by the supply-driven decline in oil prices. In line with this below-average global economy growth, world trade was also very weak in 2015. At 2.6 %, growth in world trade once again lagged behind global GDP.

Development of Gross Domestic Product (GDP)

in %	2015	2014
World	3.1	3.4
Advanced economies	1.9	1.8
USA	2.5	2.4
Emerging economies	4.0	4.6
China	6.9	7.4
Russia	- 3.7	0.6
Eurozone	1.5	0.9
Central and Eastern Europe (emerging european economies)	3.4	2.8
Germany	1.5	1.6
World trade	2.6	3.4

Source: International Monetary Fund (IMF)

The advanced economies continued their moderate recovery in 2015. The main driver was the USA. By contrast, the pace of growth in the emerging economies slowed for the fifth consecutive year. With GDP growth of 4.0 %, they still easily outperformed the advanced economies but displayed the slowest rate of expansion since 2009. The Chinese economy also continued to lose momentum. According to the IMF, growth in the world's second largest economy dropped below 7 % in 2015.

The Russian economy is mired in a deep recession. In addition to the ongoing EU and US sanctions, the substantial decline in oil prices has also had a negative impact on the country. As a result, the Russian economy declined by 3.7 % in 2015. The Ukrainian economy is also in deep crisis. According to IMF estimates from October 2015, economic output in Ukraine is expected to contract by 9.0 % in 2015 as a whole. At the same time, however, the latest sentiment indicators point towards a gradual stabilisation of economic activity. By contrast, the pace of growth in the European currency union accelerated by 0.6 percentage points to 1.5 %. Growth is being driven mainly by domestic demand. GDP in the emerging economies of Central and Eastern Europe expanded strongly with a stable growth rate of 3.4 %.

The latest economic indicators for the German economy suggest solid growth of 1.5 %. Germany's foreign trade benefited from the increased competitiveness of its exports due to low euro exchange rates. According to the IMF, exports grew by 5.4 % and German imports by 5.7 % in the reporting period.

Sector Development

Container throughput did not perform as well as expected in 2015. While the market research institute Drewry forecast an increase in global container throughput of 5.3 % at the beginning of the year, experts now expect more modest growth of 1.3 % in the reporting period. Apart from the decline in throughput experienced during the 2009 financial crisis, this is the lowest growth rate since global container throughput was first recorded. The unexpectedly weak performance in container throughput had an impact on nearly all shipping regions.

European shipping regions in particular suffered dramatic losses in some areas compared to the previous year. Of particular mention is the year-on-year decline in throughput of 30 % at Russia's Baltic Sea ports due to the crisis and economic sanctions.

Development of Container Throughput

in %	2015	2014
World	1.3	5.3
Europe as a whole	- 3.3	5.0
North-West Europe	- 1.9	6.0
Scandinavia and the Baltic region	- 17.3	1.6
Western Mediterranean	- 0.9	3.2
Eastern Mediterranean and the Black Sea	- 2.9	6.0

Source: Drewry Maritime Research

The trend among the major container ports of the North Range – Rotterdam, Antwerp, Hamburg and the Bremen ports – as well as the largest ports of the western Baltic Sea (Gdansk, Gothenburg) was mixed. Due to the considerable importance of the Chinese and Russian economies to container throughput, the Port of Hamburg recorded a marked decline in volume of 9.3 % in 2015 and also lost market share to its competitors. Europe's largest container port, Rotterdam, reported a slight decline year-on-year to 12.2 million TEU. Antwerp handled 9.7 million TEU in the reporting period. This positive trend was mainly achieved at the expense of Zeebrugge, the second-largest Scheldt port, which suffered a 23.8 % fall in volume compared to the previous year. The downward trend seen in the previous year continued at the Bremen ports in 2015. Growth at the JadeWeserPort in Wilhelmshaven was spurred by an accident of a container gantry crane in Bremerhaven and its increased integration into the 2M alliance route network. Container throughput increased to 427 thousand TEU. Following dynamic growth over the past few years, the effects of the Russian crisis were clearly noticeable at the Polish port of

Gdansk in 2015. The missing Russian transshipment volumes resulted in a 10 % decline in containers handled to 1.1 million TEU. The volume of containers handled in Gothenburg fell by 2.0 % against the previous year to 0.8 million TEU.

Development of Container Throughput at North Range Ports

in million TEU	2015	2014	Change
Rotterdam	12.2	12.3	- 0.5 %
Antwerp	9.7	9.0	7.5 %
Hamburg	8.8	9.7	- 9.3 %
Bremen ports	5.5	5.8	- 4.3 %
Zeebrugge	1.6	2.0	- 23.8 %
Gdansk	1.1	1.2	- 10.0 %
Gothenburg	0.8	0.8	- 2.0 %
Wilhelmshaven	0.4	0.1	pos.

Source: Port Authorities

Rail freight traffic in Germany was significantly affected by a wage dispute and strike at Deutsche Bahn in spring 2015, and only enjoyed a brief period of respite over the course of the year in view of the economic slowdown and a drop-off in demand for transport. In total, transport volumes fell by 1.0 % in 2015, compared to the previous year. However, traffic performance – transport volume multiplied by the distance travelled – increased slightly by 1.4 % in the same period.

Developments in rail freight traffic were comparable on a European level. Transport demand for rail traffic was already diminished at the beginning of the year, both in Europe as a whole and in those markets of Central and Eastern Europe of particular relevance to HHLA. While transport volumes declined by a total of 3.1 % across Europe in the first three quarters of 2015, the decrease was less severe in Central and Eastern Europe at 1.8 %. Performance varied greatly across the individual markets, however: While transport volumes in Poland and Hungary fell year-on-year by 2.8 % and 3.5 % respectively in the first nine months of 2015, rail cargo in the Czech Republic rose by 4.7 %.

Course of Business and Economic Situation

Key Figures

in € million	2015	2014	Change
Revenue	1,141.8	1,199.6	- 4.8 %
EBITDA	281.4	294.2	- 4.3 %
EBITDA margin in %	24.6	24.5	0.1 pp
EBIT	156.5	169.3	- 7.5 %
EBIT margin in %	13.7	14.1	- 0.4 pp
Profit after tax and minority interests	66.7	58.9	13.2 %
At-equity earnings	3.7	5.3	- 29.1 %
ROCE in %	12.0	12.9	- 0.9 pp

Overall View

The economic environment remained challenging for HHLA throughout 2015. In addition to further delays in the dredging of the river Elbe and weaker global economic growth, operations at HHLA suffered in particular from the slowdown of the Chinese economy as well as the severe recession and impact of trade sanctions in Russia. These circumstances led to a strong decrease in container throughput at HHLA's terminals in Hamburg. However, slight growth was achieved in container transport despite the overall market decline.

These opposing trends in HHLA's two largest segments are also reflected in revenue and the operating result on Group level. There was a moderate decrease in revenue as a whole with a significant decline in EBIT.

In view of the weaker economic outlook, continuing falling volumes in the Container segment and anticipated earnings trend, HHLA updated its earnings guidance for the Group over the course of the year. Actual performance now slightly exceeds the last guidance update. HHLA continued to scale its capital expenditure programme to actual needs. Delays to individual projects resulted in postponements until 2015.

HHLA's financial position remained stable as of the balance sheet date of 31 December 2015. Changes in capital structure due to negative exchange rate effects from the devaluation of the Ukrainian currency were opposed by positive factors including valuation adjustments to pension provisions triggered by interest rate differentials. The equity ratio rose by 2.7 percentage points to 33.2 % (previous year: 30.6 %), while the dynamic gearing ratio increased from 2.7 to 2.8. Due to the company's liquidity base as of the balance sheet date, it still has no significant refinancing requirements.

Forecast and Actual Figures

	31.12.2014	Forecast 27.03.2015	Forecast 06.07.2015	Forecast 05.10.2015	Actual 31.12.2015
Container throughput	7.5 million TEU	Slight increase	Moderate decrease	Strong decrease	6.6 million TEU
Container transport	1.3 million TEU	Moderate increase	Moderate increase	Moderate increase	1.3 million TEU
Revenue	€ 1,199.6 million	Slight increase	Slight decrease	Moderate decrease	€ 1,141.8 million
EBIT	€ 169.3 million	At previous year's level	At previous year's level	In the region of € 150 million	€ 156.5 million
Capital expenditure	€ 138.4 million	In the region of € 170 million	In the region of € 170 million	In the region of € 150 million	€ 145.5 million

Notes on the Reporting

Due to the high level of flexibility required in the sector, handling and transport services are not generally 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.

Changes to the consolidated group in the 2015 financial year resulted mainly from the addition of one company. This did not have a material effect on the HHLA Group's revenue and earnings.

In the reporting year, negative exchange rate effects arose from the devaluation of the Ukrainian currency, which had a significant impact on the Group's financial position and performance.

The 2015 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 Group Management Report was prepared in line with the requirements of German Accounting Standard no. 20 (GAS 20).

Earnings Position

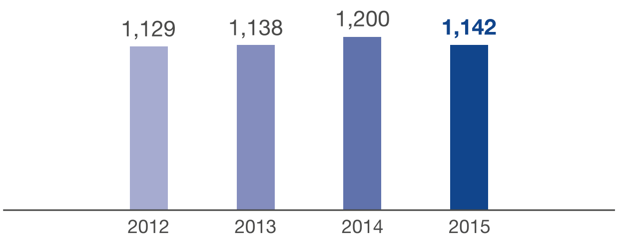
There was a different development in HHLA's **performance data** in 2015. At 6,561 thousand TEU, container throughput fell strongly year-on-year by 12.3 % (previous year: 7,480 thousand TEU). The cooling of the Chinese economy negatively impacted Far East trades while the recession in Russia led to a steep decline in feeder volumes. By contrast, transport volumes increased slightly by 2.7 % to 1,318 thousand TEU (previous year: 1,283 thousand TEU). This growth is attributable to further market share gains made by the rail subsidiaries.

Against this background, **revenue** of the HHLA Group decreased by 4.8 % to € 1,141.8 million (previous year: € 1,199.6 million) in the reporting period. This was primarily due to a volume-related decline in handling revenue at the Hamburg terminals and temporarily higher storage fees in the previous year. The listed Port Logistics subgroup largely developed in line with the HHLA Group as a whole. Its Container, Intermodal and Logistics segments recorded an overall decline in revenue of 5.1 % to € 1,111.0 million (previous year: € 1,171.2 million). By contrast, the non-listed Real Estate subgroup was able to raise revenue by 9.0 % to € 36.5 million (previous year: € 33.5 million). The Real Estate subgroup thus accounted for 2.7 % of Group revenue.

While **changes in inventories** had nearly no impact on earnings last year, expenses of € 1.4 million were incurred in the reporting period which were primarily attributable to consul-

Revenue

in € million



tancy activities. The increase in **own work capitalised** to € 9.3 million (previous year: € 7.9 million) also resulted mainly from this area.

A rise in **other operating income** to € 41.2 million (previous year: € 33.6 million) was due in part to the sale of rolling stock in the Intermodal segment in the fourth quarter of 2015, as well as to the partial reversal of a provision for legal risks through profit and loss and the disposal of a landplot.

The 3.5 % decrease in **operating expenses** to € 1,034.4 million (previous year: € 1,071.7 million) was slightly below the decrease in revenue. There were divergent trends across the different expenditure types.

The **cost of materials** declined by 8.8 % year-on-year to € 361.7 million (previous year: € 396.7 million). The cost of materials ratio decreased to 31.7 % (previous year: 33.1 %). This decrease is mainly related to cost structure changes resulting from the increased use of the company's own traction, which more than offset the opposing effect of growth in the material-intensive Intermodal segment.

Personnel expenses remained on a par with the previous year at € 401.6 million (previous year: € 401.7 million). The personnel expense ratio climbed by 1.7 percentage points to 35.2 % (previous year: 33.5 %). The increase in headcount in the Intermodal segment following the expansion of its own traction, as well as to higher union wage rates. Moreover, the falling utilisation rate of facilities in the Container segment could not be entirely compensated by a reduction in the use of external staff.

Other operating expenses amounted to € 146.3 million in the reporting period and were thus reduced by 1.5 % year-on-year (previous year: € 148.5 million). This decrease is largely due to a provision for legal risks formed in the previous year. Despite this however, the ratio of expenses to revenue increased to 12.8 % (previous year: 12.4 %). This is partially related to the increase in rental and leasing expenses in the Intermodal segment caused by the expansion of its own traction.

At € 124.9 million, **depreciation and amortisation** was unchanged from the previous year (€ 124.9 million) as HHLA continued to focus on ship size-related investments at its container terminals, as well as the expansion of the hinterland network and its own traction.

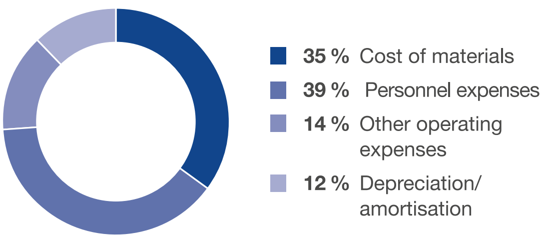
Against the background of these developments, the **operating result before depreciation and amortisation (EBITDA)** decreased by 4.3 % to € 281.4 million (previous year: € 294.2 million) and thus more slowly than revenue. There was a corresponding slight increase in the EBITDA margin to 24.6 % (previous year: 24.5 %).

The **operating result (EBIT)** fell by 7.5 % to € 156.5 million in the reporting period (previous year: € 169.3 million) and the EBIT margin decreased by 0.4 percentage points from 14.1 % in 2014 to 13.7 %. The significant increase in earnings in the Intermodal segment was largely able to compensate for the severe decline in earnings in the Container segment. This decrease in the operating result was once again attributable to the Port Logistics subgroup, where EBIT declined by 9.3 % to € 141.1 million (previous year: € 155.6 million) and thus accounted for 90.1 % (previous year: 91.9 %) of the Group's operating result in the reporting period. In the Real Estate subgroup, EBIT climbed 13.2 % to € 15.2 million (previous year: € 13.4 million). 9.9 % of the Group's operating result was generated by this subgroup (previous year: 8.1 %).

Net expenses from the **financial result** fell by € 10.5 million, or 26.8 %, to € 28.7 million (previous year: € 39.2 million). The interest expense contained in pension provisions declined by € 5.0 million. The revaluation of an equalisation liability payable to a minority shareholder in conjunction with a profit and loss transfer agreement led to a reduction in net expenses from the financial result of € 0.8 million (previous year: € 2.6 million increase). Negative exchange rate effects, due almost exclusively to the devaluation of the Ukrainian currency, reduced the financial result by € 8.0 million, compared to a negative impact on the result of € 10.8 million in the previous year. Earnings from companies accounted for using the equity method, which declined by 29.1 % to € 3.7 million in the reporting period, had an opposing effect (previous year: € 5.3 million).

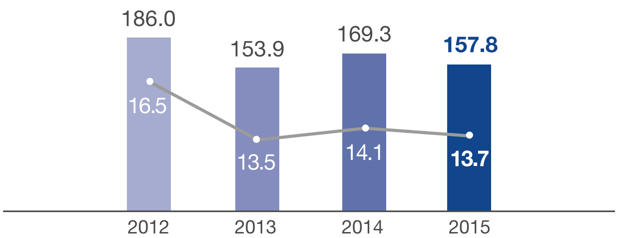
Operating Expenses

Expense structure 2015



Operating Result (EBIT)

in € million / EBIT margin in %



The Group's **effective tax rate** fell to 25.0 % in 2015 (previous year: 30.4 %). This was caused by the absence of a one-off gain that drove up the previous year's tax rate and by the fact that a higher proportion of profits was generated by foreign subsidiaries.

Profit after tax and minority interests increased by 13.2 % to € 66.7 million (previous year: € 58.9 million). Non-controlling interests accounted for € 29.2 million in the 2015 financial year (previous year: € 31.6 million). From a financial point of view, this item also includes the effects mentioned in relation to the financial result associated with the settlement obligation to a minority shareholder. **Earnings per share** increased correspondingly by 13.2 % to € 0.92 (previous year: € 0.81). The listed Port Logistics subgroup achieved a 12.8 % increase in earnings per share to € 0.84 (previous year: € 0.75). Earnings per share for the non-listed Real Estate subgroup were up year-on-year at € 2.86 (previous year: € 2.46). As in the previous year, there was no difference between basic and diluted earnings per share in 2015.

As in the previous year, HHLA's **appropriation of profits** is oriented towards the development of earnings in the HHLA Group in the financial year ended. The distributable profit and HHLA's stable financial position form the foundation of the company's consistent profit distribution policy.

On this basis, the Executive Board and Supervisory Board will propose at the Annual General Meeting on 16 June 2016 a dividend distribution of € 0.59 per Class A share and € 1.75 per Class S share. Based on the number of shares with dividend entitlement as at 31 December 2015, the sum distributed for listed Class A shares would increase on the previous year by 13.5 % to € 41.3 million, while the amount for non-listed Class S shares would rise by 16.7 % to € 4.7 million. In relation to the consolidated profit and the earnings per share, the dividend payout ratio would once again reach a comparably high figure of approximately 70 % for the Port Logistics subgroup and around 61 % for the Real Estate subgroup.

Financial Position

Balance Sheet Analysis

Compared with the previous year, the HHLA Group's **balance sheet total** decreased as of 31 December 2015 by a total of € 37.7 million to € 1,750.4 million.

Balance Sheet Structure

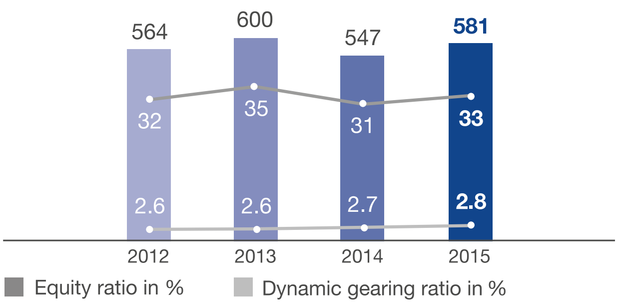
in € million	31.12.2015	31.12.2014
Assets		
Non-current assets	1,305.8	1,308.1
Current assets	444.6	480.0
	1,750.4	1,788.1
Equity and liabilities		
Equity	580.6	546.7
Non-current liabilities	979.2	918.9
Current liabilities	190.6	322.5
	1,750.4	1,788.1

On the assets side of the balance sheet, **non-current assets** fell by € 2.3 million. Capital expenditure led to an increase in property, plant and equipment of € 9.0 million to € 947.1 million (previous year: € 938.0 million), while there were declines in the stock of intangible assets (€ - 4.0 million) and investment property (€ - 8.6 million) due to depreciation and amortisation.

Current assets fell by € 35.4 million to € 444.6 million (previous year: € 480.0 million). This decrease was mainly due to a reduction in cash and cash equivalents of € 57.7 million to € 194.6 million. By contrast, receivables from related parties grew by € 22.3 million to € 58.5 million due to inclusion in the HGV cash clearing system.

Developments in Group Equity

in € million



On the liabilities side, **equity** rose by € 33.9 million to € 580.6 million (previous year: € 546.7 million) compared to year-end 2014. This increase stemmed largely from consolidated net income for the reporting period of € 95.8 million. The change in actuarial gains and losses due to interest rate differentials, netted with deferred taxes, increased equity by

€ 17.3 million. Foreign currency effects recognised directly in equity had a negative impact of € 11.5 million. Dividends distributed, including the reclassification of a future financial settlement as a non-current financial liability, reduced equity by € 68.1 million. The equity ratio increased to 33.2 % (previous year: 30.6 %).

Non-current liabilities rose by € 60.3 million to € 979.2 million (previous year: € 918.9 million). This increase is due to the placement of promissory loans in the third quarter amounting to € 75.0 million. The funds were borrowed to take advantage of the current low interest rates and to minimise long-term interest rate risks in the Real Estate segment. The reduction in pension provisions of € 28.0 million due mainly to interest rate differentials had an opposing effect.

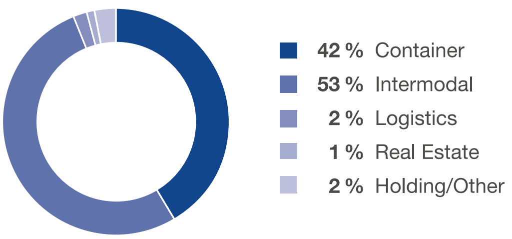
The decrease in **current liabilities** of € 131.9 million to € 190.6 million (previous year: € 322.5 million) resulted mainly from the repayment of a current liability due to related parties of € 65.0 million in the third quarter of 2015 following placement of the promissory note loans mentioned above. Due to the repayment of a loan amounting to € 25.0 million and the decrease of € 8.7 million to € 21.6 million for a settlement obligation to a minority shareholder (previous year:€ 30.3 million), current financial liabilities fell by € 31.4 million to € 92.0 million. Trade liabilities were also down € 31.4 million to € 52.0 million.

Investment Analysis

Capital expenditure in the past financial year totalled € 145.5 million (previous year: € 138.4 million). This figure includes additions of € 3.8 million from finance leases not recognised as a direct cash expense (previous year: € 3.9 million). In 2015, capital expenditure focused on extending the Hamburg container terminals and expanding intermodal transport and handling capacities. Investment projects were largely funded by the operating cash flow generated in the financial year.

Investments

by segment in 2015



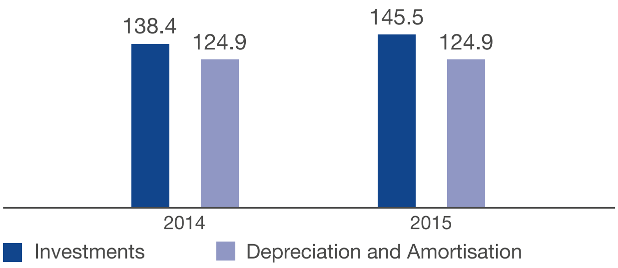
Without inter-company transactions

Property, plant and equipment accounted for € 135.9 million (previous year: € 106.3 million) of capital expenditure, while intangible assets accounted for € 8.8 million (previous year: € 8.3 million) and investment property for € 0.8 million (previous year: € 23.8 million).

Investments amounting to € 61.0 million were made in the **Container segment** (previous year: € 58.4 million). Capital expenditure in this segment was dominated by the procurement of handling equipment, as well as storage capacities and throughput areas at the Hamburg container terminals. The largest amount of investment was accounted for in the **Intermodal segment** at € 77.1 million (previous year: € 52.3 million). Investments were primarily made by the Metrans Group, and mainly in locomotives and the construction of an additional terminal. Adjusted for additions to assets from Group transactions, total investments in the **Logistics segment** amounted to € 2.8 million (previous year: € 2.5 million).

Investments, Depreciation and Amortisation

in € million



Investments in the Container segment focus on enhancing the productivity of existing terminal areas by using state-of-the-art handling technology and developing berth places for the trend in ship sizes. Meanwhile, in the Intermodal segment, the primary objective is to increase vertical integration to further improve the performance and range of its hinterland connections.

As of year-end, there were other financial liabilities for outstanding purchase commitments totalling € 134.4 million (previous year: € 72.7 million). This figure includes € 88.0 million (previous year: € 52.4 million) for the capitalisation of property, plant and equipment.

Liquidity Analysis

Cash flow from operating activities fell year on year from € 233.4 million to € 195.3 million. This decrease of € 38.1 million is primarily due to the year-on-year decline in EBIT of € 12.7 million and a change in trade liabilities and other liabilities of € 21.1 million compared to the 2014 financial year.

Cash flow from investing activities (outflow) of € 130.2 million was above the prior-year figure of € 114.5 million. This increase of € 15.7 million was mainly due to the rise in capital expenditure and investment property. Proceeds from short-term deposits of € 17.0 million (previous year: payments of € 20.0 million) and an increase in payments from the disposal of intangible assets, property,plant and equipment, and investment property totalling € 13.8 million (previous year: € 3.0 million) had an opposing effect.

Liquidity Analysis

in € million	2015	2014
Financial funds as of 01.01.	185.6	151.1
Cash flow from operating activities	195.3	233.4
Cash flow from investing activities	- 130.2	- 114.5
Free cash flow	65.1	118.8
Cash flow from financing activities	- 82.7	- 79.0
Change in financial funds	- 17.6	39.8
Change in financial funds due to exchange rates	- 2.6	- 5.3
Financial funds as of 31.12.	165.4	185.6

Free cash flow – the total cash flow from operating and investing activities – decreased to € 65.1 million (previous year: € 118.8 million).

Cash flow from financing activities (outflow) amounted to € 82.7 million (previous year: € 79.0 million) in the reporting period, and thus increased by € 3.7 million. Due to higher dividend payments, cash outflows increased year-on-year by € 5.6 million. The repayment of loans, including to a related party, and the placement of promissory note loans with an opposing effect resulted in a net cash outflow which was € 1.1 million lower than in the 2014 financial year.

The HHLA Group had sufficient liquidity as of year-end 2015. There were no liquidity bottlenecks in the course of the financial year. **Financial funds** totalled € 165.4 million as of 31 December 2015 (31 December 2014: € 185.6 million). Including all short-term deposits, the Group's available liquidity came to a total of € 238.5 million (previous year: € 275.6 million).

Financing Analysis

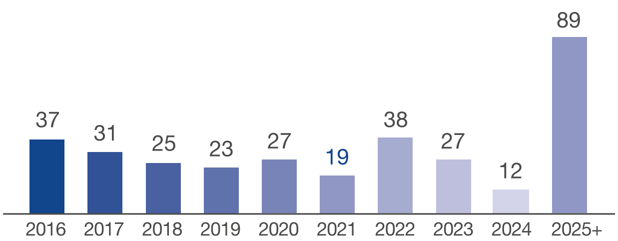
Financial management at the HHLA Group is managed centrally and serves the overriding objective of ensuring the Group's long-term financial stability and flexibility. Group clearing pools the Group's financial resources, optimises net interest income and substantially reduces dependency on external sources of funding. Derivative financial instruments can be used to reduce the risk of changes in interest rates and, to a minor extent, to reduce currency and commodity price risks.

HHLA's business model 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. Pension provisions are also available for long-term internal financing.

At € 329.6 million, as of the balance sheet date amounts due to banks were higher than in the previous year (€ 284.1 million). The Group drew on additional external financing totalling € 121.3 million (previous year: € 24.7 million) in the 2015 financial year. New borrowing was offset by loan repayments amounting to € 61.5 million. A promissory note loan was used to replace a shareholder loan. This was the main reason for the increase in liabilities from bank loans. Due to the maturities agreed and its stable liquidity position, the company had no other significant funding requirements.

Maturities of Bank Loans

by year and in € million



The majority of the liabilities from loans are denominated in euros, with a small proportion in US dollars. In terms of conditions, approximately 73 % have fixed interest rates and some 27 % have floating interest rates. As a result of borrowing, certain Group 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 21 % of 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 € 106.3 million (previous year: € 106.6 million). These resulted from the recognition of the leasing liability to the Hamburg Port Authority (HPA) in connection with quay walls for the mega-ship berths at the HHLA Container Terminal Burchardkai (CTB) and the HHLA Container Terminal Tollerort (CTT). In the previous year, liabilities to related parties included a shareholder loan of € 65 million in the Real Estate subgroup, which has now been repaid.

With the exception of operating leases, there are no significant off-balance sheet financial instruments. 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.

Cash, cash equivalents and short-term deposits, the bulk of which is held centrally by the holding company, totalled € 194.6 million (previous year: € 252.2 million). These funds are mainly 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 € 1.2 million (previous year: € 3.6 million). The credit line utilisation rate was 83.9 % in the period under review (previous year: 59.5 %). 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, € 10.7 million (previous year: € 9.4 million) was subject to restrictions in Ukraine relating to the transfer of currency abroad as of the reporting date.

As HHLA has a large number 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.

Acquisitions and Disposals of Companies

In the first quarter of 2015, METRANS (Danubia) Kft., Gyor, Hungary, which is not included in HHLA's group of consolidated companies, acquired 100 % of the shares in both Univer Trans Kft, Budapest, Hungary, and Loacker Konténer Kft., Budapest, Hungary.

The real estate company Loacker Konténer Kft. was renamed METRANS Konténer Kft. in the second quarter of 2015. METRANS (Danubia) Kft. subsequently sold all of the shares in METRANS Konténer Kft. and all of the shares in Univer Trans Kft. to METRANS (Danubia) a.s., Dunajská Streda, Slovakia, which is part of HHLA's consolidated group.

There were no other substantial acquisitions or disposals of shares in subsidiaries.

Segment Performance

Container Segment

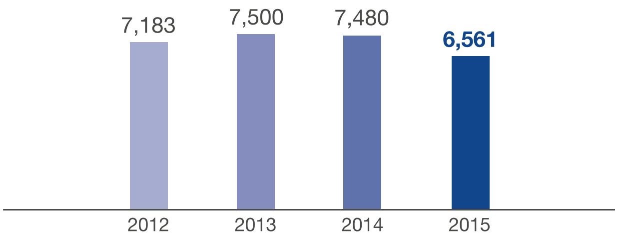
Key Figures

in € million	2015	2014	Change
Revenue	675.2	743.7	- 9.2 %
EBITDA	195.8	247.1	- 20.8 %
EBITDA margin in %	29.0	33.2	- 4.2 pp
EBIT	110.6	156.1	- 29.1 %
EBIT margin in %	16.4	21.0	- 4.6 pp
Container throughput in thousand TEU	6,561	7,480	- 12.3 %

Following the positive trend of the previous years, HHLA's container terminals recorded their first significant decline in throughput since 2009 in the reporting period. HHLA's container terminals handled a total of 6,561 thousand TEU on the quayside in 2015, which represents a 12.3 % decline in the number of standard containers (TEU) handled compared to the previous year (7,480 thousand TEU). While container throughput fell 12.6 % to 6,305 thousand TEU at the three container terminals in Hamburg (previous year: 7,217 thousand TEU), throughput at the Container Terminal Odessa was down by just 2.9 % year-on-year at 256 thousand TEU (previous year: 263 thousand TEU).

Development in Container Throughput

in thousand TEU



The changes in volume experienced at the Hamburg terminals were primarily due to dwindling feeder traffic with the Baltic Sea ports, which were down approximately 24 % below the prior-year figure in 2015. In addition to the re-routing of feeder volumes by individual shipping companies, this was primarily due to the trend in traffic with Russia, which fell almost 36 % year-on-year. This drop was, in turn, caused by the consequences of the trade sanctions imposed during the Ukraine crisis which still remain in place, the collapse in oil prices and the strong devaluation of the rouble. As a consequence, the proportion of seaborne handling accounted for by feeders fell to 22.9 % in the 2015 financial year (previous year: 25.6 %). Asian routes (Far East–northern Europe) also declined significantly compared to the previous year. Container transport volumes to and from the Far East decreased by approximately 18 % in 2015. The main cause was the significant weakening of

Chinese foreign trade. Exports from China to Europe in particular suffered a steep decline, due to the appreciation of the Chinese renminbi against the euro as well as structural changes in the Chinese economy. Further container terminals were put into operation in Rotterdam (Maasvlakte 2) over the course of 2015, which strongly increased capacity in the North Range as well as the competition between the ports.

The negative market trend in Ukraine led to falling container throughput volumes at the Container Terminal Odessa. The decline was softened to a large extent by market share gains and the terminal's efficiency.

The strong decline in volumes and year-on-year decrease in storage fees – due to shorter container dwell times – contributed to a fall in revenue of 9.2 % to € 675.2 million (previous year: € 743.7 million). The decreased proportion of low-margin feeder traffic, however, resulted in higher average revenue per container handled at the quayside. Consequently, average revenue rose by 3.5 % compared to the previous year.

The segment's EBIT costs could not be reduced in proportion to lower seaborne throughput. They declined by just 3.9 %, which is directly related to the high fixed costs associated with container operations. This was mainly due to personnel expenses. These costs were reduced to some extent by using less external staff in the second half of 2015. However, the temporary underutilisation of facilities means it is becoming increasingly difficult to adequately adapt manpower while at the same time being able to handle the peak loads caused by an increasing number of container mega-ships. Increases in union wage rates also had a negative impact. Maintenance costs were also up considerably on the previous year. Due to high capacity utilisation at the facilities last year, some of the necessary maintenance work had to be postponed to 2015. All in all, these factors led to a 29.1 % decrease in the operating result (EBIT) to € 110.6 million (previous year: € 156.1 million). There was a corresponding fall in the EBIT margin to 16.4 % (previous year: 21.0 %).

Despite the overall decline in container throughput in 2015, the company continues to drive the preparation of its facilities for the arrival of ever more container mega-ships. At the Container Terminal Burchardkai (CTB) an order for four additional blocks to increase block storage has been placed, in addition to the order for three more container gantry cranes. As of 2017, these container gantry cranes and storage blocks will lead to further increases in the capacity and quality required for the peak loads of mega-ship handling. An order placed for two container gantry cranes at the Container Terminal Tollerort (CTT) will also enable this terminal to handle the latest generation of ships in future.

Intermodal Segment

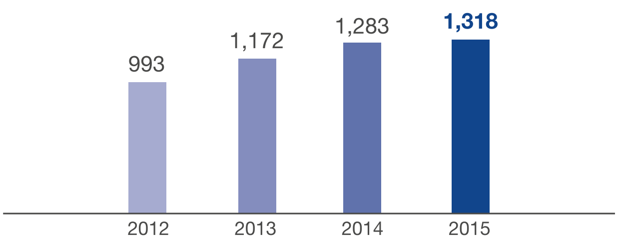
Key Figures

in € million	2015	2014	Change
Revenue	364.0	351.5	3.6 %
EBITDA	78.8	47.8	64.8 %
EBITDA margin in %	21.7	13.6	8.1 pp
EBIT	55.2	27.3	101.9 %
EBIT margin in %	15.2	7.8	7.4 pp
Container transport in thousand TEU	1,318	1,283	2.7 %

HHLA's transport companies achieved slight growth in the highly competitive market for container traffic in the hinterland of major seaports. In a declining overall market, transport volumes climbed by 2.7 % to 1,318 thousand standard containers (TEU) compared with 1,283 thousand TEU in the previous year.

Developments in Container Transport

in thousand TEU



The trend in 2015 was driven by an expansion in railway transportation. Building on the previous year's good figures, there was a further increase of 5.3 % to 1,008 thousand TEU (previous year: 958 thousand TEU). The connections between the Adriatic ports and Central and Eastern Europe achieved above-average growth. Transport volumes from the Polish seaports were also increased significantly. Road transport, however, declined by 4.7 % to 310 thousand TEU (previous year: 325 thousand TEU) due to lower container volumes in the greater Hamburg area.

With growth of 3.6 % to € 364.0 million (previous year: € 351.5 million), revenue outperformed transport volumes. The main reasons for this were changes to the route mix and an increase in the average transportation distance.

Compared to the previous year, the operating result (EBIT) doubled to € 55.2 million (previous year: € 27.3 million) and significantly outperformed volume and revenue growth. The expansion of the company's own traction since the beginning of 2015 with the acquisition of additional locomotives had a positive effect on productivity rates and led to improved cost structures. Better utilisation of trains and a more beneficial mix of import and export volumes compared to last year also had a positive effect on segment earnings. This encouraging development in segment earnings was also helped by improvements in the cost structure and the implementation of restructuring measures by the Polzug Group, although the company continues to operate in a very challenging competitive environment. In addition, there were one-off effects of approximately € 4.3 million from the disposal of assets and other items.

HHLA continues to invest as needed in the expansion of its intermodal network. On delivery of its order for a further ten multi-system locomotives and two hybrid shunting engines, HHLA's subsidiary Metrans will have more than 50 shunting engines and locomotives as well as a fleet of around 2,000 carriages. In 2015, Metrans also acquired land in the Hungarian capital of Budapest and laid the foundation for a new rail hub terminal. Its location makes it the perfect interface between the North European seaports and South-East Europe. The terminal is expected to begin operations in 2017. Upon completion, the network of the two HHLA subsidiaries Metrans and Polzug will consist of 13 terminals in the hinterland, of which five will operate as large hub terminals.

Logistics Segment

Key Figures

in € million	2015	2014	Change
Revenue	65.1	65.4	- 0.4 %
EBITDA	4.6	0.5	pos.
EBITDA margin in %	7.0	0.8	6.2 pp
EBIT	- 0.8	- 0.7	- 26.1 %
EBIT margin in %	- 1.3	- 1.0	- 0.3 pp
At-equity earnings	3.0	4.3	- 30.2 %

The key financial figures for the Logistics segment include the vehicle logistics, project and contract logistics, consultancy activities and cruise logistics business divisions. The results from bulk cargo and fruit logistics have been included in earnings from associates, accounted for using the equity method, since 2014 and 2012 respectively. The performance of the various divisions within the segment varied widely once again in the 2015 financial year.

At € 65.1 million segment revenue in the 2015 financial year was on a par with the previous year. EBIT of € - 0.8 million was also nearly unchanged from the previous year despite including extraordinary write-downs in the field of project and contract logistics. The assumption of fixed assets by vehicle logistics from the Holding/Other division had an opposing effect. This intragroup transaction changed the cost structure within the vehicle logistics division with a correspondingly positive impact on segment EBIT. The inter-company profit resulting from the transaction was eliminated on consolidation at the level of the Port Logistics subgroup.

In the reporting period, earnings from associates were down on the previous year due in particular to a change in disclosed taxes. On the whole, however, revenue and the operating result of companies included in this subgroup rose in 2015 compared with the previous year.

The individual business divisions developed as follows:
after a modest first half of the year, higher container throughput saw volumes in the **vehicle logistics** division recover in the second half of 2015. At 1,523 thousand tonnes, handling (including packing) exceeded the prior-year level by 1.4 % (previous year: 1,502 thousand tonnes). However, the number of vehicles handled was 10.7 % down on the previous year at 170 thousand (previous year: 190 thousand). Revenue also fell short of the corresponding prior-year figure. Although EBIT rose year-on-year, comparability is limited by the effect described above.

The **consultancy activities** division completed a number of projects during the year. As a result, revenue and EBIT in 2015 were both up on the previous year.

The market environment for **project and contract logistics** remained very challenging in the reporting period. While revenue was up year-on-year in the first six months, it fell strongly in the second half of the year and fell just short of the prior-year figure for the year as a whole. There was a further deterioration in earnings, due in part to the extraordinary write-downs mentioned above.

In the **cruise logistics** division, the number of ship calls declined by 25.0 % year-on-year to 138 ships in 2015 (previous year: 184). Due to a delay in the delivery of a large ship, there was also a corresponding year-on-year decline in passenger numbers of 23.1 % to 456 thousand (previous year: 593 thousand passengers). Revenue and earnings were also down on the previous year.

Seaborne handling volumes in **bulk cargo logistics** surpassed the prior-year figure by 2.5 % at 14.7 million tonnes (previous year: 14.3 million tonnes), whereby an increase in coal handling more than offset a slight decline in ore handling. Revenue and the operating result also improved compared to the prior-year period.

Volumes in **fruit logistics** rose slightly to 550 thousand tonnes in 2015 (previous year: 545 thousand tonnes). Revenue and earnings exceeded the prior-year figures significantly.

Real Estate Segment

Key Figures

in Mio. €	2015	2014	Change
Revenue	36.5	33.5	9.0 %
EBITDA	20.2	17.9	12.7 %
EBITDA margin in %	55.4	53.6	1.8 pp
EBIT	15.2	13.4	13.2 %
EBIT margin in %	41.5	40.0	1.5 pp

Hamburg's office rental market stabilised considerably over the course of the year. According to the market overview by Grossmann & Berger, 540,000 m^2 of space was let in 2015 – a slight increase of almost 3 % over the prior-year figure. Even taking into account the relatively high proportion of owner-occupied properties, the total amount of space let exceeded that of 2014.

According to Jones Lang LaSalle, Hamburg's vacancy rate at the end of the fourth quarter of 2015 was 5.9 %, and thus significantly below the prior-year figure (6.8 %). In view of the completion of numerous larger projects, however, the trend forecast anticipates an increase in the vacancy rate for the first time in several quarters.

HHLA's properties in the Speicherstadt historical warehouse district and the fish market area continued their positive revenue development in this market environment. In 2015, revenue was increased by 9.0 % year-on-year to € 36.5 million (previous year: € 33.5 million). Ongoing project developments in the Speicherstadt historical warehouse district and consistently high occupancy rates in both districts continued to pave the way for this success.

The operating result (EBIT) increased strongly by 13.2 % year-on-year to € 15.2 million (previous year: € 13.4 million). Due to planned maintenance work, earnings growth slowed slightly in the fourth quarter. Earnings for the past financial year include extraordinary income of € 0.9 million. The EBIT margin of 41.5 % achieved in the reporting period (previous year: 40.0 %) is once again testimony to the economic success of HHLA's long-term, value-oriented portfolio development strategy.

The company has owned the Speicherstadt historical warehouse district for more than 130 years. In July 2015, this historical warehouse district – along with the Kontorhaus area – was designated as a UNESCO World Heritage Site. This provides exceptional confirmation of HHLA's strategy of further developing the Speicherstadt whilst maintaining its historical and cultural heritage.

Events after the Balance Sheet Date

The Ukrainian currency – the hryvnia – depreciated by approximately 10 % against the euro between the reporting date and the end of February. In addition to these exchange rate effects, which could have a negative impact on the HHLA Group's financial position and performance, adjustments to the carrying amounts of assets can still not be excluded due to the economic trend and deterioration of economic conditions in Ukraine.

There were no other transactions of special significance after the balance sheet date 31 December 2015.

Business Forecast

Macroeconomic Environment

The global economy is experiencing moderate growth. Although many early indicators signal a revival of the global economy in the forecast period, the International Monetary Fund (IMF) believes that this upturn will be weaker than forecast in October 2015. The institute has therefore lowered its forecast for global GDP in 2016 by 0.2 percentage points and now expects growth of 3.4 %. The IMF has also downgraded its current forecast for global trade by 0.7 percentage points and now expects more moderate growth of 3.4 %.

Growth Expectations for GDP

in %	2016	Trend vs. 2015
World	3.4	↗
Advanced economies	2.1	↗
USA	2.6	↗
Emerging economies	4.3	↗
China	6.3	↘
Russia	- 1.0	↗
Eurozone	1.7	↗
Central and Eastern Europe (emerging european economies)	3.1	↘
Germany	1.7	↗
World trade	3.4	↗

Source: International Monetary Fund (IMF); as of January 2016

Sentiment indicators in the advanced economies point to a slight economic upturn. The upturn is expected to be driven above all by an expansionary monetary policy and low oil prices. However, low commodity prices – combined with structural problems in the producing countries – are at the same time slowing economic development in the emerging economies, though the fundamental trend remains positive. According to the IMF, the Chinese economy will continue to slow down as a result of politically initiated structural changes. In light of the revenue shortfalls from crude oil exports, isolation from the global capital markets and restricted trade due to sanctions, the Russian economy is mired in crisis. The IMF has lowered its forecast by 0.4 percentage points since its outlook in October 2015. Driven by consumer spending, GDP in the eurozone is expected to maintain its upward trajectory. Although growth in the emerging economies of Central and Eastern Europe is likely to fall below the prior-year figure in 2016, the IMF has upgraded its forecast for this region by 0.1 percentage points since October due to positive sentiment indicators. The IMF's experts anticipate further growth for the German economy with a slight improvement on the previous year.

Sector Development

After a surprisingly weak 2015, the market research institute Drewry anticipates a slight recovery in global container throughput in 2016 with growth of 2.4 %. Momentum is expected to come from the US East Coast and Gulf Coast shipping regions (+5.0 % and +4.0 % respectively) as well as the Middle East and South Asia (+4.4 % and +4.3 % respectively). In line with the country's current economic slowdown, significantly lower throughput growth of 3.3 % is forecast for China – the Port of Hamburg's most important shipping region.

Following a strong fall in volumes at European ports in 2015, Drewry expects the situation to stabilise in the outlook period with slight growth of 0.2 %. However, container traffic is not expected to recover in all shipping regions. While the experts forecast an upturn in throughput for the shipping regions of North-West Europe, the Eastern Mediterranean and the Black Sea, further volume losses are expected for the Scandinavian and Baltic regions – although the expected decline of 6.5 % is much less than in the previous year (- 17.3 %).

Growth Expectations for Container Throughput

in %	2016	Trend vs. 2015
World	2.4	↗
Europe as a whole	0.2	↗
North-West Europe	0.9	↗
Scandinavia and the Baltic region	- 6.5	↗
Western Mediterranean	1.2	↗
Eastern Mediterranean and the Black Sea	0.2	↗

Source: Drewry Maritime Research; as of December 2015

In light of the overall subdued volume trend and increased terminal capacity in the North Range, competition between the ports is expected to become even fiercer in 2016. There is also a structural surplus of ship space on the container shipping market in 2016. According to estimates of the market research institute Alphaliner, the total capacity of the container ship fleet will grow by 4.5 % in the forecast period – despite declining orders and delayed delivery. This is still twice as fast as the growth in global container volumes. In order to stabilise the market, despite this growing idle capacity, the sector will continue to consolidate through acquisitions and mergers. This will lead to the formation of new consortia and the pooling of container services.

Despite the modest container throughput forecast for the northwestern European ports, stable or rising transport volumes are expected for pre- and onward-carriage systems in hinterland traffic. In light of the ongoing increase in ship sizes, and the associated increase in container volumes per ship call, the pressure on terminals and hinterland transport systems will continue to rise.

Sentiment indicators for European rail freight in the first half of 2016 have picked up slightly. According to Prognos and the Centre for European Economic Research (ZEW), the transport sector is upbeat about future developments in Western Europe and Germany in particular. The outlook for rail freight traffic in Eastern Europe is slightly worse than for Western Europe.

A similar situation is expected in intermodal traffic: here, too, the outlook for transport volumes in the first six months of 2016 is cautiously optimistic. Expectations regarding volume were recently lowered for Eastern Europe, and are well below those for the Western European market.

Expected Group Performance

Comparison with the Forecast of the Previous Year

Developments in the 2015 financial year slightly exceeded the forecast last updated in autumn 2015. The forecast for the 2015 financial year given in the Annual Report 2014, however, was not achieved in revenue, EBIT and container throughput.
▶ see Course of Business and Economic Situation, page 33

Expected Earnings Position in 2016

The earnings forecast for the Group and the Port Logistics subgroup is primarily based on the anticipated macroeconomic and sector trends described above.

For container throughput, HHLA expects figures in 2016 to be on a par with those of the previous year. A slight increase compared to the previous year is expected for container transport. At Group level, this is likely to result in revenue which is similar to that of the previous year.

The operating result (EBIT) in the Port Logistics subgroup is expected to be in the range of € 100 million to € 130 million in the year 2016. This includes one-off expenses due to a planned consolidation in the field of project and contract logistics.

The range of expected earnings will largely be determined by the Container segment. Also in light of the ongoing uncertainties in Ukraine. Developments in volume and revenue will correlate with the forecast range of earnings.

The operating result in the Logistics segment is expected to fall approximately € 15 million below the previous year's result due to the consolidation mentioned earlier.

As the operating result of the Real Estate subgroup is expected to be on a par with 2015, Group EBIT is likely to be between € 115 million and € 145 million. Earnings in the Port Logistics subgroup and at Group level may continue to be burdened by exchange rate effects reported below EBIT as part of the financial result.

In a competitive environment of competing transport routes, the vertical dovetailing and optimisation of processes along the transport chain between the seaport and customers in the European hinterland will remain another key competitive factor for Hamburg as a logistics hub. HHLA is confident that the results achieved in 2015 confirm its strategy and will therefore continue to increase vertical integration by investing in its own rolling stock and facilities in 2016.

Despite the increasing handling demands caused by the trend in ship sizes, the company will strive to maintain high productivity in container handling. The focus will remain on improving operating performance by preparing the Container Terminal Burchardkai to handle container mega-ships and expanding block storage to cope with peak loads.

In order to achieve this, the necessary nautical accessibility is decisive for the competitiveness of the Port of Hamburg and thus for HHLA. Future developments will be hugely affected by the final decision of the Federal Administrative Court regarding the dredging of the lower and outer stretches of the river Elbe. The Federal Administrative Court will make its decision following a ruling by the European Court of Justice regarding the interpretation of the Water Framework Directive. The necessary planning supplement decision is expected to be submitted to the court in the first quarter of 2016. There have been no concrete statements made by either the court or those involved with the proceedings thus far about when a decision can be expected.

Should the expectations outlined in this forecast fail to materialise and lead to a substantially setback Group earnings position than the one described above, may result in additional value adjustments of assets.

Expected Financial Position

Due to the measures described above to increase value added in the Intermodal segment and to improve productivity in the Container segment, capital expenditure at Group level in 2016 is expected to be in the region of € 180 million, most of which will go towards the Port Logistics subgroup. HHLA's investment activities can generally be scaled in line with demand. Due to the ongoing trend in ship sizes, the Group reserves the right to decide on investment activities which are not purely driven by volume developments.

HHLA will continue to pursue its yield-orientated dividend distribution policy which aims to pay out between 50 and 70 % of net profit for the year after non-controlling interests in the form of dividends.

In order to achieve this objective and enable further value-oriented growth, the preservation of financial stability is the company's top priority. Based on available liquidity reserves and the positive cash flows generated by anticipated earnings, HHLA is confident that sufficient financial funds will continue to be available in future, which can be supplemented by borrowing where necessary.

Risk and Opportunity Report

Overall Assessment

The risks and opportunities for the HHLA Group reflect possible positive or negative deviations from the reported forecast.

The HHLA Group's risk position is characterised by market risks that have occurred. Major factors influencing the risk and opportunity profile are the global economic trend, ongoing geopolitical tensions, developments on the market and in the competitive environment as well as uncertainties regarding the implementation of infrastructure projects. The development of these factors is monitored closely, and controllable costs and capital expenditure – where scalable – are adjusted flexibly to foreseeable developments.

There are no discernible risks at present which could 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 unforeseeable, this description of risks and opportunities merely serves as a snapshot. The HHLA Group's quarterly reports contain information on any changes to the company's risk and opportunity profile.

The following key risks and opportunities for the HHLA Group – with due consideration of relevant measures – have been identified as such based on the risk and opportunity management systems used for the Group's internal control purposes.

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

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

Strengths

- Efficient container terminals with cutting-edge technology for all current ship sizes
- Unique network between overseas ports and their European hinterland
- Shuttle and direct rail systems for central transport corridors
- Specialised inland terminals for rail traffic
- Highly qualified staff with low fluctuation rate

Weaknesses

- Dependence on the expansion and maintenance of public infrastructure to improve nautical accessibility and connections to the hinterland
- Limited cost-side 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 (mainly track pricing systems)

Opportunities

- 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

Threats

- Structural changes and negative economic developments in economies relevant to HHLA and the corresponding impact on trade.
- North Range's throughput trend slower than global economic development
- Idle capacity in rival European ports
- Increased volatility in volumes due to alliances among shipping companies
- Tense financial position for shipping lines in general
- Worsening of the peak load situation at the Hamburg container terminals due to the trend in ship sizes

Risks and Opportunities

Strategic Environment

Infrastructure

HHLA's competitiveness largely depends on Hamburg's infrastructure as a port and logistics hub. Hamburg's offshore, onshore and regional transport networks must be able to cope with the flows of goods and their carriers. Infrastructural deficits could make it impossible to handle peak loads in ship handling – arising from the ongoing trend towards a growing number of ever-larger vessels – with the same level of reliability for all carriers.

Following the European Court of Justice's ruling regarding the interpretation of the Water Framework Directive, the final decision on dredging the lower and outer stretches of the river Elbe now lies with the Federal Administrative Court. The planning supplement decision is expected to be submitted to the court in the first quarter of 2016. There have been no concrete statements made by either the court or those involved with the proceedings thus far about when a decision can be expected. As a result, shipping companies may reschedule their mega-ship liner services and traffic could bypass the Port of Hamburg – possibly permanently. This would result in a corresponding loss in earnings.

As well as swiftly dredging the navigation channel, the regional road and rail infrastructure must be modernised and expanded if the Port of Hamburg wants to retain and enhance its competitiveness and optimise its processes for the in- and outbound flows of goods in its hinterland. The rising volume of replacement investments and maintenance work resulting from the rail infrastructure modernisation drive will continue to affect the availability of routes in the medium term. Projects of special significance for HHLA include constructing the transversal port highway and upgrading the Kiel canal, including its locks.

As an infrastructure-related operator, HHLA and its subsidiaries depend on prompt provision of the scheduled volume of public investments and services which are frequently necessary to support their own investments. Otherwise, HHLA's investment plans themselves or the expected economic results could also be delayed. This in turn could cause throughput and transport volumes to bypass HHLA's sites. Moreover, the risk to HHLA of having to fund the costs of individual projects cannot be excluded.

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 Environment

Developments in Container Throughput, Transport Volume and Logistics Services

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 HHLA's 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 and medium 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.

Global economic growth slowed over the course of the year. While the advanced economies continue to chart low but stable growth, structural changes in economic growth, particularly in China, led to a decline in global trade. Following a marked decline in economic output, market research institutes now forecast moderate growth for Ukraine based on reforms. Sanctions against the Russian Federation and persistently low oil prices are having a decidedly negative impact on transit traffic in the Baltic region. On the other hand, there are opportunities for a stronger volume trend in connection with the growth potential of Central and Eastern European economies such as Poland, the Czech Republic, Slovakia and Hungary, which use the Port of Hamburg for a large proportion of their transcontinental trade. Should the economic trend exceed expectations, prompting stronger volume growth, this could present an opportunity to profit from higher earnings by achieving economies of scale in handling and boosting volumes in downstream transport systems.

Following the decline in container volumes in Northern Europe and along the Asia–Northern Europe trade route in 2015, the market research institute Drewry anticipates a slight recovery in 2016. However, volume and capacity risks remain relevant to HHLA.

Throughput and transport volumes in the markets of relevance for HHLA, as well as the growth in ship sizes, are monitored closely to ensure trends are recognised at an early stage. Where they are scalable, controllable costs and investments – e.g. for the further expansion of the container terminals – are adjusted flexibly in line with the foreseeable level of demand.

Competitive Environment

In the area of container handling, HHLA competes directly with other terminal operators in Northern Europe. Primary competitive factors – apart from pricing – are the 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 development of additional handling capacity in the Northern European ports, coupled with current economic developments, have led to a significant increase in competition. Risks associated with a shift in volumes have partially emerged for freight volume with greater geographical flexibility, such as transshipment services. Due to fierce competition for container transport by rail, HHLA's Intermodal subsidiaries also face the risk of volumes being re-routed with a resulting risk for revenue.

HHLA constantly improves its competitiveness by further enhancing its service quality and technological capabilities. Its ship handling activities focus primarily on increasing the efficiency of its handling services and addressing the increasing number of peak loads prompted by the handling of container mega-ships. HHLA is working on innovating its systems and optimising processes to further strengthen its position in handling technology. HHLA's rail companies also connect the European seaports with the Central and Eastern European hinterland via a growing number of highly frequent shuttle services and direct links. Investments in its own hub terminals, such as the one currently under construction in Hungary, are intended to further increase the service quality and performance of HHLA's hinterland network.

Customer Structure

HHLA's shipping company customers operate in a tough competitive environment for container liner shipping. Reasons for this include high idle capacities due in particular to new mega-ships entering the market and low freight rates, twinned with weak growth in the global container transport industry. The cost pressure on shipping companies will therefore remain high in future. HHLA's clients are responding to this situation with mergers and acquisitions, as well as by restructuring and reducing their services. These developments present both risks and opportunities for HHLA in connection with the temporary or structural re-routing of services between the North Range ports. Furthermore, shipping company customers could become even more price-sensitive, especially for transshipment loads.

In the field of ship handling, HHLA cooperates with many shipping companies on a neutral basis ("multi-user principle"). In the 2015 financial year, HHLA's customer base included all of the top 20 container shipping companies. 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 client-specific processes.

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

As the rail infrastructure in Germany is largely publicly owned, various authorities guard against discrimination in access and track fees. These authorities include the Federal Network Agency and the Federal Railway Authority in Germany and corresponding bodies abroad at EU level. Nevertheless, as the national rail network owners and operators have a monopoly, the profitability of rail firms may be impaired by a track pricing policy which does not take a neutral approach to carriers and distorts competition.

To reduce the level of dependency on national railway companies for traction services and to enhance production quality, HHLA is expanding its own facilities, rolling stock and locomotives in line with demand. As part of this strategy, it also purchases services from private suppliers. Providing end-to-end transport services using the company's own operating assets guarantees high quality along the process chain. HHLA's objective is to offer its customers a logistics chain of unparalleled quality and reliability. This will further strengthen Hamburg's appeal: high-performance seaport terminals promote higher volumes in the hinterland, while intelligent transport systems with low-cost structures boost container flows at the port.

Finance

Currency
The bulk of HHLA's services are rendered within the eurozone, so the majority of its invoices are issued in euros. The Logistics and Intermodal segments operate internationally, and a container terminal is operated in the Ukraine. Invoicing here is based primarily on euros or dollars. Currency or transfer risks therefore result primarily from exchange rate fluctuations affecting Central and Eastern European currencies. Due to the political situation in Ukraine in the first half of 2015, the Ukrainian currency, the hryvnia, fell strongly in value. The risk of a further devaluation remains. It remains to be seen whether the political situation will stabilise in the short term.

All HHLA companies that operate with foreign currencies reduce the risk of exchange rate fluctuations by monitoring rates regularly and, where possible, transferring 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 companies is thus expected to remain strained. The risk of bad debt losses cannot therefore be ruled out.

HHLA uses credit checks to reduce del credere collection risks. Active receivables management is used to enable the 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.

Pension Obligations
The reference interest rate for measuring the necessary provisions for company pensions recovered slightly over the course of the year. The actuarial losses carried in equity have fallen as a result. A reduction in interest rates would prompt an additional increase in pension provisions. This would result in a fall in the equity ratio Due to the volatility of the interest rate, this risk remains. HHLA monitors interest trends so that it can adjust its provisions as necessary.

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 exchange rate risks, including risk mitigation measures and the management of these risks.

Legal Risks

Compliance Incidents
Well-trained, motivated employees are the foundation for responsible business activities. The Group's relationship with its employees is dominated by its sense of social responsibility. Staff representatives are closely and actively involved in Group decision-making and take their responsibilities seriously. This paves the way for a successful working relationship.

However, it is impossible to completely rule out the risk of employees committing fraudulent acts or legal and competitive violations in the course of their work. ▶ see also Note 47 in the Notes to the Consolidated Financial Statements, Management of Financial Risks, page 135

To reduce these risks, HHLA has introduced guidelines, manuals and double-checking, embedded controls in its processes and established spot checks as part of its compliance management system. Furthermore, the Group has issued a code of conduct which applies to all Group managers and staff. Training sessions are held regularly on the contents of this code of conduct. New employees and apprentices also receive training on the code. Regular induction and training sessions focusing on special topics – such as occupational health and safety, environmental protection, conduct in the competitive environment, preventing corruption and insider trading rules – are also held for those staff affected by these issues. All of these activities are supported by additional communication measures, for example via the HHLA intranet and staff newsletter.

Provision of Services

Failure of Technical Equipment

In the case of equipment-based companies, there is a risk that a failure of central technical equipment may restrict the ability of these companies to render their services. Depending on the length of the downtime, unavailable equipment leads to additional costs for providing services. Preventive maintenance, contingency plans/repair services, regular inspections and tests are performed in order to identify possible faults before they happen.

As part of the expansion of terminal capacity, major investments have been made in hardware and software components. Ever-greater process automation, the increasing integration of customers and service providers into organisational processes and the related growth of data transfer mean that the availability of IT systems is becoming increasingly important. Redundant copies of key IT components such as data centres, computer networks and telecommunications systems substantially reduce the probability of downtime and data loss.

Other Risk and Opportunity Factors

Risk of Storm Surges

As a result of the existing structural situation and the fact that HHLA's port facilities and buildings necessarily operate 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 previous years has reduced this risk considerably, however.

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. In addition, the risk of damage to property is sufficiently covered by insurance policies.

Investment Options

In addition to organic growth, HHLA regularly examines opportunities for acquisitions. Potential equity investments focus on port projects in attractive growth markets. In addition to strategic aspects 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 justified.

HHLA is in a sound financial position. This means that the company has the financial means to take advantage of strategically beneficial acquisition opportunities.

Risk and Opportunity Management

All commercial activities inevitably entail both opportunities and risks. HHLA believes that the effective management of opportunities and risks is a significant success factor for the sustainable enhancement of enterprise value.

Managing opportunities and risks 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 opportunity and risk management system. At regular business development meetings, HHLA's Executive Board discusses strategy, targets and control measures, with due consideration of the opportunity and risk profile.

Opportunity management is comparable to the risk management process. Opportunities are systematically identified and measures are developed in an annual planning process. When opportunities are identified, there is no requirement for them to be quantified. 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 defines the strategic framework 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 competition 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 risk and opportunity profile, 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 as well as 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 planning can 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. The system remains largely unchanged from the previous year. The Internal Audit department is responsible for auditing the risk management system. HHLA's Supervisory Board monitors the effectiveness of the risk management system. The external auditors assess the risk management system on behalf of the Supervisory Board as part of their audit of the Annual Financial Statements.

Structure of the Internal Control 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 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.

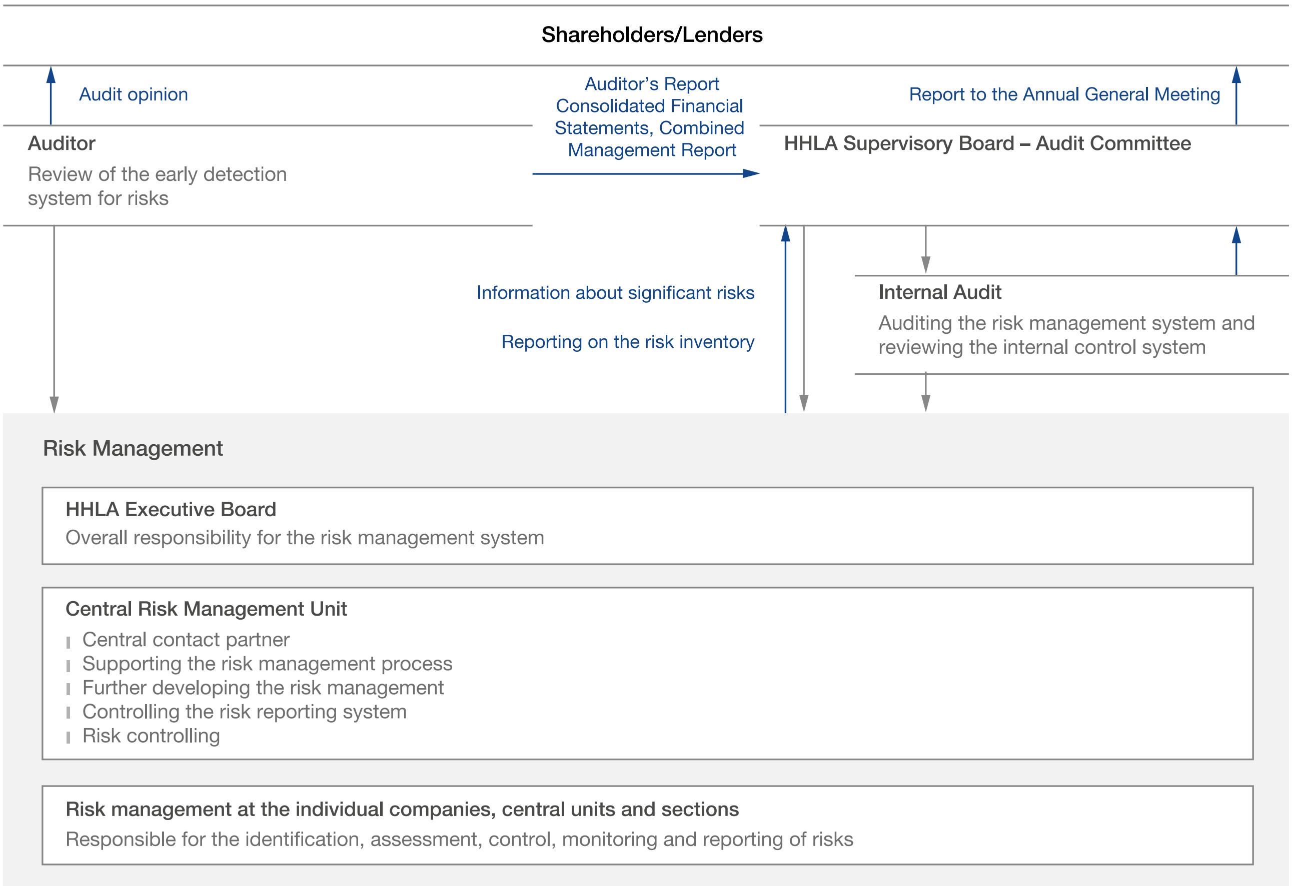
The Internal Audit department is responsible for monitoring HHLA's internal accounting control and risk management systems. The external auditor also assesses the effectiveness of the accounting-related internal control system, primarily by carrying out spot checks.

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

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.

Internal Control System and Management of Accounting Risks



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 ECCS consolidation module for all Group companies.

Measures are in place to protect the IT systems from 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. The principles of 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 the consolidation process, 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 ECCS system or using system-based plausibility checks.

Corporate Governance

Corporate Governance Report and the Corporate Management Declaration

In this declaration, HHLA's Executive Board and Supervisory Board provide details on the principles of corporate management in accordance with Section 289a of the German Commercial Code (HGB) and on the company's corporate governance in line with Section 3.10 of the German Corporate Governance Code (hereafter "the Code" or "GCGC"). The following declaration includes in particular the declaration of compliance of the Executive Board and Supervisory Board, relevant practices of corporate management that go beyond the legal requirements, details regarding the composition and functions of the Executive Board, Supervisory Board and Supervisory Board committees as well as details regarding other material corporate governance structures.

Implementation of the Code

Corporate governance stands for the responsible management and control of a company aimed at creating sustainable value. The management and corporate culture of HHLA complies with legal regulations and – with only a few exceptions – the recommendations of the Code as well as the majority of the Code's additional suggestions. HHLA's Supervisory Board and Executive Board expressly support the Code and the objectives and purposes which it pursues. Responsible and transparent corporate management geared towards sustainable value has always been an essential foundation of HHLA's commercial success.

The Executive Board and Supervisory Board once again took great care to ensure the Code's standards were met in the 2015 financial year. They took into account the amendments to the Code of 5 May 2015 (published in the German Federal Gazette on 12 May 2015), submitted their annual declaration of compliance with the Code's recommendations in December 2015 in accordance with Section 161 of the German Stock Corporation Act (AktG) and explained in detail the reasons for the few exceptions to its recommendations. The current declaration and the declarations of compliance relating to previous years can be viewed by shareholders and the public on HHLA's website at www.hhla.de/corporategovernance.

Declaration of Compliance in Accordance with Section 161 of the German Stock Corporation Act (AktG)

The Executive and Supervisory Board submitted the following joint declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) in December 2015:

The Executive Board and Supervisory Board of Hamburger Hafen und Logistik AG hereby state after due examination that in the period starting 17 December 2014 (the date on which the previous declaration of compliance was issued), HHLA complied and shall comply in the future with the recommendations of the German Corporate Governance Code ("the Code" or "GCGC") in the version dated 24 June 2014 and – subsequent to its taking effect – the version dated 5 May 2015 with the following exceptions:

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. Since the amendment of two Executive Board contracts in September 2015, there are currently still two active contracts of employment with compensation provisions stating that 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 the event that other contracts are amended or renewed, or new contracts drawn up, they should be amended to meet the requirements of Section 4.2.3 of the GCGC.

b) Section 4.2.2 (2) sentence 3 of the GCGC requires that the Supervisory Board, in determining the remuneration of the Executive Board, takes into account the relationship of the remuneration of the Executive Board to the remuneration of the upper levels of management and the staff in general, including its development over time. The Supervisory Board determines where to draw the line between the upper levels of management and the relevant staff for the sake of its comparison. 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. Furthermore, Section 4.2.3 (3) of the GCGC requires that the Supervisory Board takes into account the planned level of the benefits to be provided when making benefit commitments, also based on how long the Executive Board member has been on the Board, as well as the annual and long-term expense for the company. Since the amendment of two Executive Board contracts in September 2015, these provisions have not been fully implemented in the two other Executive Board contracts that are currently still running. The intention is to implement these recommendations of the Code when other existing Executive Board contracts are amended or renewed, or new contracts are being concluded.

c) According to Section 7.1.2 of the Code, half-yearly and any quarterly financial reports are to be discussed by the Executive Board with the Supervisory Board or its Audit Committee prior to publication. HHLA does not 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 type of share. 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 also reviewed by the auditors this year. It is intended that this will continue in the future.

Hamburg, 9 December 2015

Hamburger Hafen und Logistik Aktiengesellschaft
The Executive Board
The Supervisory Board

Function of the Executive Board and the Supervisory Board

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.

Composition and 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. It is also responsible for appropriate risk management and controlling within the company.

HHLA's Executive Board currently consists of four members. ▶ See also Note 49 in the Notes to the Consolidated Financial Statements, Board Members and Mandates, page 146

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. The Executive Board assumes management responsibility as a collegial body. Regardless of the overall responsibility to manage the company, the individual members of the Executive Board also bear responsibility for the departments assigned to them by Executive Board resolutions. The schedule of responsibilities states which Executive Board members are responsible for which departments. ▶ See also Management Structure, page 15

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 the 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, also between meetings. 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 rules of procedure.

Conflicts of interests concerning members of the Executive Board must be immediately disclosed to the Supervisory Board. Other members of the Executive Board must also be informed. 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 and parties and companies related to them also require the approval of the Supervisory Board. All such transactions must be performed on an arm's length basis. There were no transactions of this nature in the reporting period. There were also no conflicts of interest in the year under review.

The Executive Board's work is outlined in more detail in the **rules of procedure** compiled by the Supervisory Board for the Executive Board. The rules of procedure for the Executive Board were last amended on 11 September 2015. The rules state that decisions on fundamental organisational questions, business policy and corporate planning are to be made by the Executive Board as a whole. The rules also state that decisions and transactions of considerable importance for the company must be discussed and decided upon together and that certain transactions of fundamental importance require the prior approval of the Supervisory Board.

The company has taken out **D&O insurance** for the members of the Executive Board that meets the requirements of Section 93 (2) sentence 3 of the German Stock Corporation Act (AktG).

Composition and 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 fundamental and important decisions. Decisions and transactions of fundamental importance require the approval of the Supervisory Board in accordance with the Executive Board's rules of procedure. The Supervisory Board 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.

The **composition of the Supervisory Board** is based on the company's articles of association as well as 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). 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.

The Supervisory Board carries out its work both in full council and in individual **committees**. The work done by the committees is aimed at increasing the efficiency of work done by the Supervisory Board. 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, the Audit Committee, the Personnel Committee, the Nomination Committee, the Arbitration Committee and the Real Estate Committee. The chairpersons of the committees provide the Supervisory Board with regular reports on the work of their respective committees.

- The **Finance Committee** prepares Supervisory Board meetings and resolutions of major financial importance, such as 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, including 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 Financial Statements and the
- Annual Financial Statements of the Parent Company. 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 management system.
- The **Personnel Committee** prepares the personnel decisions to be taken by the Supervisory Board, ensures together with the Executive Board that a long-term succession plan is in place and takes account of diversity considerations 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.
- The Personnel Committee also 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 96 (2) of the German Stock Corporation Act (AktG) and Section 5.4.1 of the GCGC, it proposes suitable candidates to the Supervisory Board for its suggestions to the Annual General Meeting for the shareholder representatives on the Supervisory Board. During its deliberations, the Nomination Committee also ensures that the candidate is able to devote the necessary amount of time to the role.
- 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.
- As HHLA is divided into the two subgroups Port Logistics (A division) and Real Estate (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 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 and preparing the Supervisory Board's decision on the adoption of the Annual Financial Statements and the approval of the Consolidated Financial Statements,

insofar as these relate to the affairs of the Real Estate subgroup. It is also responsible for preparing the Supervisory Board's decision on appropriating the distributable profit of the Real Estate division based on the Executive Board's proposal.

Further information on the Supervisory Board and Supervisory Board committees, as well as the Supervisory Board's cooperation with the Executive Board in the reporting period, can be found in the ▶ Report of the Supervisory Board, page 6. More information on the composition of the Executive Board, the Supervisory Board and Supervisory Board committees can be found in ▶ Note 49 of the Notes to the Consolidated Financial Statements, Board Members and Mandates, page 146.

Regulations on preventing and dealing with conflicts of interest are laid out in the Supervisory Board's rules of procedure, ▶ see also Objectives of the Composition of the Supervisory Board. The Supervisory Board provides information on conflicts of interest and their treatment in its report to the Annual General Meeting. ▶ see also Report of the Supervisory Board, page 6 No former members of HHLA's Executive Board sit on the Supervisory Board.

The company has arranged for **D&O insurance** for the members of the Supervisory Board that complies with Section 3.8 of the Code.

Objectives of the Supervisory Board
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, Section 5.4.1 of the Code calls for concrete objectives to be defined regarding the Supervisory Board's composition. Whilst considering the specifics of the enterprise, these should take into account the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of Section 5.4.2, an age limit to be specified and a regular limit of length of membership to be specified for the members of the Supervisory Board as well as diversity.

HHLA's Supervisory Board adopted the corresponding targets at its meeting on 7 December 2012 and last updated the targets in a meeting on 9 December 2015 in line with the recommendations made in Section 5.4.1 of the Code. The following objectives have been defined for the composition of the Supervisory Board:

- **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 (such as industry experience). With regard to the appropriate inclusion of women on the Supervisory Board, the company continues to pursue the medium-term goal – beyond the legal requirements – of increasing the proportion of female shareholder representatives to at least 40 %.
- **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. This will remain a target in the future.
- Regarding an **age limit** for members of the Supervisory Board, the rules of procedure of HHLA's Supervisory Board (Section 7 (1) sentence 3) stipulate that only candidates who are under the age of 70 at the time of election may stand for election or re-election as members of the company's Supervisory Board.
- According to Section 7 (1) sentence 5 of the rules of procedure, **membership** of the Supervisory Board should not exceed three terms of office.
- Regulations on how to prevent and deal with potential **conflicts of interest** can be found under Section 7 (2) and (3) of the Supervisory Board's rules of procedure. These stipulate that members of the Supervisory Board may not hold a seat on an executive body of any organisation in direct competition with the company, nor fulfil an advisory role for such organisations. Moreover, Supervisory Board members that are on the executive board of a listed company may not serve on the supervisory boards of more than three listed companies (including HHLA) or on supervisory board committees at third-party companies with similar duties. Each member of the Supervisory Board is 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 an executive 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 gives notification of any conflicts of interest which arise and how they are being handled in its report to the Annual General Meeting.
- Beyond the regulations listed in the rules of procedure regarding the prevention and treatment of potential conflicts of interest, the Supervisory Board should include **at least two independent members** from among the company's 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 either. 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.

As far as the **implementation status** is concerned, the current composition of the Supervisory Board largely fulfils the specified targets. The Supervisory Board comprises members with different career paths and a wide range of experience. The age limit was not exceeded by any member at the time of their election. No member has served more than three terms of office on the Supervisory Board. In addition to Prof. Dr. Peer Witten, Chairman of the Supervisory Board and long-serving former member of the Executive Board of the Otto Group, the Supervisory Board includes a further independent member in Dr. Norbert Kloppenburg, Chairman of the Audit Committee, who also has expert knowledge and experience in the fields of accounting, auditing and internal controlling processes.

Shareholders and Annual General Meeting

Shareholders exercise their rights, in particular their voting rights, at the Annual General Meeting. The Annual General Meeting is held in Hamburg, another major German city or the seat of a German stock exchange to which the company's shares have been admitted for trading, 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 allow shareholders to cast their vote in writing or by means of electronic communication (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.

German Act on the Equal Participation of Women and Men in Leadership Positions

The German legislation on the equal participation of women and men in leadership positions in the private and public sectors requires that the Supervisory Board of HHLA, as a listed and equally co-determined company, has a minimum of 30 % of each gender. The gender quota for the Supervisory Board applies to positions on the Supervisory Board that become vacant from 1 January 2016. The Supervisory Board is also obliged to set a target quota for women on the Executive Board and a deadline for achieving this target. The Executive Board is obliged to set target quotas for women in the two management levels below the Executive Board and deadlines for achieving these targets. The first target quotas for women on the Executive Board and women in the two management levels below the Executive Board were to be set by 30 September 2015, and the deadline for achieving these targets was 30 June 2017 at the latest.

According to Section 289a (2) (4) of the German Commercial Code (HGB) the corporate management declaration must state whether the target quotas set by the Supervisory Board for the Executive Board and the Executive Board for the two management levels below the Executive Board were achieved in the period under review and, if not, what the reasons for not achieving the quotas were.

At its meeting on 11 September 2015, the Supervisory Board set a quota of 25 % for women on the Executive Board (status as of 31 December 2015: 0 %). The deadline for achieving this target is 30 June 2017.

The Executive Board has set a target quota for women in the first management level below the Executive Board of 25 % (status as of 31 December 2015: 15 %) and 30 % for the second management level (status as of 31 December 2015: 21 %). The deadline for achieving these targets is 30 June 2017.

The gender quota for the Supervisory Board only applies to new members as of 1 January 2016, and thus only to new members joining after the end of the period under review. At present, there are two female shareholder representatives on the Supervisory Board. Consequently, the proportion of women on the Supervisory Board as a whole is around 16.7 %, and approximately 33.3 % for the shareholder representatives.

Disclosures on Corporate Management 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, www.hhla.de/compliance. The overall coordination of the compliance management system is performed by a Compliance Officer, who reports directly to the Executive Board and synchronises his or her activities closely with those of the Internal Audit and Risk Management departments. In the 2015 financial year, further extensive steps were taken to enhance HHLA's compliance management system. These included stepping up preventive work, e.g. by updating and supplementing Group guidelines, systematically analysing compliance risks, and training staff at HHLA companies in Germany and abroad on the code of conduct and special issues, such as the prevention of corruption, conduct in the competitive environment and observing insider trading rules. The Audit Committee monitored the further development of the compliance management system in the reporting period by means of regular reports from the Executive Board and the Compliance Officer. In the reporting period, the system was audited in line with IDW PS 980 by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, which confirmed its effectiveness. Further improvements are constantly being made to the system.

Sustainability

Sustainability has been an integral part of HHLA's business model since the company was established. ▶ see also Sustainability, page 156

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 Risk and Opportunity Report, page 44

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.

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. ▶ see Notes to the Consolidated Financial Statements, General Notes, page 82

The Separate Financial Statements of HHLA (parent company) are prepared in line with the accounting regulations of the German Commercial Code (HGB). The appropriation of profits is based solely on the Separate Financial Statements of the Parent Company.

Arrangements have been made with the auditor for the 2015 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 Annual Financial Statements.

Directors' Dealings

In the 2015 financial year, the company did not receive any notifications regarding directors' dealings with HHLA shares. As of 31 December 2015, the Executive Board and Supervisory Board as a whole did not possess more than 1 % of the shares issued by HHLA.

Remuneration Report

Executive Board Remuneration

Following preparatory work by its Personnel Committee, the full Supervisory Board is responsible for setting remuneration for individual Executive Board members. The full Supervisory Board is also responsible for regularly examining and making decisions about adjustments to the remuneration system for the Executive Board, although the preparatory work is actually done by the Personnel Committee. When conducting their reviews, the Personnel Committee and the Supervisory Board take into account the recommendations of the German Corporate Governance Code, the tasks and services provided by each member of the Executive Board, and in particular HHLA's size and activities, its financial and economic position, the amount and structure of Executive Board remuneration at comparable companies, and the relationship of the remuneration of the Executive Board to the remuneration of the upper levels of management and the staff in general.

The current remuneration system for members of the Executive Board was approved by the company's Annual General Meeting on 14 June 2012. Under this system, remuneration for members of the Executive Board consists of a non-performance-related fixed component, a performance-related bonus, pension commitments and fringe benefits.

Executive Board members receive their fixed remuneration in the form of twelve monthly payments. This fixed salary also includes fringe benefits in the form of non-monetary compensation. These consist of the right to use an appropriate company car (also for 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 set on the basis of a three-year assessment period. 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 total 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 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 their person or for which they are not responsible, or as a result of incapacity or reaching retirement

Level of Remuneration for Executive Board Members in 2015 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 fringe benefits

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 %. The actual amount depends on the Executive Board member's length of service, whereby adjustments are made not on a linear basis over the contract term, but rather in the case of contract extensions. Several different forms of income are taken into account on an individual 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.

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. Total remuneration disbursed to the members of the Executive Board for their services in the 2015 financial year amounted to approximately € 2.93 million (previous year: € 2.96 million). Former members of the Executive Board and their surviving dependants received total payments of € 684,938 (previous year: € 695,281). Total provisions of € 11,398,460 were formed for pension obligations to former members of the Executive Board and their surviving dependants (previous year: € 12,740,591).

While extending Dr. Behn's and Dr. Lappin's memberships on the Executive Board and the corresponding employment contracts in the 2015 financial year, the Personnel Committee and the Supervisory Board also reviewed remuneration for Executive Board members with the aid of an independent external consultant. Based on the recommendations made by the independent expert, the Supervisory Board resolved to increase fixed remuneration from € 325,000 to € 350,000. Variable remuneration was also limited to 100 % of the fixed remuneration (rather than 150 %, as it was). Both of these adjustments will come into force with the beginning of the term of contract on 1 May 2016. Dr. Lappin's contract extension also includes a 50 % increase in his pension entitlement salary due to his 13 years of service with the company and as there is otherwise no linear increase. This increase will come into force in May 2016. In addition to the service cost for the 2015 financial year of € 160,044, this resulted in a past service cost of € 547,172 that was also recognised in the reporting period.

Finally, in the course of their extension, the two employment contracts were also adjusted to comply more closely with the recommendations of the German Corporate Governance Code. These contracts now fully comply with the recommendations of the German Corporate Governance Code. A severance cap now also applies for these contracts, which states that not more than two annual salaries (including other benefits) and also not more than the total remuneration for the remaining term may be paid in cases of premature termination of Executive Board contracts (including termination due to a change of control). The employment contracts of the two other Executive Board members do not currently contain any corresponding restriction to two annual salaries as the contracts were concluded for the duration of the term of office and cannot be changed by either party during this term. Should new contracts or extensions be agreed, a corresponding restriction will be included.

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 an entire 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. There are no plans for a variable remuneration component.

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 € 299,625 (previous year: € 274,500).

Individual Remuneration of the Executive Board

The following figures comply 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)[2, 3]				Allocation (amount disbursed)	
in €	2015	2015 Minimum	2015 Maximum	2014	2015	2014
Fixed remuneration	465,000	465,000	465,000	465,000	465,000	465,000
Other benefits	13,772	13,772	13,772	13,772	13,772	13,772
Total	**478,772**	**478,772**	**478,772**	**478,772**	**478,772**	**478,772**
One-year variable remuneration[1]	453,755	0	697,500	446,888	463,072	474,091
Other	0	0	0	0	0	0
Total remuneration	**932,527**	**478,772**	**1,176,272**	**925,660**	**941,844**	**952,863**
Service cost[4]	357,978	357,978	357,978	296,879	357,978	296,879
Total expenses	**1,290,505**	**836,750**	**1,534,250**	**1,222,539**	**1,299,822**	**1,249,742**

	Dr. Stefan Behn, Executive Board member					
	Benefits granted (target)[2, 3]				Allocation (amount disbursed)	
in €	2015	2015 Minimum	2015 Maximum	2014	2015	2014
Fixed remuneration	325,000	325,000	325,000	325,000	325,000	325,000
Other benefits	13,007	13,007	13,007	12,496	13,007	12,496
Total	**338,007**	**338,007**	**338,007**	**337,496**	**338,007**	**337,496**
One-year variable remuneration[1]	317,283	0	487,500	312,481	323,843	331,544
Other	0	0	0	0	0	0
Total remuneration	**655,290**	**338,007**	**825,507**	**649,977**	**661,850**	**669,040**
Service cost[4]	163,091	163,091	163,091	123,407	163,091	123,407
Total expenses	**818,381**	**501,098**	**988,598**	**773,384**	**824,941**	**792,447**

	Heinz Brandt, Executive Board member					
	Benefits granted (target)[2, 3]				Allocation (amount disbursed)	
in €	2015	2015 Minimum	2015 Maximum	2014	2015	2014
Fixed remuneration	325,000	325,000	325,000	325,000	325,000	325,000
Other benefits	12,812	12,812	12,812	12,812	12,812	12,812
Total	**337,812**	**337,812**	**337,812**	**337,812**	**337,812**	**337,812**
One-year variable remuneration[1]	317,283	0	487,500	312,481	323,843	331,544
Other	0	0	0	0	0	0
Total remuneration	**655,095**	**337,812**	**825,312**	**650,293**	**661,655**	**669,356**
Service cost[4]	277,763	277,763	277,763	227,150	277,763	227,150
Total expenses	**932,858**	**615,575**	**1,103,075**	**877,443**	**939,418**	**896,506**

	Dr. Roland Lappin, Executive Board member					
	Benefits granted (target)[2, 3]				Allocation (amount disbursed)	
in €	2015	2015 Minimum	2015 Maximum	2014	2015	2014
Fixed remuneration	325,000	325,000	325,000	325,000	325,000	325,000
Other benefits	10,869	10,869	10,869	11,169	10,869	11,169
Total	**335,869**	**335,869**	**335,869**	**336,169**	**335,869**	**336,169**
One-year variable remuneration[1]	317,283	0	487,500	312,481	323,843	331,544
Other	0	0	0	0	0	0
Total remuneration	**653,152**	**335,869**	**823,369**	**648,650**	**659,712**	**667,713**
Service cost[4, 5]	707,216	707,216	707,216	91,462	707,216	91,462
Total expenses	**1,360,368**	**1,043,085**	**1,530,585**	**740,112**	**1,366,928**	**759,175**

1 *Variable remuneration includes the elements of the performance-related bonus (EBIT and sustainability components), calculated on the basis of a three-year assessment period.*

2 *For each sustainability component was assumed a target achievement of 100 % 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 comments on model table 1 in the appendix to 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 *Service expense as defined in IAS 19 service cost component (in accordance with the comments on model table 1 in the appendix to the GCGC).*

5 *The figure of 2015 included past service costs of € 547,172 million associated with the adjustment of the pensions comittment for Mr. Dr. Roland Lappin with effect from 1 May 2016.*

Individual Remuneration of Supervisory Board Members

	Fixed remuneration		Remuneration for committee work		Meeting fee		Total	
in €	2015	2014	2015	2014	2015	2014	2015	2014
Prof. Dr. Peer Witten	40,500	40,500	5,000	0	2,250	1,000	47,750	41,500
Wolfgang Abel	20,250	20,250	2,500	0	2,250	1,000	25,000	21,250
Torsten Ballhause	13,500	13,500	5,000	5,000	3,250	3,000	21,750	21,500
Petra Bödeker-Schoemann	13,500	13,500	7,500	7,500	2,000	2,500	23,000	23,500
Dr. Bernd Egert	13,500	13,500	2,500	0	2,000	750	18,000	14,250
Holger Heinzel	13,500	13,500	2,500	2,500	1,750	1,500	17,750	17,500
Dr. Norbert Kloppenburg	13,500	13,500	7,500	7,500	3,250	3,000	24,250	24,000
Frank Ladwig	13,500	13,500	5,000	2,500	3,000	2,000	21,500	18,000
Stephan Möller-Horns[1]	1,125	0	0	0	0	0	1,125	0
Arno Münster	13,500	13,500	10,000	7,500	4,750	3,500	28,250	24,500
Norbert Paulsen	13,500	13,500	5,000	5,000	2,250	2,500	20,750	21,000
Michael Pirschel[2]	13,500	13,500	7,500	7,500	3,500	3,000	24,500	24,000
Dr. Sibylle Roggencamp	13,500	13,500	10,000	7,500	2,500	2,500	26,000	23,500
Total	196,875	195,750	70,000	52,500	32,750	26,250	299,625	274,500

All figures exclude VAT.

1 *From 11 December 2015.*

2 *Unitl 10 December 2015.*

Additional Information on Takeover Law and Explanatory Notes

1. The subscribed capital of the company is now € 72,753,334.00. It is divided into 72,753,334 registered no-par-value shares with a pro-rata share of the company's nominal capital of € 1.00. Of this amount, 70,048,834 are Class A shares and 2,704,500 are Class S shares (class 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). The S division consists of the 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). All other parts of the company (Port Logistics subgroup) form 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) and the articles of association. 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 on 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 116 and Note 48, page 141

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 therefore no control of the voting rights.

6.1 As per Article 8 (1) of the articles of association of Hamburger Hafen und Logistik Aktiengesellschaft, the Executive Board consists of two or more people. Members of the Executive Board are appointed and dismissed by the Supervisory Board in accordance with Section 84 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.

6.2 Amendments to the articles of association can be made by means of a resolution of the Annual General Meeting. 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 share 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 an amendment to the articles of association in the event of a capital increase or steps taken in accordance with the German Reorganisation of Companies Act (UmwG) is designed to change the relationship between Class A and Class S shares, special resolutions by the Class A and Class S shareholders affected are required as per Section 138 of the German Stock Corporation Act (AktG). Amendments to the articles of association become effective when they are recorded in the commercial register.

7.1 Subject to the approval of the Supervisory Board, the Executive Board was authorised by the Annual General Meeting on 14 June 2012 to increase the company's share 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, cf. Article 3 (4) of the articles of association). The statutory subscription right of the holders of Class S shares shall be excluded. The Executive Board is additionally authorised, subject to the approval of the Supervisory Board, to exclude the statutory subscription rights of holders of Class A shares in those cases covered in more detail in the resolution, such as issue for contributions in kind.

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 share 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 “debenture bonds”) and to grant the bearers or creditors of the debenture bonds warrants or conversion rights for new Class A company shares subject to the detailed terms of the debenture bonds. The total nominal amount of the debenture 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 accounting for up to € 6,900,000.00 of the company's total share capital accounted for by Class A shares. The debenture bonds are to be divided into separate securities, each with equal rights. Class S shareholders' subscription rights are excluded. The Executive Board is also 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 in order to equalise fractional amounts, to grant subscription rights to the holders or creditors of warrants and/or convertible bonds and to the extent that debenture bonds are issued for cash, whereby separate securities with rights, options or obligations to convert them into shares may account for no more than 10 % of share capital. As per Article 3 (6) of the articles of association, conditional capital of € 6,900,000.00 is available to service warrants and conversion rights. This is made up of 6,900,000 new registered Class A shares.

7.4 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. This authorisation may be used for any legally permissible purpose, except for trading in treasury shares. 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. The Executive Board was also authorised, subject to the approval of the Supervisory Board, to use Class A shares purchased under the authorisation to acquire the company's own Class A shares for any legally permissible purpose. This includes in particular offering shares to Class A shareholders at a price that is not significantly lower than the price of shares in the company of the same rights at the time of the sale, the sale of shares to third parties in return for contributions in kind, using shares to settle rights or obligations of bearers or creditors resulting from convertible bonds or bonds with warrants issued by the company or by companies in which the company holds a majority stake, issuing or offering shares for sale to employees of the company or an associated company as well as cancelling shares, even in a simplified process in accordance with Section 237 (3–5) of the German Stock Corporation Act (AktG). In the above cases – excluding cancellation – the rights of shareholders to subscribe for the company's own shares is also excluded.

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

8. The following material agreements include regulations that apply in the case of a change of control, as may result from a takeover bid:

In September 2015 the company took out three promissory note loans amounting to € 53,000,000 in total. The original lender is HSH Nordbank AG. The company does, however, have the right to pass on the promissory note loans to third parties in tranches of € 1,000,000. Partial repayments for the promissory note loans will be due between 30 September 2022 and 30 September 2025. If there is a change of control at HHLA, the lenders have the right to demand repayment of tranches, including accumulated interest, prematurely at the next interest payment due date if the parties cannot come to an agreement regarding the loan, and the lender cannot be reasonably expected – taking into account HHLA's legitimate interests – to accept an unchanged loan agreement. A change of control can be said to have taken place if the Free and Hanseatic City of Hamburg directly holds less than 50.1 % of the voting rights in HHLA.

In addition, HHLA issued a total of 44 registered bonds with a nominal value of € 500,000 each, and therefore a total nominal value of € 22,000,000, on 30 September 2015, which are due in two repayments of € 11,000,000 each on 30 September 2027 and 30 September 2030. The registered bonds were initially issued to HSH Nordbank AG, which has the right to transfer the individual registered bonds. The terms of the bond provide for the registered bond to be repaid prematurely if there is a change of control at HHLA. The regulation, including the definition of a change of control, corresponds to that in the promissory note loan contracts.

The service contracts valid during the reporting period for Executive Board members also contain a regulation that states they have a right to severance if their membership of the Executive Board is terminated due to a change of control or comparable circumstances (see item 9 below).

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 company is obliged to make a one-off payment to the Executive Board member, with 2 % p.a. interest discount, for the outstanding term of office according to their contract, whereby other income that the Executive Board member may receive until the end of the employment contract could be deducted under certain circumstances.

The average annual result of the last three complete financial years is used to calculate variable remuneration.

During the extension of two Executive Board service contracts in the 2015 financial year, the entitlements in the contracts listed above were restricted – in line with the recommendations of the German Corporate Governance Code – to not more than two annual salaries (including other benefits) and also not more than the total remuneration for the remaining term in cases of premature termination of Executive Board contracts (including termination due to a change of control).

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.

Notes to the Separate Financial Statements for HHLA Prepared in Line with the German Commercial Code (HGB)

Unlike the Consolidated Financial Statements, the Annual Financial Statements for Hamburger Hafen und Logistik Aktiengesellschaft (HHLA) are not prepared in accordance with International Financial Reporting Standards (IFRS). Instead, they are based on the regulations contained in the German Commercial Code (HGB).

Company Overview

Structure and Commercial Activities

Hamburger Hafen und Logistik AG (HHLA) is a leading European port logistics group. HHLA is the parent company of the HHLA Group and runs the Group as a strategic management holding company. Its operations are carried out by the 30 domestic and nine foreign subsidiaries which make up the consolidated group.

HHLA is a legally independent company and was split into two divisions – the A division and the S division – as part of the initial public offering on 2 November 2007.

The A division represents the Port Logistics subgroup. The Class A shares, which are listed on the stock exchange, entitle shareholders merely to participate in the result and net assets of these commercial operations. The performance and financial result of the Real Estate subgroup are attributed to the S division. Class S 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 event 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.

The following changes were made to the company structure in the 2015 financial year.

Effective 1 January 2015, HHLA transferred assets, mainly warehouse blocks and other buildings, and associated financing to HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg. In return HHLA 2. Speicherstadt Immobilien GmbH & Co. KG granted HHLA an increase in the limited partnership share as of the same date. The amount for which HHLA is liable, however, remains unaffected by this increase in the limited partnership contribution.

In addition, effective 1 January 2015, various buildings and other facilities belonging to HHLA were sold to UNIKAI Lagerei- und Speditionsgesellschaft mbH. All contracts relating to the goods sold were also transferred, excluding the space rental contract.

Effective 1 August, a functional management structure was introduced at the holding company for the Container segment. As a result, tasks previously assigned to HHCT Container Terminals GmbH, such as Container Sales and Container Operations, including the associated assets and contracts, are now assigned to HHLA.

Employees

HHLA had a total of 1,237 employees as of 31 December 2015 (previous year: 1,206). Of this number, 363 received wages (previous year: 398), 783 received a salary (previous year: 702) and 91 were apprentices (previous year: 106). Of the 1,237 staff members, 621 were assigned to companies within the HHLA Group in the reporting year.

Economic Environment

Industry and macroeconomic developments are largely in line with those at the HHLA Group.

Earnings Position

Key Figures

in € million	2014	2014	Change
Revenue	121.2	135.8	- 10.8 %
Other income and expenses	- 131.6	- 145.7	9.7 %
Operating result	- 10.4	- 9.9	- 5.1 %
Financial result	- 36.0	- 23.3	- 54.9 %
Result from equity investments	81.7	110.8	- 26.3 %
Income taxes	- 6.2	- 27.6	77.7 %
Net profit	29.1	50.0	- 41.8 %

The **revenue** recorded by Hamburger Hafen und Logistik AG (HHLA) resulted mainly from the charging of personnel expenses for holding company staff assigned to the spun-off Container and Logistics units and from billing administrative services for IT systems which are pooled with HHLA. Revenue totalled € 121.2 million in the reporting year (previous year: € 135.8 million). This € 14.6 million decline is largely the result of the transfer of assets and associated rental contracts to HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg.

Other income and expenses improved by € 14.1 million year on year. This was largely due to the transfer of property, plant and equipment. However, increase in pension provisions compared to the previous year had a negative impact.

The year-on-year decrease in the **financial result** resulted mainly from changes in provisions due to interest rate fluctuations.

The **change in income from equity investments** was mainly due to the performance of the Container segment. The net profits of HHLA's affiliates and equity investments recognised in profit or loss declined by € 29.1 million to € 81.7 million (previous year: € 110.8 million).

The € 21.4 million decrease in **income taxes** resulted mainly from a significant reduction in the financial result and income from equity investments.

The company's **annual net profit** amounted to € 29.1 million in the reporting period (previous year: € 50.0 million). The A division accounted for € 22.5 million of this amount (previous year: € 42.4 million) and the S division for € 6.6 million (previous year: € 7.6 million).

Forecast and Actual Figures

in € million	2014	Forecast 2015	Actual 2015
Result from equity investments	110.8	At previous year's level	81.7
Net profit	50.0	At previous year's level	29.1

The differences between forecast and actual figures were mainly due to those circumstances listed in the section on the Group's earnings position, ▶ see Course of Business and Economic Situation, page 33

Assets

Balance Sheet Analysis

Balance Sheet Structure

in € million	31.12.2015	31.12.2014
Assets		
Intangible assets and property, plant and equipment	10.6	107.0
Financial assets	387.4	317.4
Other assets	641.3	651.3
Balance sheet total	1,039.3	1,075.7
Equity and liabilities		
Equity	495.4	506.8
Pension provisions	313.1	293.5
Other liabilities	230.8	275.4
Balance sheet total	1,039.3	1,075.7
Equity ratio in %	47.7	47.1
Intensity of investments in %	1.0	9.9

The carrying values of intangible assets and property, plant and equipment amounted to € 10.6 million at the end of the reporting period (previous year: € 107.0 million). Capital expenditure totalled € 4.2 million in the reporting period (previous year: € 25.0 million). Capital expenditure focused mainly on expanding the IT landscape. Additions were opposed by a disposal of assets amounting to € 96.6 million, which mostly resulted from the transfer or sale of assets.

Financial assets primarily rose due to the increase in limited liability capital in HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg. In total, financial assets rose by € 70.0 million to € 387.4 million.

Development in Pension Provisions

in € thousand	2015	2014
Carrying amount on 1 January	293,516	292,692
Expense recognised in profit and loss	38,250	19,664
Pension payments	- 18,671	- 18,840
Carrying amount on 31 December	313,095	293,516

Hamburger Hafen und Logistik AG uses the projected unit credit method to value entitlements associated with existing pension obligations. Future obligations are projected based on past service and possible future service prior to the insured event occurring. Anticipated future pension and pay increases are also taken into account. The average market interest rate of 3.89 % stipulated by the Deutsche Bundesbank was applied for the reporting year (previous year: 4.58 %).

In accordance with Section 253 (2) sentence 2 of the German Commercial Code (HGB), a remaining term of 15 years is used as basis. Pension provisions amounted to € 313.1 million at the at the end of the reporting period (previous year: € 293.5 million).

Financial Position

Financial Position

in € million	2015	2014
Cash flow from operating activities	54.4	34.2
Cash flow from investing activities	7.6	- 24.2
Cash flow from financing activities	- 31.4	- 37.0
Effect from the accrual of HLA	0	13.2
Financial funds as of 31.12.	399.3	368.7
of which receivables from subsidiaries	191.2	118.8
of which cash and cash equivalents	208.1	249.9

Cash flow from operating activities totalled € 54.4 million in the reporting year (previous year: € 34.2 million). It was dominated by income from equity investments. Cash flow in the reporting year was sufficient to fund capital expenditure.

In connection with existing cash pooling agreements, financial funds comprised receivables from subsidiaries in the amount of € 191.2 million (previous year: € 118.8 million), cash and cash equivalents in the form of bank balances totalling € 164.2 million (previous year: € 226.5 million) – of which € 70.0 million (previous year: € 90.0 million) was short-term bank deposits – and clearing receivables of € 43.9 million (previous year: € 23.4 million) from HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (HGV).

The S division of Hamburger Hafen und Logistik AG (HHLA) participates in the cash clearing system operated by HGV. The A division also utilises the option of investing surplus liquidity with HGV whenever this is advantageous for HHLA.

As expected, the financial position remained stable in the reporting period.

Risk and Opportunity Report

Business developments at Hamburger Hafen und Logistik AG are mostly subject to the same risks and opportunities as those of the HHLA Group. Hamburger Hafen und Logistik AG shares in the risks of its subsidiaries and equity investments in line with its respective shareholding.

As the parent company of the HHLA Group, Hamburger Hafen und Logistik AG is incorporated into the Group-wide risk and opportunity management system. The Risk and Opportunity Report contained in the Combined Management Report provides a description of the internal control system as required by Section 289 (5) of the German Commercial Code (HGB). ▶ see Risk and Opportunity Report, page 44

Events after the Balance Sheet Date

Events after the balance sheet date are broadly the same as those listed for the HHLA Group. ▶ see Events after the Balance Sheet Date, page 42

Business Forecast

Outlook

Due to its close ties with the affiliated companies and its weight within the Group, the expectations for Hamburger Hafen und Logistik AG are reflected in the business forecast for the Group as a whole. It is anticipated that the statements made for the HHLA Group regarding market and revenue developments will largely be mirrored by the revenue of Hamburger Hafen und Logistik AG. Furthermore, the income from equity investments is expected to make a substantial contribution towards Hamburger Hafen und Logistik AG's earnings. Any changes to regulations under commercial law regarding interest rates for calculating the present value of pension provisions would lead to a significant reduction in interest expenses in 2016 compared to the previous year. If the legal situation does not change, further high burdens from interest rate-related changes to provisions can be expected. ▶ see Business Forecast, page 42

Expected Earnings Position in 2016

Based on the expected developments, HHLA anticipates net income for the year on a par with the previous year.

Expected Financial Position in 2016

Hamburger Hafen und Logistik AG expects its financial position to remain stable.

Dividend

As in the previous year, HHLA's appropriation of profits is oriented towards the development of earnings in the financial year ended. The distributable profit and stable financial position provide the foundation for a continuation of the company's consistent dividend policy.

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 transaction 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 of the German Stock Corporation Act (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, 2 March 2016

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 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	2015	2014
Revenue	8.	1,141,818	1,199,601
Changes in inventories	9.	- 1,417	- 22
Own work capitalised	10.	9,331	7,877
Other operating income	11.	41,238	33,563
Cost of materials	12.	- 361,700	- 396,655
Personnel expenses	13.	- 401,575	- 401,674
Other operating expenses	14.	- 146,298	- 148,516
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**281,397**	**294,174**
Depreciation and amortisation	15.	- 124,858	- 124,886
Earnings before interest and taxes (EBIT)		**156,539**	**169,288**
Earnings from associates accounted for using the equity method	16.	3,728	5,260
Interest income	16.	16,736	13,461
Interest expenses	16.	- 50,102	- 58,459
Other financial result	16.	944	544
Financial result	16.	**- 28,694**	**- 39,194**
Earnings before tax (EBT)		**127,845**	**130,094**
Income tax	18.	- 32,002	- 39,538
Profit after tax		**95,843**	**90,556**
of which attributable to non-controlling interests	19.	29,165	31,646
of which attributable to shareholders of the parent company		66,678	58,910

Statement of Comprehensive Income HHLA Group

in € thousand	Note	2015	2014
Profit after tax		**95,843**	**90,556**
Components which cannot be transferred to the Income Statement			
Actuarial gains/losses	36.	25,149	- 79,130
Deferred taxes	18.	- 7,833	25,129
Total		**17,316**	**- 54,001**
Components which can be transferred to the Income Statement			
Cash flow hedges	47.	381	299
Foreign currency translation differences		- 11,483	- 31,390
Deferred taxes	18.	- 118	86
Other		- 11	121
Total		**- 11,231**	**- 30,884**
Income and expense recognised directly in equity		**6,085**	**- 84,885**
Total comprehensive income		**101,928**	**5,671**
of which attributable to non-controlling interests		29,102	31,554
of which attributable to shareholders of the parent company		72,826	- 25,883

Income Statement HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the notes	2015 Group	2015 Port Logistics	2015 Real Estate	2015 Consolidation
Revenue	1,141,818	1,110,983	36,497	- 5,662
Changes in inventories	- 1,417	- 1,416	- 1	0
Own work capitalised	9,331	9,049	0	282
Other operating income	41,238	35,769	6,493	- 1,024
Cost of materials	- 361,700	- 354,690	- 7,144	134
Personnel expenses	- 401,575	- 399,193	- 2,382	0
Other operating expenses	- 146,298	- 139,333	- 13,235	6,270
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**281,397**	**261,169**	**20,228**	**0**
Depreciation and amortisation	- 124,858	- 120,095	- 5,077	314
Earnings before interest and taxes (EBIT)	**156,539**	**141,074**	**15,151**	**314**
Earnings from associates accounted for using the equity method	3,728	3,728	0	0
Interest income	16,736	16,801	56	- 121
Interest expenses	- 50,102	- 45,890	- 4,333	121
Other financial result	944	944	0	0
Financial result	**- 28,694**	**- 24,417**	**- 4,277**	**0**
Earnings before tax (EBT)	**127,845**	**116,657**	**10,874**	**314**
Income tax	- 32,002	- 28,557	- 3,369	- 76
Profit after tax	**95,843**	**88,100**	**7,505**	**238**
of which attributable to non-controlling interests	29,165	29,165	0	
of which attributable to shareholders of the parent company	66,678	58,935	7,743	

Statement of Comprehensive Income HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the notes	2015 Group	2015 Port Logistics	2015 Real Estate	2015 Consolidation
Profit after tax	**95,843**	**88,100**	**7,505**	**238**
Components which cannot be transferred to the Income Statement				
Actuarial gains/losses	25,149	24,831	318	
Deferred taxes	- 7,833	- 7,731	- 102	
Total	**17,316**	**17,100**	**216**	
Components which can be transferred to the Income Statement				
Cash flow hedges	381	381	0	
Foreign currency translation differences	- 11,483	- 11,483	0	
Deferred taxes	- 118	- 118	0	
Other	- 11	- 11	0	
Total	**- 11,231**	**- 11,231**	**0**	
Income and expense recognised directly in equity	**6,085**	**5,869**	**216**	**0**
Total comprehensive income	**101,928**	**93,969**	**7,721**	**238**
of which attributable to non-controlling interests	29,102	29,102	0	
of which attributable to shareholders of the parent company	72,826	64,867	7,959	

Income Statement HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the notes	2014 Group	2014 Port Logistics	2014 Real Estate	2014 Consolidation
Revenue	1,199,601	1,171,186	33,476	- 5,061
Changes in inventories	- 22	- 22	0	0
Own work capitalised	7,877	7,877	0	0
Other operating income	33,563	29,797	4,773	- 1,007
Cost of materials	- 396,655	- 389,993	- 6,769	107
Personnel expenses	- 401,674	- 399,454	- 2,220	0
Other operating expenses	- 148,516	- 143,167	- 11,311	5,962
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**294,174**	**276,225**	**17,949**	**0**
Depreciation and amortisation	- 124,886	- 120,640	- 4,560	314
Earnings before interest and taxes (EBIT)	**169,288**	**155,585**	**13,389**	**314**
Earnings from associates accounted for using the equity method	5,260	5,260	0	0
Interest income	13,461	13,412	183	- 134
Interest expenses	- 58,459	- 54,000	- 4,593	134
Other financial result	544	544	0	0
Financial result	**- 39,194**	**- 34,784**	**- 4,410**	**0**
Earnings before tax (EBT)	**130,094**	**120,801**	**8,979**	**314**
Income tax	- 39,538	- 36,904	- 2,558	- 76
Profit after tax	**90,556**	**83,897**	**6,421**	**238**
of which attributable to non-controlling interests	31,646	31,646	0	
of which attributable to shareholders of the parent company	58,910	52,251	6,659	

Statement of Comprehensive Income HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the notes	2014 Group	2014 Port Logistics	2014 Real Estate	2014 Consolidation
Profit after tax	**90,556**	**83,897**	**6,421**	**238**
Components which cannot be transferred to the Income Statement				
Actuarial gains/losses	- 79,130	- 77,958	- 1,172	
Deferred taxes	25,129	24,751	378	
Total	**- 54,001**	**- 53,207**	**- 794**	
Components which can be transferred to the Income Statement				
Cash flow hedges	299	299		
Foreign currency translation differences	- 31,390	- 31,390		
Deferred taxes	86	86		
Other	121	121		
Total	**- 30,884**	**- 30,884**	**0**	
Income and expense recognised directly in equity	**- 84,885**	**- 84,092**	**- 794**	**0**
Total comprehensive income	**5,671**	**- 194**	**5,627**	**238**
of which attributable to non-controlling interests	31,554	31,554		
of which attributable to shareholders of the parent company	- 25,883	- 31,748	5,865	

Balance Sheet HHLA Group

in € thousand	Note	31.12.2015	31.12.2014
ASSETS			
Intangible assets	22.	73,851	77,844
Property, plant and equipment	23.	947,063	938,016
Investment property	24.	190,603	199,196
Associates accounted for using the equity method	25.	12,474	11,717
Financial assets	26.	20,439	17,746
Deferred taxes	18.	61,396	63,558
Non-current assets		**1,305,826**	**1,308,077**
Inventories	27.	22,583	24,026
Trade receivables	28.	128,130	140,221
Receivables from related parties	29.	58,515	36,202
Other financial receivables	30.	3,286	1,982
Other assets	31.	28,815	23,789
Income tax receivables	32.	8,644	1,568
Cash, cash equivalents and short-term deposits	33.	194,565	252,217
Non-current assets held for sale	34.	0	0
Current assets		**444,538**	**480,004**
Balance sheet total		**1,750,364**	**1,788,081**
EQUITY AND LIABILITIES			
Subscribed capital		72,753	72,753
Port Logistics Subgroup		70,048	70,048
Real Estate Subgroup		2,705	2,705
Capital reserve		141,584	141,584
Port Logistics Subgroup		141,078	141,078
Real Estate Subgroup		506	506
Retained earnings		413,097	386,900
Port Logistics Subgroup		378,519	360,510
Real Estate Subgroup		34,578	26,390
Other comprehensive income		- 77,581	- 83,728
Port Logistics Subgroup		- 77,890	- 83,823
Real Estate Subgroup		309	95
Non-controlling interests		30,707	29,232
Port Logistics Subgroup		30,707	29,232
Real Estate Subgroup		0	0
Equity	35.	**580,560**	**546,741**
Pension provisions	36.	415,608	443,558
Other non-current provisions	37.	66,894	70,770
Non-current liabilities to related parties	40.	106,304	106,644
Non-current financial liabilities	38.	371,417	282,998
Deferred taxes	18.	18,946	14,904
Non-current liabilities		**979,169**	**918,874**
Other current provisions	37.	11,308	11,540
Trade liabilities	39.	52,007	83,372
Current liabilities to related parties	40.	7,129	73,740
Current financial liabilities	38.	92,045	123,446
Other liabilities	41.	22,843	24,834
Income tax liabilities	42.	5,303	5,534
Current liabilities		**190,635**	**322,466**
Balance sheet total		**1,750,364**	**1,788,081**

Balance Sheet HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the notes	31.12.2015 Group	31.12.2015 Port Logistics	31.12.2015 Real Estate	31.12.2015 Consolidation
ASSETS				
Intangible assets	73,851	73,842	9	0
Property, plant and equipment	947,063	927,455	4,535	15,073
Investment property	190,603	39,448	178,754	- 27,599
Associates accounted for using the equity method	12,474	12,474	0	0
Financial assets	20,439	16,856	3,583	0
Deferred taxes	61,396	68,600	0	- 7,204
Non-current assets	1,305,826	1,138,675	186,881	- 19,730
Inventories	22,583	22,544	39	0
Trade receivables	128,130	127,102	1,028	0
Receivables from related parties	58,515	54,834	4,403	- 722
Other financial receivables	3,286	3,060	226	0
Other assets	28,815	27,425	1,390	0
Income tax receivables	8,644	8,584	424	- 364
Cash, cash equivalents and short-term deposits	194,565	194,212	353	0
Non-current assets held for sale	0	0	0	0
Current assets	444,538	437,761	7,863	- 1,086
Balance sheet total	1,750,364	1,576,436	194,744	- 20,816
EQUITY AND LIABILITIES				
Subscribed capital	72,753	70,048	2,705	0
Capital reserve	141,584	141,078	506	0
Retained earnings	413,097	378,519	43,993	- 9,415
Other comprehensive income	- 77,581	- 77,890	309	0
Non-controlling interests	30,707	30,707	0	0
Equity	580,560	542,462	47,513	- 9,415
Pension provisions	415,608	409,209	6,399	0
Other non-current provisions	66,894	64,860	2,034	0
Non-current liabilities to related parties	106,304	106,304	0	0
Non-current financial liabilities	371,417	257,532	113,885	0
Deferred taxes	18,946	16,459	12,802	- 10,315
Non-current liabilities	979,169	854,364	135,120	- 10,315
Other current provisions	11,308	11,188	120	0
Trade liabilities	52,007	49,118	2,889	0
Current liabilities to related parties	7,129	6,792	1,059	- 722
Current financial liabilities	92,045	85,954	6,091	0
Other liabilities	22,843	21,950	893	0
Income tax liabilities	5,303	4,608	1,059	- 364
Current liabilities	190,635	179,610	12,111	- 1,086
Balance sheet total	1,750,364	1,576,436	194,744	- 20,816

Balance Sheet HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the notes	31.12.2014 Group	31.12.2014 Port Logistics	31.12.2014 Real Estate	31.12.2014 Consolidation
ASSETS				
Intangible assets	77,844	77,835	9	0
Property, plant and equipment	938,016	917,673	4,749	15,594
Investment property	199,196	44,785	182,847	- 28,436
Associates accounted for using the equity method	11,717	11,717	0	0
Financial assets	17,746	14,953	2,793	0
Deferred taxes	63,558	74,689	0	- 11,131
Non-current assets	**1,308,077**	**1,141,652**	**190,398**	**- 23,973**
Inventories	24,026	23,972	54	0
Trade receivables	140,221	139,353	868	0
Receivables from related parties	36,202	47,941	35	- 11,774
Other financial receivables	1,982	1,967	15	0
Other assets	23,789	22,635	1,154	0
Income tax receivables	1,568	1,568	155	- 155
Cash, cash equivalents and short-term deposits	252,217	251,496	721	0
Non-current assets held for sale	0	0	0	0
Current assets	**480,004**	**488,932**	**3,001**	**- 11,929**
Balance sheet total	**1,788,081**	**1,630,584**	**193,399**	**- 35,902**
EQUITY AND LIABILITIES				
Subscribed capital	72,753	70,048	2,705	0
Capital reserve	141,584	141,078	506	0
Retained earnings	386,900	360,510	36,044	- 9,654
Other comprehensive income	- 83,728	- 83,823	95	0
Non-controlling interests	29,232	29,232	0	0
Equity	**546,741**	**517,045**	**39,350**	**- 9,654**
Pension provisions	443,558	436,656	6,902	0
Other non-current provisions	70,770	68,800	1,970	0
Non-current liabilities to related parties	106,644	106,644	0	0
Non-current financial liabilities	282,998	240,003	42,995	0
Deferred taxes	14,904	17,869	11,354	- 14,319
Non-current liabilities	**918,874**	**869,972**	**63,221**	**- 14,319**
Other current provisions	11,540	11,240	300	0
Trade liabilities	83,372	76,909	6,463	0
Current liabilities to related parties	73,740	8,242	77,272	- 11,774
Current financial liabilities	123,446	117,680	5,767	0
Other liabilities	24,834	23,827	1,007	0
Income tax liabilities	5,534	5,670	19	- 155
Current liabilities	**322,466**	**243,567**	**90,828**	**- 11,929**
Balance sheet total	**1,788,081**	**1,630,584**	**193,399**	**- 35,902**

Cash Flow Statement HHLA Group

in € thousand	Note	2015	2014
1. Cash flow from operating activities			
Earnings before interest and taxes (EBIT)		156,539	169,288
Depreciation, amortisation, impairment and reversals on non-financial non-current assets		124,238	124,886
Decrease in provisions		- 16,509	- 13,190
Result from the disposal of non-current assets		- 2,723	310
Change in inventories, trade receivables and other assets not attributable to investing or financing activities		968	- 2,654
Change in trade payables and other liabilities not attributable to investing or financing activities		- 4,414	16,727
Interest received		3,692	2,344
Interest paid		- 18,980	- 19,730
Income tax paid		- 41,107	- 38,724
Exchange rate and other effects		- 6,363	- 5,903
Cash flow from operating activities		195,341	233,354
2. Cash flow from investing activities			
Proceeds from disposal of intangible assets, property, plant and equipment and investment property		13,774	3,047
Payments for investments in property, plant and equipment and investment property		- 150,800	- 89,195
Payments for investments in intangible assets	22.	- 8,814	- 8,309
Proceeds from disposal of non-current financial assets		361	0
Payments for investments in non-current financial assets		- 1,685	0
Proceeds from disposal of interests in consolidated companies and other business units (including funds sold)		0	0
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)		0	- 61
Proceeds/payments for short-term deposits		16,950	- 20,000
Cash flow from investing activities		- 130,214	- 114,518
3. Cash flow from financing activities			
Payments for increasing interests in fully consolidated companies		0	- 259
Dividends paid to shareholders of the parent company	21.	- 40,482	- 34,903
Dividends/settlement obligation paid to non-controlling interests		- 32,400	- 32,063
Redemption of lease liabilities		- 7,144	- 7,031
Proceeds from the issuance of bonds and (financial) loans		121,265	23,085
Payments for the redemption of (financial) loans		- 126,482	- 29,412
Exchange-rate effects		2,518	1,594
Cash flow from financing activities		- 82,725	- 78,989
4. Financial funds at the end of the period			
Change in financial funds (subtotals 1.–3.)		- 17,598	39,847
Change in financial funds due to exchange rates		- 2,604	- 5,299
Financial funds at the beginning of the period		185,617	151,069
Financial funds at the end of the period	43.	165,415	185,617

Cash Flow Statement HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the notes	2015 Group	2015 Port Logistics	2015 Real Estate	2015 Consolidation
1. Cash flow from operating activities				
Earnings before interest and taxes (EBIT)	156,539	141,075	15,150	314
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	124,238	119,473	5,079	- 314
Decrease in provisions	- 16,509	- 16,031	- 478	
Result from the disposal of non-current assets	- 2,723	- 2,802	79	
Change in inventories, trade receivables and other assets not attributable to investing or financing activities	968	3,370	- 1,850	- 552
Decrease in trade payables and other liabilities not attributable to investing or financing activities	- 4,414	- 1,157	- 3,809	552
Interest received	3,692	3,757	56	- 121
Interest paid	- 18,980	- 14,669	- 4,432	121
Income tax paid	- 41,107	- 39,857	- 1,250	
Exchange rate and other effects	- 6,363	- 6,363	0	
Cash flow from operating activities	195,341	186,796	8,545	0
2. Cash flow from investing activities				
Proceeds from disposal of intangible assets, property, plant and equipment and investment property	13,774	13,730	44	
Payments for investments in property, plant and equipment and investment property	- 150,800	- 149,910	- 890	
Payments for investments in intangible assets	- 8,814	- 8,810	- 4	
Proceeds from disposal of non-current financial assets	361	361	0	
Payments for investments in non-current financial assets	- 1,685	- 1,685	0	
Proceeds from disposal of interests in consolidated companies and other business units (including funds sold)	0	0	0	
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)	0	0	0	
Proceeds from short-term deposits	16,950	16,950	0	
Cash flow from investing activities	- 130,214	- 129,364	- 850	0
3. Cash flow from financing activities				
Payments for increasing interests in fully consolidated companies	0	0	0	
Dividends paid to shareholders of the parent company	- 40,482	- 36,425	- 4,057	
Dividends/settlement obligation paid to non-controlling interests	- 32,400	- 32,400	0	
Redemption of lease liabilities	- 7,144	- 7,144	0	
Proceeds from the issuance of bonds and (financial) loans	121,265	46,265	75,000	
Payments for the redemption of (financial) loans	- 126,482	- 57,376	- 69,106	
Exchange-rate effects	2,518	2,518	0	
Cash flow from financing activities	- 82,725	- 84,562	1,837	0
4. Financial funds at the end of the period				
Change in financial funds (subtotals 1.–3.)	- 17,598	- 27,130	9,532	
Change in financial funds due to exchange rates	- 2,604	- 2,604	0	
Financial funds at the beginning of the period	185,617	190,896	- 5,279	
Financial funds at the end of the period	165,415	161,162	4,253	0

Cash Flow Statement HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the notes	2014 Group	2014 Port Logistics	2014 Real Estate	2014 Consolidation
1. Cash flow from operating activities				
Earnings before interest and taxes (EBIT)	169,288	155,585	13,389	314
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	124,886	120,640	4,560	- 314
Decrease in provisions	- 13,190	- 12,564	- 626	
Result from the disposal of non-current assets	310	314	- 4	
Change in inventories, trade receivables and other assets not attributable to investing or financing activities	- 2,654	- 2,965	470	- 159
Change in trade payables and other liabilities not attributable to investing or financing activities	16,727	12,330	4,238	159
Interest received	2,344	2,295	183	- 134
Interest paid	- 19,730	- 15,569	- 4,295	134
Income tax paid	- 38,724	- 35,803	- 2,921	
Exchange rate and other effects	- 5,903	- 5,903	0	
Cash flow from operating activities	233,354	218,360	14,994	0
2. Cash flow from investing activities				
Proceeds from disposal of intangible assets, property, plant and equipment and investment property	3,047	2,824	223	
Payments for investments in property, plant and equipment and investment property	- 89,195	- 64,959	- 24,236	
Payments for investments in intangible assets	- 8,309	- 8,306	- 3	
Proceeds from disposal of interests in consolidated companies and other business units (including funds sold)	0	51	0	- 51
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)	- 61	- 61	- 51	51
Payments for short-term deposits	- 20,000	- 20,000	0	
Cash flow from investing activities	- 114,518	- 90,451	- 24,067	0
3. Cash flow from financing activities				
Payments for increasing interests in fully consolidated companies	- 259	- 259	0	
Dividends paid to shareholders of the parent company	- 34,903	- 31,522	- 3,381	
Dividends/settlement obligation paid to non-controlling interests	- 32,063	- 32,063	0	
Redemption of lease liabilities	- 7,031	- 7,031	0	
Proceeds from the issuance of bonds and (financial) loans	23,085	23,085	0	
Payments for the redemption of (financial) loans	- 29,412	- 25,306	- 4,106	
Exchange-rate effects	1,594	1,594	0	
Cash flow from financing activities	- 78,989	- 71,502	- 7,487	0
4. Financial funds at the end of the period				
Change in financial funds (subtotals 1.–3.)	39,847	56,407	- 16,560	
Change in financial funds due to exchange rates	- 5,299	- 5,299	0	
Financial funds at the beginning of the period	151,069	139,788	11,281	
Financial funds at the end of the period	185,617	190,896	- 5,279	0

Segment Report HHLA Group

in € thousand; business segments; annex to the notes	Port Logistics Subgroup					
	Container		Intermodal		Logistics	
	2015	2014	2015	2014	2015	2014
Segment revenue						
Segment revenue from non-affiliated third parties	670,412	741,533	362,416	349,774	57,603	59,591
Inter-segment revenue	4,768	2,183	1,613	1,713	7,545	5,801
Total segment revenue	**675,180**	**743,716**	**364,029**	**351,487**	**65,148**	**65,392**
Earnings						
EBITDA	195,772	247,142	78,847	47,833	4,572	526
EBITDA margin	29.0 %	33.2 %	21.7 %	13.6 %	7.0 %	0.8 %
EBIT	110,640	156,122	55,188	27,329	- 831	- 659
EBIT margin	16.4 %	21.0 %	15.2 %	7.8 %	- 1.3 %	- 1.0 %
Assets						
Segment assets	806,631	857,665	375,238	329,648	48,363	22,904
Other segment information						
Investments in property, plant and equipment and investment property	52,524	50,941	76,992	51,984	32,245	2,479
Investments in intangible assets	8,513	7,498	156	323	93	51
Total investments	**61,037**	**58,439**	**77,148**	**52,307**	**32,338**	**2,530**
Depreciation of property, plant and equipment and investment property	74,579	80,745	23,115	20,169	5,347	1,127
of which impairment	0	961	0	0	1,170	0
Amortisation of intangible assets	10,553	10,275	543	335	56	58
Total amortisation and depreciation	**85,132**	**91,020**	**23,658**	**20,504**	**5,403**	**1,185**
Earnings from associates accounted for using the equity method	714	945	0	0	3,014	4,315
Non-cash items	13,130	21,984	735	3,736	8,047	1,183
Container throughput in thousand TEU	6,561	7,480	—	—		
Container transport in thousand TEU	—	—	1,318	1,283		

Holding/Other		Real Estate Subgroup: Real Estate		Total		Consolidation and reconciliation with Group		Group	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
17,279	17,741	34,108	30,962	1,141,818	1,199,601	0	0	1,141,818	1,199,601
120,226	105,166	2,389	2,514	136,541	117,377	- 136,541	- 117,377	0	0
137,505	122,907	36,497	33,476	1,278,359	1,316,978				
- 3,474	- 19,030	20,228	17,949	295,945	294,420	- 14,548	- 246	281,397	294,174
- 2.5 %	- 15.5 %	55.4 %	53.6 %						
- 11,229	- 27,404	15,151	13,389	168,919	168,777	- 12,380	511	156,539	169,288
- 8.2 %	- 22.3 %	41.5 %	40.0 %						
130,559	190,231	190,016	192,471	1,550,807	1,592,919	199,557	195,162	1,750,364	1,788,081
3,585	1,560	890	23,985	166,236	130,949	- 29,568	- 844	136,668	130,105
2,849	604	4	3	11,615	8,479	- 2,801	- 170	8,814	8,309
6,434	2,164	894	23,988	177,851	139,428	- 32,369	- 1,014	145,482	138,414
6,028	7,467	5,074	4,557	114,143	114,065	- 1,921	- 423	112,222	113,641
1,812	279	0	0	2,981	1,240			2,981	1,240
1,727	906	4	3	12,883	11,578	- 247	- 333	12,636	11,245
7,755	8,373	5,077	4,560	127,026	125,642	- 2,168	- 756	124,858	124,886
0	0	0	0	3,728	5,260	0	0	3,728	5,260
2,762	22,764	298	613	24,972	50,281	- 751	27	24,221	50,308

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 December 2013	70,048	2,705	141,078	506	363,000	- 18,828
Dividends					- 34,903	
Settlement obligation to shareholders with non-controlling interests						
First consolidation of interests in related parties/acquisition of non-controlling interests in consolidated (companies)					- 107	
Total comprehensive income					58,909	- 31,392
Balance as of 31 December 2014	70,048	2,705	141,078	506	386,900	- 50,220
Balance as of 31 December 2014	70,048	2,705	141,078	506	386,900	- 50,220
Dividends					- 40,482	
Settlement obligation to shareholders with non-controlling interests						
Total comprehensive income					66,679	- 11,474
Other changes						
Balance as of 31 December 2015	70,048	2,705	141,078	506	413,097	- 61,694

				Parent company interests	Non-controlling interests	Total consolidated equity
Other comprehensive income						
Cash flow hedges	Actuarial gains/ losses	Deferred taxes on changes recognised directly in equity	Other			
- 500	12,783	- 3,967	11,576	578,402	21,700	600,103
				- 34,903	- 1,418	- 36,321
				0	- 22,431	- 22,431
				- 107	- 174	- 280
299	- 78,980	25,170	110	- 25,883	31,554	5,671
- 201	- 66,196	21,203	11,686	517,509	29,232	546,741
- 201	- 66,196	21,203	11,686	517,509	29,232	546,741
				- 40,482	- 2,093	- 42,575
				0	- 25,534	- 25,534
381	25,222	- 7,975	- 7	72,826	29,102	101,928
				0	0	0
180	- 40,974	13,228	11,679	549,853	30,707	580,560

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 December 2013	70,048	141,078	339,888	- 18,828
Dividends			- 31,522	
Settlement obligation to shareholders with non-controlling interests				
First consolidation of interests in related parties/acquisition of non-controlling interests in consolidated companies			- 107	
Total comprehensive income subgroup			52,251	- 31,392
Balance as of 31 December 2014	70,048	141,078	360,510	- 50,220
Balance as of 31 December 2014	70,048	141,078	360,510	- 50,220
Dividends			- 36,425	
Settlement obligation to shareholders with non-controlling interests				
Total comprehensive income subgroup			58,935	- 11,473
Other changes			- 4,500	
Balance as of 31 December 2015	70,048	141,078	378,519	- 61,693

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

in € thousand; annex to the notes

Balance as of 31 December 2013
Dividends
Total Comprehensive Income subgroup
Balance as of 31 December 2014
Plus income statement consolidation effect
Less balance sheet consolidation effect
Total effects of consolidation
Balance as of 31 December 2014
Balance as of 31 December 2014
Dividends
Total Comprehensive Income subgroup
Other changes
Balance as of 31 December 2015
Plus income statement consolidation effect
Less balance sheet consolidation effect
Total effects of consolidation
Balance as of 31 December 2015

	Other comprehensive income				Parent company interests	Non-controlling interests	Total subgroup consolidated equity
	Cash flow hedges	Actuarial gains/losses	Deferred taxes on changes recognised directly in equity	Other			
	- 500	11,471	- 3,542	11,576	551,191	21,700	572,891
					- 31,522	- 1,418	- 32,940
					0	- 22,431	- 22,431
					- 107	- 174	- 280
	299	- 77,809	24,792	110	- 31,748	31,554	- 194
	- 201	- 66,338	21,250	11,686	487,813	29,232	517,045
	- 201	- 66,338	21,250	11,686	487,813	29,232	517,045
					- 36,425	- 2,093	- 38,518
					0	- 25,534	- 25,534
	381	24,904	- 7,873	- 6	64,867	29,102	93,969
					- 4,500	0	- 4,500
	180	- 41,434	13,377	11,680	511,755	30,707	542,462

				Other comprehensive income		Total subgroup consolidated equity
	Subscribed capital	Capital reserve	Retained consolidated earnings	Actuarial gains/losses	Deferred taxes on changes recognised directly in equity	
	2,705	506	33,004	1,312	- 424	37,103
			- 3,381			- 3,381
			6,421	- 1,172	378	5,627
	2,705	506	36,044	140	- 45	39,350
			238			238
			- 9,892			- 9,892
			- 9,654			- 9,654
	2,705	506	26,390	140	- 45	29,696
	2,705	506	36,044	140	- 45	39,350
			- 4,057			- 4,057
			7,505	317	- 102	7,721
			4,500			4,500
	2,705	506	43,993	457	- 148	47,513
			238			238
			- 9,654			- 9,654
			- 9,415			- 9,415
	2,705	506	34,578	457	- 148	38,098

Notes to the Consolidated Financial Statements

General Notes

1. Basic Information on the Group

The Group's parent company is Hamburger Hafen und Logistik Aktiengesellschaft, Bei St. Annen 1, 20457 Hamburg (hereinafter: 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 (HGV).

Since 1 January 2007, the HHLA Group has consisted of the Port Logistics subgroup (A division) and the Real Estate subgroup (S division). The part of the Group that deals with the property in Hamburg's Speicherstadt historical warehouse district and Fischmarkt Hamburg-Altona GmbH is allocated to the Real Estate subgroup (S division). All other parts of the company are allocated together to the Port Logistics subgroup (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 Annual Financial Statements of the parent company.

Information concerning the segments in which the HHLA Group operates is provided in ▶ Note 44, page 129.

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 result 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, earnings and financial position of the subgroups, the annex to these Notes contains the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity and the cash flow statement for each subgroup.

HHLA's Consolidated Financial Statements for the 2015 financial year were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) which apply in the European Union. The provisions contained in 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 result in a true and fair view of the net assets, earnings and financial position of the Group.

For the most part, the accounting and valuation policies, notes and disclosures about the Consolidated Financial Statements for the 2015 financial year are based on the same accounting and valuation principles used for the 2014 Consolidated Financial Statements. Exceptions are the effects of new IFRS accounting standards stated in ▶ Note 5, page 87. Use of the latter became mandatory for the Group on 1 January 2015. The accounting and valuation principles applied are explained in ▶ Note 6, page 90.

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 2015 were approved by the Executive Board on 2 March 2016 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 significant subsidiaries as of 31 December of each financial year. The assets and liabilities of the domestic and foreign companies consolidated in full 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 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 ▶ Note 6, page 90 and Note 7, page 98.

Equity interests held by third parties outside the Group are shown in the balance sheet under the item non-controlling interests within equity capital. ▶ see also Note 3, page 83

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 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 eliminated in full.

3. Make-Up of the Group

Group of Consolidated Companies

The group of consolidated companies at HHLA comprises a total of 30 domestic and nine foreign companies. For a complete list of equity investments in accordance with Section 313 (2) of the German Commercial Code (HGB), see also ▶ Note 48, page 141. The information provided here about the equity and annual net profit recorded by the various companies is taken from the respective Annual Financial Statements, which were prepared in line with national accounting regulations. Information required under IFRS 12.10 and IFRS 12.21 is also included in the details of shareholdings.

Consolidated Companies

	Domestic	Foreign	Total
HHLA AG and fully consolidated companies			
1 January 2015	23	8	31
Additions	0	1	1
31 December 2015	**23**	**9**	**32**
Companies reported using the equity method			
1 January 2015	7	0	7
31 December 2015	**7**	**0**	**7**
Total 31 December 2015	**30**	**9**	**39**

Subsidiaries

The Consolidated Financial Statements comprise the Financial Statements for Hamburger Hafen und Logistik AG and its significant subsidiaries. Subsidiaries are companies controlled by the Group. The Group is deemed to control a company if it has an exposure or right to fluctuating returns resulting from its involvement in the investee and if it can also use its power over the investee to affect these returns. In particular, the Group controls an investee if – and only if – all of the characteristics listed in IFRS 10.7 apply. Subsidiaries' Financial Statements are included in the Consolidated Financial Statements from the time when control begins until the time when control ends.

Non-controlling interests are valued at the time of acquisition using the relevant share of the acquired company's identifiable net assets. Changes in the Group's shareholding in a subsidiary which do not lead to a loss of control are recorded in the balance sheet as equity transactions.

Subsidiaries with Substantial Non-controlling Interests

Subsidiary	Headquarters	Segment	Equity stake	
			2015	2014
HHLA Container Terminal Altenwerder GmbH	Hamburg, Germany	Container	74.9 %	74.9 %
METRANS a.s.	Prague, Czech Republic	Intermodal	86.5 %	86.5 %

Financial Information about the Subsidiaries with Substantial Non-controlling Interests

	HHLA Container Terminal Altenwerder GmbH		METRANS a.s.	
in € thousand	2015	2014	2015	2014
Percentage of non-controlling interests	25.1 %	25.1 %	13.5 %	13.5 %
Non-current assets	91,621	101,428	234,262	198,061
Current assets	129,319	179,717	63,794	52,337
Non-current liablities	51,244	58,373	114,239	65,885
Current liabilities	91,751	144,696	33,911	51,944
Net assets	**77,945**	**78,076**	**149,906**	**132,569**
Book value of non-controlling interests	- 7,045	- 3,910	28,073	25,775
Revenue	227,182	260,755	217,583	217,438
Annual net profit	- 26	- 429	32,378	23,293
Other comprehensive income	- 104	- 522	0	0
Total comprehensive income	- 130	- 951	32,378	23,293
of which attributable to non-controlling interests	- 33	- 239	4,360	3,136
of which attributable to shareholders of the parent company	- 97	- 712	28,018	20,157
Cash flow from operating activities	78,797	108,819	50,684	26,282
Settlement obligation/intended dividend to holders of non-controlling interests	- 21,627	- 30,307	- 2,061	- 1,387

Interests in Joint Ventures

The Group holds interests in joint ventures. As per IFRS 11, a joint venture is subject to a joint contractual agreement between two or more parties to carry on an economic activity which is subject to joint control. Joint control is the contractually agreed division of managerial responsibilities for this arrangement. It only exists if the decisions associated with this business activity require the unanimous consent of the parties involved in joint management.

The HHLA Group holds more than half of the voting rights in the companies HHLA Frucht, STEIN and Hamburg Vessel Coordination Center (formerly: Feeder Logistik Zentrale), yet has no controlling influence as the companies are effectively jointly managed. This is due primarily to the equal representation of the essential corporate bodies (management and/or Supervisory Board).

Aggregate Financial Information about individually not material Joint Ventures

in € thousand	2015	2014
Group share of profit or loss	3,023	4,344
Group share of other comprehensive income	434	- 362
Group share of comprehensive income	3,457	3,982

No unrecorded losses relating to joint ventures were incurred either in the reporting year or on a cumulative basis.

Aggregate Book Value of Joint Ventures

in € thousand	31.12.2015	31.12.2014
Aggregate book value	9,303	8,749

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.

HHLA does not provide information on associated companies as per IFRS 12 because the relevant company is of minor importance overall for the Group as a whole. HHLA does not believe that this has a negative impact on the statement concerning the nature of interests in other companies and the associated risks. The effects of these interests on the HHLA Group's net assets, earnings and financial position are likewise insignificant.

Accounting for Interests in Joint Ventures and Associates

Interests in joint ventures and associates are accounted for using the equity method. With the equity method, the share in each joint ventures and/or associated company is first stated at acquisition cost. Instead of being amortised, any goodwill recognised within the carrying amount of the investment when it is reported in the balance sheet for the first time is subject to an impairment test for the entire carrying amount of the investment if there are any indications of possible impairment.

As from the acquisition date, HHLA's interest in the results of the joint venture or associated company is recorded in the consolidated income statement, while its interest in changes in equity is recorded directly in consolidated equity. These cumulative changes affect the carrying amount of the interest in the joint venture or 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 joint venture or associated company.

Significant results from transactions between HHLA and the joint venture or associated company are eliminated in proportion to the interest in the company.

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

In the first quarter of 2015, METRANS (Danubia) Kft., Gyor, Hungary, which is not included in HHLA's group of consolidated companies, acquired 100 % of the shares in both Univer Trans Kft, Budapest, Hungary, and Loacker Konténer Kft., Budapest, Hungary.

The real estate company Loacker Konténer Kft. was renamed METRANS Konténer Kft. in the second quarter of 2015. METRANS (Danubia) Kft. subsequently sold all of the shares in METRANS Konténer Kft. and all of the shares in Univer Trans Kft. to METRANS (Danubia) a.s., Dunajská Streda, Slovakia, which is part of HHLA's consolidated group.

Real Estate company METRANS Konténer Kft. was included in HHLA's Consolidated Financial Statements for the first time as of 30 June 2015.

There were no other significant acquisitions, disposals of shares in subsidiaries or changes to the group of consolidated companies.

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 € 8,157 thousand in the financial year (previous year: € 11,931 thousand). The decline in expenses (€ 8,207 thousand; previous year: € 11,338 thousand) was primarily due to the devaluation of the Ukrainian currency, which was not as pronounced as in the previous year. This lost around 27 % against the euro compared with 31 December 2014 (previous year: 42 % compared with 31 December 2013). At the same time, this reduced equity by € 11,530 thousand (previous year: € 31,413 thousand), which also had a negative impact on the HHLA Group's net assets, earnings and financial position.

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.

Foreign Currency Translation

		Spot rate = 1€		Average annual rate = 1€	
Currency	ISO code	31.12.2015	31.12.2014	2015	2014
Czech crown	CZK	27.023	27.735	27.302	27.546
Polish zloty	PLN	4.264	4.273	4.193	4.192
Ukrainian hryvnia	UAH	26.223	19.233	24.016	15.638
Georgian lari	GEL	2.617	2.266	2.513	2.345

5. Effects of New Accounting Standards

Revised and new IASB/IFRIC standards and interpretations that were mandatory for the first time in the financial year under review:

Standard	Content and Significance
IFRIC 21 Levies	The interpretation published in May 2013 clarifies when a company should recognise a liability to pay a levy imposed by the respective authorities. The interpretation is mandatory for financial years beginning on or after 17 June 2014. The HHLA Group holds significant property and is therefore subject to property tax, a levy within the meaning of IFRIC 21. The test to determine whether and when a liability must be recognised for property tax did not have any impact on HHLA's Consolidated Financial Statements. There is no obligation to pay property tax as of the reporting date since the financial year corresponds to the calendar year.
Improvements to IFRS 2011–2013 Cycle	The annual round of improvements published in December 2013 affects the following standards: IFRS 1 First-time Adoption of IFRS, IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property. The amendments apply to reporting years which begin on or after 1 July 2014. IFRS 3, IFRS 13 and IAS 40 were adopted into European law with Commission Regulation No 2014/1361 of 18 December 2014. These were therefore applied by HHLA in financial year 2015; there was no effect on the Consolidated Financial Statements.

Amendments to standards that can be applied on a voluntary basis for the financial year under review that were not adopted by HHLA:

Standard	Content and Significance
Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	In May 2014, the IASB approved amendments to IFRS 11 Joint Arrangements. The amendments include clarification of how the acquisition of interests in a joint operation should be reported in the balance sheet. These amendments should be taken into account for financial years beginning on or after 1 January 2016. Early adoption is permitted. The impact on HHLA's Consolidated Financial Statements is currently being examined.
Amendments to IAS 1 Disclosure Initiative	The standard published in December 2014 clarifies how to exercise discretion in the presentation of financial statements. The amendments take effect for financial years that begin on or after 1 January 2016. Early adoption is permitted. The impact of these amendments on HHLA's Consolidated Financial Statements is currently being examined.
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	The IASB approved amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets on 12 May 2014. The amendments provide guidance on which methods of depreciation and amortisation can be used for property, plant and equipment and intangible assets. EC Regulation 2015/2231 provides for application in financial years beginning on or after 1 January 2016. These clarifications have no impact on HHLA's Consolidated Financial Statements.
Amendments to IAS 19 Defined Benefit Plans: Employee Contributions	The amendments published in November 2013 clarify a number of requirements laid out in IAS 19. The company will continue to deduct contributions paid by employees themselves or third parties for benefit plans offered by the company from the service cost in the future. This only applies if there is no link between the amount of the contributions and the employee's years of service. The amendments can be applied to financial years beginning on or after 1 July 2014. According to Commission Regulation 2015/29 from 17 December 2014, the amendments must be applied to financial years beginning on or after 1 February 2015. This clarification will not have any impact on HHLA's Consolidated Financial Statements.
Improvements to IFRS 2010–2012 Cycle	The annual round of improvements published in December 2013 affects 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. The amendments take effect for financial years that begin on or after 1 July 2014. Commission Regulation 2015/28 stipulates that IFRS 2, 3 and 8 as well as IAS 24 must be applied to financial years beginning on or after 1 February 2015. HHLA does not anticipate any significant effects for the Consolidated Financial Statements.
Improvements to IFRS 2012–2014 Cycle	The IASB published the 2012–2014 round of improvements on 24 September 2014, which affects to the following standards: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting. The amendments apply to reporting years which begin on or after 1 January 2016. They were adopted by the EU in Regulation 2015/2343, with provides for mandatory application in financial years beginning on or after 1 January 2016. These improvements will not have any impact on HHLA's Consolidated Financial Statements.

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

Standard	Content and Significance
IFRS 9 Financial Instruments	IFRS 9 Financial Instruments was finalised by the IASB in July 2014. This standard aims to simplify the requirements for reporting financial instruments in the balance sheet. Adoption is expected to be mandatory for financial years which begin on or after 1 January 2018. Early adoption is permitted. The impact of IFRS 9 on HHLA's Consolidated Financial Statements is currently being examined.
IFRS 15 Revenue from Contracts with Customers	The IASB adopted the IFRS 15 standard, Revenue from Contracts with Customers, in May 2014. This stipulates the amount and timing of revenue reporting and what information must be disclosed. It replaces the existing guidelines on revenue recognition, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The amendment to IFRS 15 published in September 2015 postponed the effective date from 1 January 2017 to financial years beginning on or after 1 January 2018, subject to adoption into EU law. As a general rule, initial application is retrospective, although various simplification options are available; early adoption is still permitted. The HHLA Group cannot yet conclusively determine the effects of the initial application of the standard.
IFRS 16 Leases	The IASB published IFRS 16 Leases in January 2016. This standard supersedes the previously valid IAS 17 Leases and introduces significant accounting changes for lessees. As a general rule, all leases must now be recognised using the right of use approach. Under IFRS 16, lessors will continue to classify leases as operating or finance in line with IAS 17. The new rules aim to help improve the transparency of financial reporting and break down existing information imbalances. The effective date is 1 January 2019. Earlier adoption is permitted if IFRS 15 Revenue from Contracts with Customers is already applied. The HHLA Group cannot yet conclusively determine the effects of the initial application of the standard.
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The IASB approved amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in September 2014. These clarify how unrealised gains from transactions between an investor and a joint venture or an associate should be reported. The EFRAG announced in February 2015 that the process of endorsing these amendments had been suspended for the time being because inconsistencies had been identified between the amended standard and the existing IAS 28. The effective date – previously 1 January 2016 – has been postponed indefinitely until the inconsistencies have been resolved.

Standards and interpretations that have no relevance for HHLA's Consolidated Financial Statements:

Standard	Content and Significance
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
IFRS 14	Regulatory Deferral Accounts
Amendments to IAS 27	Equity Method in Separate Financial Statements

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 reviews the underlying amortisation methods and the useful lives of its intangible assets with a finite useful life as of each balance sheet date.

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 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.

Useful Life of Intangible Assets

in years	2015	2014
Software	3 – 7	3 – 7

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

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.

Useful Life of Property, Plant and Equipment

in years	2015	2014
Buildings	10 – 70	10 – 70
Technical equipment and machinery	5 – 25	5 – 25
Other plant, operating and office equipment	3 – 15	3 – 15

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 the investment property's value in use. The useful lives applied are the same as those for property, plant and equipment used by the Group.

The fair values of these properties are disclosed separately in ▶ Note 24, page 111.

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 is ascertained as the higher of the fair value of the asset 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 5.0 and 6.3 % p. a. (previous year: 5.1 to 6.5 % p. a.). The discount rate used for CGU SC HPC Ukraina in the reporting year was 19.4 % p. a. (previous year: 19.7 % p. a.). Future cash flows are calculated on the basis of the cash flow forecasts in the Group's current plans for the next five years. If new information is available when the Financial Statements are produced, it is taken into account. Growth factors of 1.0 % (previous year: 1.0 %) were applied in the reporting year. 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 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 valued as of their settlement date, i.e. upon delivery and transfer of risk. The only exception is the valuation of derivatives, which are measured as of the trading day.

Financial Assets 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 are reported 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 are cash in hand, cheques, bank balances on deposit and short-term bank deposits which have a maturity of up to twelve 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 with fixed or calculable payments and fixed maturities are classified as held-to-maturity financial investments if the Group intends to hold them until maturity and is capable of doing so. The Group had no held-to-maturity financial investments during the financial years ended 31 December 2015 and 2014.

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 reversal of the impairment loss is recognised in profit and loss if the carrying amount of the asset at the time of the reversal 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 the income statement. Reversals of impairment losses on equity instruments classified as available for sale are recorded directly in equity. Impairment of debt instruments is reversed 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, 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.

Throughput-Dependent Share of Earnings Attributable to Non-Controlling Interests
Background
In the 2010 financial year, profit and loss transfer agreements were signed between the subsidiaries HHLA Container-Terminal Altenwerder GmbH, Hamburg, (CTA) and HHLA CTA Besitzgesellschaft mbH, Hamburg, (CTAB) on the one hand and HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg, (HHCT) on the other. In the profit and loss transfer agreements, HHCT pledges to pay a financial settlement to the non-controlling interest in the above-mentioned companies for the duration of the agreement. The amount of the financial settlement is based largely on earnings and the throughput handled. Should throughput reach a certain level, it is possible for the proportion of earnings allocated to the financial settlement to exceed the share which would result from the non-controlling shareholder's stake in the companies. The profit and loss transfer agreements have been concluded for a fixed term for the financial years 2010 to 2014 (i.e. regular termination is impossible). A contract duration of five years was therefore assumed. Unless the profit and loss transfer agreement is terminated, it will be extended for a further year at the end of this period. CTA merged with CTAB with retroactive effect as of 1 January 2014 based on a merger agreement dated 5 August 2014. As a result, there is now just one profit and loss transfer agreement.

Classification as a Compound Financial Instrument
As profit and loss transfer agreements have been concluded, the interest held by the non-controlling shareholder is classified as a compound financial instrument as per IAS 32.28 because it contains both debt and equity components. These components must be split and entered as either equity or borrowed capital depending on their classification.

Initial Measurement
When it was first entered in 2010, the amount of equity to be to reported for the non-controlling interests was calculated by deducting the fair value of the debt component. The fair value of the debt component in the form of these financial settlements was established by discounting the anticipated resulting cash outflows during the five-year term of the profit and loss transfer agreement.

When this debt component was first recorded under other financial liabilities Note 38, it was recognised directly in equity and reduced non-controlling interests within equity as a result Note 35.

From the 2014 financial year onwards, extending the profit and loss transfer agreement gives rise to an obligation to pay a financial settlement for the following year. The profit and loss transfer agreement was not terminated in 2015. This means the company has a further obligation to pay a financial settlement for the 2016 financial year. This obligation must also be reported at fair value directly in equity within other financial liabilities by discounting the anticipated cash outflows in the year under review. It reduces non-controlling interests within equity accordingly.

Subsequent Measurement

From 2011 onwards, other financial liabilities arising from the obligation to pay this financial settlement are recorded in the balance sheet at amortised cost. Changes resulting from the expected cash outflows are recognised in profit and loss. The changes result from adjustments to reflect the actual shares in the CTA Group's earnings and changes in the anticipated future development of the CTA Group. Furthermore, the remaining term of the profit and loss transfer agreement was shortened by one year from 2011 onwards. As of 2013, the liability recognised shows the Group's payment obligation for the financial year ended and the present value of the anticipated payment obligation for the following year. Obligations are discounted using an interest rate of 7.70 %. Every year from the 2014 financial year onwards, a discount rate is defined for the recognition of the expected current financial settlement. An interest rate of 5.70 % is used for recognising the expected financial settlement for the 2016 financial year (previous year: 5.93 % for 2015). The amount reported through profit and loss is recorded in financial income Note 16 and only impacts non-controlling interests in the CTA Group.

Development in Non-controlling Interests Held in the CTA Group

in € thousand

As of 31 December 2009 prior to conclusion of the profit and loss transfer agreement	**44,617**
As of 31 December 2013	**- 8,777**
Actual share in the CTA Group's earnings for 2014	30,307
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	- 2,571
Other adjustments	- 287
Comprehensive income reported in equity	27,449
Reclassification of the settlement obligation for 2015 to other financial obligations	- 22,432
As of 31 December 2014, taking actual share of earnings and adjustments to settlement obligation into account	**- 3,760**
Actual share in the CTA Group's earnings for 2015	21,627
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	804
Other adjustments	- 25
Comprehensive income reported in equity	22,406
Reclassification of the settlement obligation for 2016 to other financial obligations	- 25,534
As of 31 December 2015, taking actual share of earnings and adjustments to settlement obligation into account	**- 6,888**

Development in Other Financial Liabilities Arising from Settlement Obligations

in € thousand

As of 31 December 2013	**58,380**
Payment of actual share of earnings for 2013	- 30,645
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	2,571
Reclassification of settlement obligation for 2015 from non-controlling interests	22,432
As of 31 December 2014 with continuation of settlement obligation	**52,738**
Payment of actual share of earnings for 2014	- 30,307
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	- 804
Reclassification of settlement obligation for 2016 from non-controlling interests	25,534
As of 31 December 2015 with continuation of settlement obligation	**47,161**

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 recognising 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 19 (revised 2011) using the projected unit credit method. Actuarial gains and losses are taken directly to equity and recognised in other comprehensive income, after accounting for deferred taxes. Service expense affecting net income is recognised in personnel expenses and the interest proportion of the addition to provisions is recognised 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 and in accordance with IAS 19 (revised 2011), provisions for supplementary amounts have only been accrued pro rata over the required service period, which regularly ends when the passive phase begins.

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 through 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 the income statement 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 subsidies 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 based on 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 remeasured 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 into account 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 recognised in equity are recognised in profit and loss for the period. If the hedging instrument expires, or is sold, terminated or exercised, or rolled over into another hedging instrument, or if the Group withdraws the designation as a hedging instrument, the amounts previously recognised in 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, page 90. 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 could be incurred as a result. As of the end of the financial year, the carrying value of the goodwill reported was € 38,933 thousand (previous year: € 38,933 thousand). For more information, please refer to ▶ Note 22, page 107.

Internal Development Activities

These activities relate to the development of software within the Group, which is 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 the end of the financial year, the carrying amount of intangible assets resulting from internal development activities came to € 16,622 thousand (previous year: € 21,099 thousand). For more information, please refer to ▶ Note 22, page 107.

Investment Property

The fair value of investment property must be disclosed 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 2015, the carrying amount came to € 190,603 thousand (previous year: € 199,196 thousand). Detailed information is available in ▶ Note 24, page 111.

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 the end of the financial year, the present value of the company's pension obligations was € 415,608 thousand (previous year: € 443,558 thousand). More detailed information is available in ▶ Note 36, page 118.

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. 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 in the

Speicherstadt historical warehouse district. The calculations are based on assumptions concerning the amount of demolition work necessary, interest rates and inflation. As of the end of the financial year, the present value of these obligations was € 58,927 thousand (previous year: € 57,777 thousand). For more information, please refer to ▶ Note 37, page 123.

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 the end of the financial year, the present value of these obligations was € 1,726 thousand (previous year: € 44 thousand). For more information, please refer to ▶ Note 37, page 123.

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 exist because HHLA has concluded a profit and loss transfer agreement with a subsidiary which entitles non-controlling interests to receive financial settlements. See ▶ Note 6, page 90. The parameters used to calculate this amount are subject to significant uncertainties which can cause figures to fluctuate accordingly. As of the end of the financial year, the present value of this obligation was € 47,161 thousand (previous year: € 52,738 thousand). For more detailed explanations, please refer to ▶ Note 38, page 124.

Calculating Fair Value

The fair value measured for financial and non-financial assets and liabilities is regularly reviewed by the Group.

The Group also regularly reviews key unobservable input factors and valuation adjustments. When the fair value of an asset or liability is calculated, the Group uses observable market data whenever possible. Based on the input factors used during valuation, the fair values calculated are classified as belonging to different levels of the fair value hierarchy:

- Level 1: Listed prices (non-adjusted) on active markets for identical assets or 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. at 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 measure the fair value of the various assets and liabilities, please see ▶ Note 24, page 111 and ▶ Note 47, page 135.

Notes to the Income Statement

8. Revenue

Detailed information about revenue can be found in the Segment Report and in the Notes to the Segment Report under ▶ Note 44, page 129.

9. Changes in Inventories

Changes in Inventories

in € thousand	2015	2014
	- 1,417	- 22

Changes in inventories relate to changes in the inventories of finished products and merchandise, as well as service work in progress.

10. Own Work Capitalised

Own work capitalised results mainly from technical work capitalised in the course of construction work and development activities.

Own Work Capitalised

in € thousand	2015	2014
	9,331	7,877

11. Other Operating Income

Other Operating Income

in € thousand	2015	2014
Income from reimbursements	6,993	8,113
Income from other accounting periods	6,679	8,197
Income from reversal of other provisions	5,843	1,549
Proceeds on disposal of property, plant and equipment	3,250	239
Income from compensation	3,124	1,524
Income from exchange rate differences	2,274	1,468
Other	13,075	12,473
	41,238	33,563

Income from reimbursements related primarily to costs which were passed on in connection with leases.

Income from other accounting periods includes income from reversal of other liabilities from previous periods.

Provisions reversed in the reporting period were mainly due to provisions for legal fees and litigation expenses, as well as for insurance excesses.

Proceeds on the disposal of property, plant and equipment was largely generated by the sale of non-current assets in the Intermodal segment.

Other operating income includes income from outsourcing of personnel of € 4,004 thousand (previous year: € 3,452 thousand).

12. Cost of Materials

Cost of Materials

in € thousand	2015	2014
Raw materials, consumables and supplies	90,106	93,077
Purchased service	271,594	303,578
	361,700	396,655

The expenses for purchased services mainly consist of rail services purchased by the Intermodal segment. These expenses were reduced by the expansion of the company's own traction since the beginning of 2015 with the acquisition of additional locomotives.

13. Personnel Expenses

Personnel Expenses

in € thousand	2015	2014
Wages and salaries	294,508	281,209
Social security contributions and benefits	53,724	52,478
Staff deployment	46,838	62,892
Service expense	5,881	4,718
Other retirement benefit expenses	624	377
	401,575	401,674

The direct remuneration paid to members of the Executive Board totalled € 2,925 thousand for the financial year 2015 (previous year: € 2,959 thousand). See ▶ Note 48, page 141 for more details on the remuneration paid to the Executive Board and the Supervisory Board.

Social security contributions include payments towards the public pension scheme amounting to € 26,005 thousand (previous year: € 26,046 thousand) and payments to the German pension insurance scheme. There were no significant expenses from the termination of employment in the year under review (previous year: € 1,531 thousand).

Service expense includes payments from defined benefit pension commitments and similar obligations.

Average Number of Employees

	2015	2014
Fully consolidated companies		
Employees receiving wages	2,646	2,509
Salaried staff	2,554	2,462
Trainees	116	130
	5,316	5,101

14. Other Operating Expenses

Other Operating Expenses

in € thousand	2015	2014
Leasing	53,350	51,506
External maintenance services	36,592	35,725
Consultancy, services, insurance and auditing expenses	32,820	30,407
Travel expenses, advertising and promotional costs	3,107	2,726
Expenses from exchange rate differences	2,471	2,566
Other personnel expenses	2,083	1,791
External and internal cleaning costs	2,043	2,167
Expenses from other accounting periods	1,701	3,709
Other taxes	1,685	2,096
Postage and telecommunications costs	1,559	1,573
Venture expenses	1,528	2,016
Losses on the disposal of property, plant and equipment	527	1,880
Other	6,832	10,354
	146,298	148,516

Further information on leasing expenses can be found in ▶ Note 45, page 132.

In the previous year, other expenses included balance sheet provisions for legal risks associated with pending proceedings in the amount of € 5 million. ▶ see Note 37, page 123

15. Depreciation and Amortisation

Depreciation and Amortisation

in € thousand	2015	2014
Intangible assets	12,636	11,245
Property, plant and equipment	93,107	97,284
Assets classified as finance lease	9,830	7,326
Investment property	9,285	9,031
	124,858	124,886

A classification of the depreciation and amortisation by asset category is shown in the fixed asset movement schedule. Impairment losses totalling € 2,981 thousand (previous year: € 1,240 thousand) were recognised in the reporting year. ▶ see Note 23, page 108

16. Financial Result

Financial Result

in € thousand	2015	2014
Earnings from associates accounted for using the equity method	3,728	5,260
Income from exchange rate differences	13,800	11,104
Interest income from non-affiliated companies and non-consolidated affiliated companies	1,333	1,013
Income from adjustment of settlement obligations to shareholders with non-controlling interests	804	0
Interest income from bank balances	414	663
Interest income from plan assets for working lifetime accounts	230	435
Income from interest rate hedges	155	246
Interest income	16,736	13,461
Expenses from exchange rate differences	21,761	21,937
Interest expenses on bank borrowing	8,710	8,059
Interest portion of pension provisions	7,849	12,836
Interest included in lease payments	5,550	4,956
Interest expenses to non-affiliated companies and non-consolidated affiliated companies	4,059	5,418
Interest portion of other provisions	1,762	2,131
Expenses from interest rate hedges	411	549
Expenses from the adjustment of settlement obligations to shareholders with non-controlling interests	0	2,571
Interest expenses	50,102	58,459
Net interest income	- 33,366	- 44,998
Income from other equity investments	944	544
Other financial result	944	544
	- 28,694	- 39,194

Earnings from companies accounted for using the equity method relate to the pro rata annual earnings of the joint ventures and associates. ▶ see also Note 25, page 112

Income and expenses from exchange rate differences in both the reporting period and the previous year are mainly due to the performance of the Ukrainian hryvnia.

Please refer to ▶ Note 6, page 90 for details of income from the adjustment of settlement obligations to non-controlling interests, which totalled € 804 thousand (previous year: expenses of € 2,571 thousand).

17. Research Costs

Research costs of € 71 thousand (previous year: € 656 thousand) were incurred in the 2015 financial year. 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 does not reduce the amount of a company's profits on which corporation tax is payable.

Components of Income Tax Expenses

Deferred taxes and current income tax in € thousand	2015	2014
Deferred taxes on temporary differences	- 1,948	- 3,830
Of which Domestic	- 1,510	- 3,181
Of which Foreign	- 438	- 649
Deferred taxes on losses carried forward	- 71	- 291
Of which Domestic	0	- 297
Of which Foreign	- 71	6
Total deferred taxes	- 2,019	- 4,121
Current income tax expense	34,021	43,659
Of which Domestic	21,138	36,700
Of which Foreign	12,883	6,959
Income tax expense recognised in the income statement	32,002	39,538

Current income tax expenses include tax income from other accounting periods amounting to € 67 thousand (previous year: € 544 thousand).

Deferred tax assets and liabilities result from temporary differences and tax loss carry-forwards.

Deferred Taxes

	Deferred tax assets		Deferred tax liabilities	
in € thousand	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Intangible assets	0	0	1,662	1,539
Property, plant and equipment and finance leases	0	0	9,903	13,481
Investment property	0	0	10,761	13,785
Financial assets	0	0	1,258	258
Inventories	317	54	0	0
Receivables and other assets	395	1,943	434	1,531
Pension and other provisions	67,405	78,421	2,181	3,065
Liabilities	6,540	4,259	6,034	2,462
Tax losses carried forward	26	97	0	0
	74,683	84,774	32,233	36,121
Netted amounts	- 13,287	- 21,217	- 13,287	- 21,217
	61,396	63,558	18,946	14,904

Reconciliation between the Income Tax Expenses and Hypothetical Tax Expenses based on the IFRS Result and the Group's Applicable Tax Rate

in € thousand	2015	2014
Profit after tax	127,845	130,094
Income tax expense at hypothetical income tax rate of 32.28 % (previous year: 32.28 %)	41,268	41,994
Tax income (-), tax expenses (+) for prior years	- 288	- 1,311
Tax-free income	- 1,011	- 1,677
Non-deductible expenses	919	2,495
Trade tax additions and reductions	1,245	1,428
Permanent differences	- 247	929
Differences in tax rates	- 9,302	- 3,996
Impairment losses in deferred tax assets	952	745
Other tax effects	- 1,534	- 1,069
Actual income tax expenses	32,002	39,538

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 2015 and 2014. This is made up of corporation tax at 15.0 %, solidarity surcharge of 5.5 % of the corporation tax, and the trade tax payable in Hamburg of 16.45 %. Limited partnerships are also liable for trade tax. Due to special rules, property management companies generally do not pay trade tax. Due to rules on minimum taxation, tax loss carry-forwards are only partially usable in Germany. 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 no domestic corporation tax loss carry-forwards, no domestic trade tax loss carry-forwards, and foreign tax loss carry-forwards of € 135 thousand (previous year: € 512 thousand), for which deferred taxes in the amount of € 26 thousand (previous year: € 97 thousand) have been capitalised. No deferred tax assets are recognised for domestic corporation tax loss carry-forwards of € 5,392 thousand (previous year: € 4,447 thousand), domestic trade tax loss carry-forwards of € 3,632 thousand (previous year: € 3,399 thousand) and foreign tax loss carry-forwards of € 13,811 thousand (previous year: € 9,802 thousand). Under current legislation, the tax losses can be carried forward in Germany without restriction.

Deferred tax assets of € 12,405 thousand (previous year: € 20,355 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.

Deferred Taxes recognised in the Statement of Comprehensive Income

	Gross		Taxes		Net	
in € thousand	2015	2014	2015	2014	2015	2014
Actuarial gains/losses	25,149	- 79,130	- 7,833	25,129	17,316	- 54,001
Cash flow hedges	381	299	- 130	98	251	397
Unrealised gains/losses on available-for-sale financial assets	- 11	121	12	- 12	1	109
	25,519	- 78,710	- 7,951	25,215	17,568	- 53,495

19. Share of Results Attributable to Non-Controlling Interests

Profits due to non-controlling interests in the amount of € 29,165 thousand (previous year: € 31,646 thousand) primarily relate to non-controlling interests in CTA. Their share of earnings decreased year-on-year due to the CTA Group's lower actual results. This was partially offset by interest income from the measurement of the settlement obligation attributable to the co-partner (previous year: interest expense), which increased the share of earnings (previous year: reduced).

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.

Basic earnings per share in €

	Group		Port Logistics Subgroup		Real Estate Subgroup	
	2015	2014	2015	2014	2015	2014
Share of consolidated net profit attributable to shareholders of the parent company in € thousand	66,678	58,910	58,935	52,251	7,743	6,659
Number of common shares in circulation	72,753,334	72,753,334	70,048,834	70,048,834	2,704,500	2,704,500
	0.92	0.81	0.84	0.75	2.86	2.46

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.

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 11 June 2015 to distribute a dividend of € 40,482 thousand to holders of common shares in the reporting year for the 2014 financial year (previous year: € 34,903 thousand). 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 € 0.52 per Class A share and € 1.50 per Class S share. The remaining undistributed profit was carried forward to new account.

In 2016, dividends per share of € 0.59 for the Port Logistics subgroup and € 1.75 for the Real Estate subgroup are due to be paid. Based on the number of dividend-entitled shares as of 31 December 2015, this is equivalent to a distribution of € 41,329 thousand for the Port Logistics subgroup and of € 4,733 thousand for the Real Estate subgroup.

Notes to the Balance Sheet

22. Intangible Assets

Development of Intangible Assets

in € thousand	Goodwill	Software	Internally developed software	Other intangible assets	Payments made on account	Total
Carrying amount as of 1 January 2014	38,687	16,654	23,490	0	2,708	81,539
Acquisition or production cost						
1 January 2014	46,869	61,581	41,211	1,404	2,708	153,773
Additions	245	2,400	3,369		2,295	8,309
Disposals		- 859	- 363		- 10	- 1,232
Reclassifications		341	1,519		- 1,860	0
Changes in scope of consolidation/ consolidation method		4				4
Effects of changes in exchange rates	- 25	- 1,247				- 1,272
31 December 2014	47,089	62,220	45,736	1,404	3,133	159,582
Accumulated depreciation, amortisation and impairment						
1 January 2014	8,182	44,927	17,721	1,404	0	72,234
Additions		4,252	6,993			11,245
Disposals		- 822	- 77			- 899
Reclassifications						0
Changes in scope of consolidation/ consolidation method		2				2
Effects of changes in exchange rates	- 25	- 818				- 843
31 December 2014	8,157	47,541	24,637	1,404	0	81,739
Carrying amount as of 31 December 2014	38,933	14,679	21,099	0	3,133	77,844
Carrying amount as of 1 January 2015	38,933	14,679	21,099	0	3,133	77,844
Acquisition or production cost						
1 January 2015	47,089	62,220	45,736	1,404	3,133	159,582
Additions		1,858	1,820		5,135	8,814
Disposals		- 659				- 659
Reclassifications		1,064	1,431		- 2,463	32
Changes in scope of consolidation/ consolidation method						0
Effects of changes in exchange rates	58	- 547		- 1		- 490
31 December 2015	47,147	63,936	48,987	1,403	5,805	167,279
Accumulated depreciation, amortisation and impairment						
1 January 2015	8,157	47,541	24,637	1,404	0	81,739
Additions		4,908	7,728			12,636
Disposals		- 659				- 659
Reclassifications						0
Changes in scope of consolidations/ consolidation method						0
Effects of changes in exchange rates	58	- 345		- 1		- 288
31 December 2015	8,215	51,445	32,365	1,403	0	93,428
Carrying amount as of 31 December 2015	38,933	12,491	16,622	0	5,805	73,851

Of the goodwill reported for the Container segment as of the balance sheet date, € 35,525 thousand is attributable to the cash-generating unit (CGU) CTT/Rosshafen and € 1,893 thousand is attributable to the CGU HCCR. The CGU CTT/Rosshafen's goodwill of € 30,929 was generated by the acquisition of all the shares in HHLA Rosshafen Terminal GmbH, Hamburg, in 2006. This goodwill is primarily derived from additional strategic options to expand the Group's handling activities at the sites let by the company.

Carrying Amounts for Goodwill by Segments

in € thousand	31.12.2015	31.12.2014
Container	37,418	37,418
Intermodal and Other	1,515	1,515
	38,933	38,933

23. Property, Plant and Equipment

Development of 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 2014	**416,800**	**278,567**	**160,840**	**106,048**	**962,255**
Acquisition or production cost					
1 January 2014	707,480	709,001	409,183	106,048	1,931,712
Additions	21,468	18,674	14,279	64,445	118,866
Disposals	- 4,960	- 1,459	- 5,397	- 630	- 12,446
Reclassifications	44,249	44,844	34,580	- 123,673	0
Changes in scope of consolidation/consolidation method		738	51		789
Effects of changes in exchange rates	- 10,447	- 14,756	- 1,487	- 18,007	- 44,697
31 December 2014	**757,790**	**757,042**	**451,209**	**28,183**	**1,994,224**
Accumulated depreciation, amortisation and impairment					
1 January 2014	290,680	430,434	248,343	0	969,457
Additions	31,195	43,035	30,380		104,610
Disposals	- 3,407	- 927	- 5,303		- 9,638
Reclassifications					0
Appreciations					0
Changes in scope of consolidation/consolidation method		66	- 44		22
Effects of changes in exchange rates	- 1,228	- 6,026	- 991		- 8,244
31 December 2014	**317,240**	**466,582**	**272,386**	**0**	**1,056,208**
Carrying amount as of 31 December 2014	**440,550**	**290,460**	**178,823**	**28,183**	**938,016**
Carrying amount as of 1 January 2015	**440,550**	**290,460**	**178,823**	**28,183**	**938,016**
Acquisition or production cost					
1 January 2015	757,790	757,042	451,209	28,183	1,994,224
Additions	11,101	4,722	35,713	70,086	121,623
Disposals	- 12,879	- 710	- 19,065	- 380	- 33,034
Reclassifications	5,307	198	17,917	- 23,454	- 32
Changes in scope of consolidation/consolidation method	12,459	1		1,770	14,230
Effects of changes in exchange rates	- 9,048	- 7,412	- 524	- 28	- 17,012
31 December 2015	**764,731**	**753,841**	**485,251**	**76,177**	**2,080,000**

in € thousand	Land and buildings	Technical equipment and machinery	Other plant, operating and office equipment	Payments on account and plants under construction	Total
Accumulated depreciation, amortisation and impairment					
1 January 2015	317,240	466,582	272,386	0	1,056,208
Additions	30,160	40,120	32,656		102,936
Disposals	- 5,899	- 547	- 15,659		- 22,105
Reclassifications					0
Appreciations	- 583		- 36		- 620
Changes to scope of consolidation/consolidation method	37				37
Effects of changes in exchange rates	- 642	- 2,482	- 394		- 3,519
31 December 2015	340,312	503,672	288,953	0	1,132,937
Carrying amount as of 31 December 2015	424,419	250,169	196,298	76,177	947,063

The additions to assets are largely the result of the expansion of container terminals in Hamburg and the acquisition of locomotives by the HHLA subsidiary METRANS.

Disposals in the financial year under review mainly relate to the sale of land in Poland.

The changes to the consolidated group primarily concern METRANS Konténer Kft, which was included in the Consolidated Financial Statements for the first time as of 30 June 2015.

The negative effects of changes in exchange rates arose chiefly in connection with the devaluation of the Ukrainian currency.

Depreciation and impairment of property, plant and equipment included impairment losses of € 2,981 thousand on land and buildings as well as on other plant, operating and office equipment. The prior-year figure (€ 1,240 thousand) related to servers and handling equipment.

Buildings, surfacing and movable non-current assets with a carrying amount of € 4,207 thousand (previous year: € 6,869 thousand) have been pledged as 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, page 132.

As of the balance sheet date, the Group had obligations of € 87,978 thousand (previous year: € 52,440 thousand) from purchase commitments attributable to investments in property, plant and equipment.

Development of Property, Plant and Equipment includes Assets which are Classified as Finance Lease

in € thousand	Land and buildings	Technical equipment and machinery	Other plant, operating and office equipment	Total
Carrying amount as of 1 January 2014	102,890	1,176	16,553	120,619
Acquisition or production cost				
1 January 2014	108,946	6,305	33,976	149,228
Additions		1,082	2,827	3,908
Disposals		- 26	- 1,141	- 1,167
Reclassifications			31,897	31,897
Changes in scope of consolidation		738		738
Effects of changes in exchange rates	- 490	- 182	- 13	- 684
31 December 2014	108,456	7,917	67,546	183,920
Accumulated depreciation, amortisation and impairment				
1 January 2014	6,056	5,129	17,422	28,609
Additions	2,195	504	4,627	7,326
Disposals		- 17	- 1,122	- 1,139
Reclassifications			- 42	- 42
Changes in scope of consolidation/consolidation method		66		66
Effects of changes in exchange rates	- 38	- 149	- 4	- 191
31 December 2014	8,213	5,533	20,882	34,629
Carrying amount as of 31 December 2014	100,243	2,384	46,664	149,291
Carrying amount as of 1 January 2015	100,243	2,384	46,664	149,291
Acquisition or production cost				
1 January 2015	108,456	7,917	67,546	183,920
Additions		268	3,488	3,756
Disposals		- 30	- 12,012	- 12,042
Reclassifications			- 12,090	- 12,090
Changes in scope of consolidation		1		1
Effects of changes in exchange rates	- 176	14	30	- 132
31 December 2015	108,281	8,171	46,962	163,414
Accumulated depreciation, amortisation and impairment				
1 January 2015	8,213	5,533	20,882	34,629
Additions	2,185	827	6,818	9,830
Disposals		- 8	- 8,868	- 8,876
Reclassifications			- 10,509	- 10,509
Changes in scope of consolidation/consolidation method				0
Effects of changes in exchange rates	- 19	2	11	- 6
31 December 2015	10,380	6,354	8,334	25,067
Carrying amount as of 31 December 2015	97,901	1,818	38,628	138,347

24. Investment Property

Development of Investment Property

in € thousand	Investment property	Payments on account and plants under construction	Total
Carrying amount as of 1 January 2014	172,552	11,704	184,256
Acquisition or production cost			
1 January 2014	287,266	11,704	298,970
Additions	24,066	120	24,186
Disposals	- 230		- 230
Reclassifications	11,655	- 11,655	0
31 December 2014	322,758	169	322,927
Accumulated depreciation, amortisation and impairment			
1 January 2014	114,714	0	114,714
Additions	9,031		9,031
Disposals	- 14		- 14
Reclassifications			0
31 December 2014	123,731	0	123,731
Carrying amount as of 31 December 2014	199,026	169	199,196
Carrying amount as of 1 January 2015	199,026	169	199,196
Acquisition or production cost			
1 January 2015	322,758	169	322,927
Additions	180	634	815
Disposals	- 30	- 97	- 127
Reclassifications	0	0	0
31 December 2015	322,909	706	323,615
Accumulated depreciation, amortisation and impairment			
1 January 2015	123,731	0	123,731
Additions	9,285	0	9,285
Disposals	- 4	0	- 4
Write-backs	0	0	0
31 December 2015	133,012	0	133,012
Carrying amount as of 31 December 2015	189,897	706	190,603

The properties held as investment property are mainly warehouses converted to office space and other commercial real estate in Hamburg's Speicherstadt historical warehouse district as well as logistics warehouses and surfaced areas.

The addition to investment property in the previous year was due to the completion and handover of a hotel complex.

Rental income from investment property at the end of the financial year was € 51,022 thousand (previous year: € 46,287 thousand). The direct operating expenses for investment property amounted to € 14,867 thousand (previous year: € 16,631 thousand) at the end of the reporting year.

Fair value is calculated and measured annually by HHLA's Real Estate segment. The associated inputs are classified as Level 3 in the fair value hierarchy, see ▶ Note 7, page 98.

Fair Value Reconciliation

in € thousand	2015
As of 1 January	521,005
Change in fair value (not realised)	63,207
As of 31 December	584,212

The valuation method used to measure 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. This method is based on 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, management and maintenance costs	operating, management and maintenance costs were lower (higher)
	discount rate (4.54 to 7.82 % 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, page 132.

25. Associates Accounted for Using the Equity Method

Interests in Associates Accounted for Using the Equity Method

in € thousand	31.12.2015	31.12.2014
Interests in joint ventures	9,303	8,749
Interest in associates companies	3,171	2,968
	12,474	11,717

Interests in joint ventures comprise Hansaport, HHLA Frucht, STEIN, ARS-UNIKAI, Kombi-Transeuropa and Hamburg Vessel Coordination Center (formerly: Feeder Logistik Zentrale). Interests in associates relate solely to the investments in CuxPort.

The interests reported are higher than in the previous year due to the earnings recorded in financial income for the various companies at equity – see ▶ Note 16, page 103 – less the dividends received.

26. Financial Assets

Financial Assets

in € thousand	31.12.2015	31.12.2014
Securities	3,871	3,910
Shares in affiliated companies	4,878	4,099
Other equity investments	349	355
Other financial assets	11,341	9,382
	20,439	**17,746**

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 19 (revised 2011). The securities portfolio recognised as plan assets in the financial year amounted to € 3,120 thousand (previous year: € 6,903 thousand), see ▶ Note 37, page 123. Before offsetting, this results in a securities portfolio of € 6,991 thousand (previous year: € 10,813 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 primarily comprise receivables from bank guarantees totalling € 3,347 thousand (previous year: € 2,998 thousand), receivables from a graduated rent amounting to € 3,905 thousand (previous year: € 2,954 thousand), receivables from relief funds totalling € 2,423 thousand (previous year: € 2,576 thousand) and receivables from HPA amounting to € 351 thousand (previous year: € 367 thousand).

27. Inventories

Inventories

in € thousand	31.12.2015	31.12.2014
Raw materials, consumables and supplies	20,073	20,100
Work in progress	1,719	2,645
Finished products and merchandise	791	1,281
	22,583	**24,026**

Impairment losses on inventories recognised as an expense amount to € 1,225 thousand (previous year: € 958 thousand). This expense is reported under cost of materials, see ▶ Note 12, page 101.

28. Trade Receivables

Trade Receivables

in € thousand	31.12.2015	31.12.2014
	128,130	140,221

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 the previous year 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, page 135.

29. Receivables from Related Parties

Receivables from Related Parties

in € thousand	31.12.2015	31.12.2014
Receivables from HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV)	43,906	23,406
Receivables from HHLA Frucht- und Kühl-Zentrum GmbH	4,915	6,467
Receivables from METRANS ISTANBUL STI	4,061	3
Receivables from Kombi-Transeuropa Terminal Hamburg GmbH (KTH)	2,286	1,459
Receivables from Free and Hanseatic City of Hamburg (FHH)	1,351	773
Receivables from Hamburg Port Authority (HPA)	349	552
Receivables from METRANS Danubia Kft.	1	2,032
Other receivables from related parties	1,646	1,510
	58,515	36,202

Receivables from HGV include € 43,900 thousand from existing cash clearing (previous year: € 23,400 thousand).

30. Other Financial Receivables

Other Financial Receivables

in € thousand	31.12.2015	31.12.2014
Current receivables from employees	1,234	1,338
Current reimbursement claims against insurers	365	18
Other	1,687	626
	3,286	1,982

31. Other Assets

Other Assets

in € thousand	31.12.2015	31.12.2014
Current tax credit	13,046	14,817
Payments on account	4,868	1,700
Other	10,901	7,272
	28,815	23,789

Current tax credits were lower than in the previous year. This was largely because value added tax receivables were down.

Payments on account relate among other things to prepayments of € 2,443 thousand (previous year: € 225 thousand) for flood protection work.

Miscellaneous other assets include receivables in the amount of € 3,394 thousand from the sale of moveable non-current assets in the Intermodal segment.

The other assets shown are not subject to any significant restrictions on title or use.

32. Income Tax Receivables

Income Tax Receivables

in € thousand	31.12.2015	31.12.2014
	8,644	1,568

Income tax receivables are attributable to tax receivables from advance tax payments.

33. Cash, Cash Equivalents and Short-Term Deposits

Cash, Cash Equivalents and Short-Term Deposits

in € thousand	31.12.2015	31.12.2014
Cash and cash equivalents with a maturity of up to 3 months	57,965	87,612
Short-term deposits with a maturity of 4–12 months	73,050	90,000
Bank balances and cash in hand	63,550	74,605
	194,565	252,217

Cash, cash equivalents and short-term deposits are made up of cash in hand and various bank balances in different currencies.

Cash of € 10,686 thousand (previous year: € 9,359 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 twelve months, depending on the Group's cash requirements. They attract interest at rates payable for short-term deposits. The interest rates for deposits in the eurozone were between 0.0 and 0.7 % in the financial year (previous year: 0.0 and 1.4 %). 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 € 1,207 thousand (previous year: € 3,637 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

There were no non-current assets held for sale either in the reporting period or in the previous year.

35. Equity

Changes in the individual components of equity for the 2015 and 2014 financial years are shown in the statements of changes in equity.

Subscribed Capital

As of the balance sheet date, HHLA's share 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 share capital on paper.

The share capital has been fully paid in.

In the course of the stock flotation on 2 November 2007, 22,000,000 Class A shares were placed on the market. This corresponds to a free float of approx. 30 % of HHLA's share capital.

As of the balance sheet date, the Free and Hanseatic City of Hamburg holds 69.58 % of the voting rights in HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg, including the voting rights in HHLA-Beteiligungsgesellschaft mbH, Hamburg, which was merged with HGV in the 2015 financial year.

Authorised Capital I

The Executive Board is authorised until 13 June 2017, with the consent of the Supervisory Board, to increase the company's share capital by up to € 35,024,417.00 by issuing up to 35,024,417 new registered Class A shares (no-par-value shares each with a nominal value of € 1.00) in return for cash deposits and/or contributions in kind on a one-off or repeated basis (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 in certain cases if:

a. it is necessary to do so in order to offset fractional amounts;

b. 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 shares 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 for Class A shares accounting for up to 20 % of the share capital attributable to Class A shares in conjunction with this authorisation (i.e. up to the amount of € 14,009,766.00);

c. 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 share 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 by 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 capital increases out of authorised capital I, in particular the additional rights embodied in a share certificate 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 share 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 share capital by up to € 1,352,250.00 by issuing up to 1,352,250 new registered Class S shares (no-par-value shares each with a nominal value of € 1.00) in return for cash deposits and/or contributions in kind on a one-off or repeated basis (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 capital increases out of authorised capital II, in particular the additional rights embodied in a share certificate 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 share 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 accounting for up to € 6,900,000.00 of the company's total share 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 share capital accounted for by Class A shares at the time of the resolution. 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 be used for any legally permissible purpose, except for 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 non-controlling interests and a reserve increase from an employee stock purchase plan.

At the reporting date, the HHLA Group had capital reserves of € 141,584 thousand (previous year: € 141,584 thousand).

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).

Measurement differences between HGB and IFRS resulting from this separation of divisions in the amount of € 4.5 million were recognised directly in equity in the divisional financial statements of the Port Logistics subgroup and the Real Estate subgroup.

Other Comprehensive Income

In accordance with the currently applicable version of IAS 19 (revised 2011), the HHLA Group's equity 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 € 30,707 thousand at the end of the financial year (previous year: € 29,232 thousand).

Non-controlling interests increased due to the inclusion of current earnings. They were reduced by the reclassification as per IAS 32 of the minority shareholder's future estimated entitlements to financial settlements as other financial liabilities for the term of the profit and loss transfer agreement, see ▶ Note 6, page 90 and ▶ Note 38, page 124

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.

Equity Ratio

in %	31.12.2015	31.12.2014
Equity in € thousand	580,560	546,741
Total assets in € thousand	1,750,364	1,788,081
	33%	31%

The equity ratio rose compared to the previous year. The increase is primarily due to the inclusion of current earnings less dividend distributions.

External minimum capital requirements were fulfilled at all agreed audit points throughout the reporting year. See ▶ Note 38, page 124 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 current 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 the applicable social security data contribution levels for the year 1999. The current contribution assessment ceiling is always taken into account.

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.

Amounts Recognised for Benefit Commitments

in € thousand	31.12.2015	31.12.2014
Present value of pension commitments	403,613	436,227
Obligations from working lifetime accounts	11,995	7,331
	415,608	443,558

Pension Commitments

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.

Development of the Present Value of Pension Obligations

in € thousand	2015	2014
Present value of pension obligations as of 1. January	436,227	360,921
Current service expense	5,038	3,960
Past service expense	547	0
Interest expense	7,461	12,280
Pension payments	- 19,487	- 19,773
Actuarial gains (+), losses (-) due to amendments in biometric assumptions	2,060	- 10,580
Actuarial gains (+), losses (-) due to amendments in financial assumptions	- 28,233	89,419
Present value of pension obligations as of 31. December	403,613	436,227

Present Value of the Defined Benefit Pension Obligations Split by Various Groups of Beneficiaries

in %	2015	2014
Current employees	37.4	39.3
Former employees	3.0	1.9
Pensioners	59.6	58.8
	100.0	100.0

As of 31 December 2015, the weighted average term of the defined benefit obligation was 13.8 years (previous year: 14.5 years).

Pension Commitments Recognised in the Income Statement

in € thousand	2015	2014
Current service expense	5,038	3,960
Past service expense	547	0
Interest expenses	7,461	12,280
	13,046	16,240

Development of Actuarial Gains/Losses from Pensions Commitments

in € thousand	2015	2014
Actuarial gains (+)/losses (-) as of 1 January	- 65,983	12,856
Changes in the financial year due to amendments in biometrical assumptions	- 2,060	10,580
Changes in the financial year due to amendments in financial assumptions	28,233	- 89,419
Actuarial gains (+)/losses (-) as of 31 December	- 39,810	- 65,983

Actuarial Assumptions to Determine Pension Provisions

in %	31.12.2015	31.12.2014
Discount rate	2.25	1.75
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	2015	2014

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.

Sensitivity Analysis: Pension Provisions

	Change in parameter			Effect on present value		
		31.12.2015	31.12.2014	in € thousand	31.12.2015	31.12.2014
Discount rate	Increase of	0.5 %	0.5 %	Decrease of	24,729	27,569
	Decrease of	0.5 %	0.5 %	Increase of	27,525	30,808
Payment trend	Increase of	0.5 %	0.5 %	Increase of	4,407	5,321
	Decrease of	0.5 %	0.5 %	Decrease of	4,305	5,180
Adjustment to state pension	Decrease of	20.0 %	20.0 %	Increase of	1,606	2,309
Expected mortality	Decrease of	10.0 %	10.0 %	Increase of	15,260	16,888

Actuarial calculations for the valuation parameters classed as material are performed in isolation, i.e. if several parameters change simultaneously, the individual effects are not cumulative due to correlation. In the case of a change to the parameters, a linear trend for the defined benefit obligation cannot be drawn from the sensitivities stated.

Pension Payments
In the 2015 financial year, HHLA made pension payments for plans totalling € 19,487 thousand. HHLA anticipates the following payments for pension plans over the next five years.

Expected Pension Payments

in € thousand	
2016	21,017
2017	20,966
2018	20,998
2019	20,781
2020	20,884
	104,646

Obligations from Working Lifetime Accounts
In the 2006 financial year, the affiliated companies in Germany undertook to set up working lifetime accounts due to collective labour agreements. Staff could elect to have remuneration components paid into money market or investment funds by the Group until 31 December 2013. Capital has been invested within the company since 1 January 2014. The funds saved in the employee's account are used to give them paid leave before they enter 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 – based on the model for contributions up to 31 December 2013 and taking the return guaranteed in the collective labour agreement into account for contributions as of 1 January 2014 – 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.

Allocation of Benefit Commitments

in € thousand	31.12.2015	31.12.2014
Present value of obligations	24,767	20,266
Present value of plan assets (fund shares)	- 12,772	- 12,935
Uncovered allocations	11,995	7,331

Development of the Present Value of the Obligations from Working Lifetime Accounts

in € thousand	2015	2014
Present value of the obligations from working lifetime accounts as of 1 January	20,266	16,547
Current service expense	3,432	3,888
Interest expenses	388	557
Actuarial gains (-), losses (+) due to amendments in biometric assumptions	1,770	- 683
Actuarial gains (-), losses (+) due to amendments in financial assumptions	- 1,042	365
Capital payments	- 47	- 408
Present value of the obligations from working lifetime accounts as of 31 December	24,767	20,266

As of 31 December 2015, the weighted average term of the defined benefit obligation was 20.0 years (previous year: 20.0 years).

Development of the Fair Value of Plan Assets from Working Lifetime Accounts

in € thousand	2015	2014
Fair value of plan assets from working lifetime accounts as of 1 January	12,935	13,054
Expected income from plan assets	230	435
Proceeds	0	167
Actuarial gains (-), losses (+) due to amendments in financial assumptions	- 351	- 378
Capital payments	- 42	- 343
Fair value of plan assets from working lifetime accounts as of 31 December	12,772	12,935

The plan assets consist solely of shares in money market and investment funds. Losses of € 148 thousand were recorded on the plan assets in the financial year (previous year: € 145 thousand).

Actuarial Assumptions to determine Provisions from Working Lifetime Accounts

in %	31.12.2015	31.12.2014
Discount rate	2.25	1.75
Anticipated return on invested capital	2.25 – 3.00	1.75 – 3.00
Forecast increase in pay	3.00	3.00

The biometric data is drawn from the 2005 G actuarial tables by Prof. Dr. Klaus Heubeck, taking into account age-related fluctuation.

Working Lifetime Accounts recognised in the Income Statement (with the exception of the covered part of the service expenses for funds)

in € thousand	2015	2014
Current service expense including salary conversion	3,432	3,888
thereof gathered at costs as uncovered part	301	823
thereof gathered at funds as covered part	3,131	3,065
Interest expenses	388	557
Expected income from the plan assets	- 230	- 435
Benefits paid (service expense)	- 5	- 65
	3,585	3,945

Development of Actuarial Gains/Losses from Working Lifetime Accounts

in € thousand	2015	2014
Actuarial gains (+)/losses (-) as of 1. January	252	312
Changes in the financial year due to amendments in biometrical assumptions	- 1,770	683
Changes in the financial year due to amendments in financial assumptions	691	- 743
Actuarial gains (+)/losses (-) as of 31 December	- 827	252

Sensitivity Analysis: Working Lifetime Accounts

	Change in parameter			Effect on present value			
		31.12.2015	31.12.2014	in € thousand	31.12.2015		31.12.2014
Discount rate	Increase of	0.5 %	0.5 %	Decrease of	852	Decrease of	782
	Decrease of	0.5 %	0.5 %	Increase of	972	Increase of	897
Payment trend	Increase of	0.5 %	0.5 %	Increase of	62	Increase of	27
	Decrease of	0.5 %	0.5 %	Decrease of	69	Decrease of	30
Expected mortality	Decrease of	10.0 %	10.0 %	Decrease of	12	Increase of	26

Actuarial calculations for the valuation parameters classed as material are performed in isolation, i.e. if several parameters change simultaneously, the individual effects are not cumulative due to correlation. In the case of a change to the parameters, a linear trend for the defined benefit obligation cannot be drawn from the sensitivities stated.

The obligations from working lifetime accounts were financed by paying a portion of employees' remuneration into the unit-linked pension plan by 31 December 2013. For 2016, HHLA expects payments in the amount of € 3.2 million.

Portfolio for Obligations from Working Lifetime Accounts

in %	2015	2014
Money market funds	52	52
Mixed funds	32	30
Funds of funds	15	16
Annuity funds	1	2
	100	100

Payments for Obligations from Working Lifetime Accounts
In the financial year under review, HHLA made payments for plans totalling € 47 thousand. In return, the company acquired corresponding securities holdings worth € 42 thousand. The outflow of funds therefore amounted to € 5 thousand in the year under review.

Expected Payments for Obligations from Working Lifetime Accounts which are not Hedged by Securities

in years in € thousand	
2016	263
2017	367
2018	430
2019	568
2020	545
	2,173

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 € 4,454 thousand in the reporting year (previous year: € 4,333 thousand).

HHLA paid € 26,005 thousand (previous year: € 26,046 thousand) into the state pension system as its employer's contribution.

37. Other Non-Current and Current Provisions

Other Non-Current and Current Provisions

	Non-current		Current		Total	
in € thousand	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Demolition obligations	58,927	57,777	0	0	58,927	57,777
Bonuses and single payments	0	0	6,939	6,372	6,939	6,372
Anniversaries	3,039	3,116	0	0	3,039	3,116
Insurance excesses	0	0	1,901	3,468	1,901	3,468
Phased early retirement	660	18	1,066	26	1,726	44
Legal fees and litigation expenses	712	5,983	0	0	712	5,983
Expected increases in rents	0	0	298	169	298	169
Other	3,556	3,876	1,104	1,505	4,660	5,381
	66,894	70,770	11,308	11,540	78,202	82,310

Demolition Obligations

The demolition obligations relate to HHLA's Container, Logistics and Real Estate segments and are discounted at a rate of 3.0 % 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 2025–2036.

Bonuses and Single Payments

Provisions for bonuses and one-off payments largely consist of provisions for Executive Board members and other senior staff.

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 2.25 % p. a. (previous year: 1.75 % p. a.) was used for the calculation.

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.

Phased Early Retirement

Provisions for phased early retirement obligations consist of HHLA's obligations from the entitlements accrued during the beneficiaries' working period, plus a supplementary amount added pro rata temporis.

The securities holdings acquired in connection with phased early retirement contracts are classified as plan assets under IAS 19 (revised 2011). They were therefore offset against the phased early retirement obligations included in the provisions. The corresponding figure of € 3,120 thousand (previous year: € 6,903 thousand) therefore reduces the provisions reported, see ▶ Note 26, page 113. In addition to this, pledged bank balances serve to cover the obligation in existence as of the balance sheet date. The amount of the provision was determined using a discount rate of 0.0 % p. a. (previous year: 0.3 % p. a.).

Legal Fees and Litigation Expenses

As of the balance sheet and as in the previous year, the obligations reported as of the balance sheet date consisted mainly of provisions for legal risks associated with pending proceedings.

Development of Other Non-Current and Current Provisions

in € thousand	01.01.2015	Additions	Accured interest	Used	Reversed	31.12.2015
Demolition obligations	57,777	1,125	1,682	377	1,280	58,927
Bonuses and single payments	6,372	6,939	0	6,147	225	6,939
Anniversaries	3,116	71	54	202	0	3,039
Insurance excesses	3,468	1,405	0	1,356	1,616	1,901
Phased early retirement	44	1,657	25	0	0	1,726
Legal fees and litigation expenses	5,983	44	0	3,118	2,197	712
Expected increases in rents	169	276	0	134	13	298
Other	5,381	1,716	1	1,926	512	4,660
	82,310	13,233	1,762	13,260	5,843	78,202

38. Non-Current and Current Financial Liabilities

Non-Current and Current Financial Liabilities as of 31 December 2015

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	Total
Liablities from bank loans	38,688	105,603	185,305	329,596
Finance lease liabilities	3,886	8,628	27,570	40,084
Other loans	0	639	16,500	17,139
Liabilities towards employees	15,194	0	0	15,194
Negative fair values of exchange and interest rate hedges	164	0	0	164
Other financial liabilities	34,113	26,998	174	61,285
	92,045	141,868	229,549	463,462

Non-Current and Current Financial Liabilities as of 31 December 2014

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	Total
Liablities from bank loans	61,448	97,713	124,909	284,070
Finance lease liabilities	4,838	8,527	26,488	39,853
Liabilities towards employees	15,237	0	0	15,237
Other loans	0	719	0	719
Negative fair values of exchange and interest rate hedges	364	193	0	557
Other financial liabilities	41,559	24,143	306	66,008
	123,446	131,295	151,703	406,444

The increase in amounts due to banks is mainly attributable to promissory note loans in the amount of € 70 million issued to banks in the 2015 financial year. These promissory note loans with a lower interest rate repay the € 65 million loan granted by HGV to the Real Estate subgroup, see also ▶ Note 48, page 141. Amounts due to banks also include interest of € 1,913 thousand accrued up to the balance sheet date (previous year: € 2,162 thousand). Transaction costs of € 713 thousand (previous year: € 584 thousand), incurred by taking out loans, only increase the amounts due to banks for the duration of the loan.

Other loans comprise a € 11.5 million loan granted by a minority shareholder in 2015 as well as promissory note loans of € 5 million issued to other creditors.

Buildings, surfacing and movable non-current assets with a carrying amount of € 4,207 thousand (previous year: € 6,869 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.

Liabilities from finance leases (€ 40,084 thousand; previous year: € 39,853 thousand) represent the discounted value of future payments for movable non-current assets.

The liabilities towards employees consist primarily of wages, salaries and holiday entitlements.

Other financial liabilities mainly consist of liabilities from the payment of a settlement to shareholders outside the Group. This entitlement to a financial settlement amounts to € 47,161 thousand for the financial years 2015 and 2016 (previous year: € 52,738 thousand for the financial years 2014 and 2015), see also ▶ Note 6, page 90 and ▶ Note 35, page 116.

Terms of Liabilities from Bank Loans

Interest condition	Interest rate	Currency	Remaining fixed interest period	Nominal value in TCU[1]	Carrying amount as of 31.12.2015 in € thousand
fixed	0.78 – 4.22 %	EUR	2020 and later	218,724	157,725
fixed	3.55 – 3.80 %	EUR	2019	20,890	17,970
fixed	3.79 – 3.84 %	EUR	2018	7,811	1,149
fixed	1.90 – 5.67 %	EUR	2017	33,579	6,358
fixed	2.37 – 5.61 %	EUR	2016	90,000	57,706
floating	floating + margin	EUR	2016	87,467	63,325
floating	floating + margin	USD	2016	36,000	24,163
					328,396

1 *TCU = Thousand Currency Units*

The floating interest rates are EURIBOR or LIBOR rates with maturities of one to six months.

Financial Liabilities for which Fair Value is not Equivalent to the Carrying Amount

	Carrying amount		Fair value	
in € thousand	**31.12.2015**	31.12.2014	**31.12.2015**	31.12.2014
Fixed interest bearing loans	240,908	213,804	244,891	220,630

Interest rates of 1.2 to 2.6 % p. a. (previous year: 1.7 to 2.4 % p. a.) were used to measure the fair value of fixed interest-bearing 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 2.6 % in the reporting year (previous year: 3.1 %).

The variable interest rates are partly hedged by interest rate hedges (see also ▶ Note 47, page 135). As a result of borrowing, certain affiliates have covenants linked to key balance sheet figures and collateral. 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 € 67,589 thousand (previous year: € 45,265 thousand).

Maturity of Bank Liabilities

in € thousand	
Up to 1 year	36,775
1 year to 2 years	30,918
2 years to 3 years	25,311
3 years to 4 years	23,085
4 years to 5 years	26,966
Over 5 years	185,341
	328,396

39. Trade Liabilities

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.

Trade Liabilities

in € thousand	31.12.2015	31.12.2014
	52,007	83,372

40. Non-Current and Current Liabilities to Related Parties

Non-Current and Current Liabilities to Related Parties as of 31 December 2015

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	Total
Liablities to HPA (finance leases)	342	1,894	104,410	106,646
Other liabilities to related parties	6,787	0	0	6,787
	7,129	1,894	104,410	113,433

Non-Current and Current Liabilities to Related Parties as of 31 December 2014

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	Total
Liablities to HGV	65,276	0	0	65,276
Liablities to HPA (finance leases)	225	1,679	104,965	106,869
Other liabilities to related parties	8,239	0	0	8,239
	73,740	1,679	104,965	180,384

The liabilities to HPA involve leased mega-ship berths at both the Container Terminal Burchardkai and the Container Terminal Tollerort in Hamburg. The amount recognised in the balance sheet is equivalent to the present value of finance lease liabilities and is based on a lease term up to and including 2062, see also ▶ Note 45, page 132 and ▶ Note 47, page 135.

Liabilities to HGV in the previous year included € 65,276 thousand from a loan pertaining to the Real Estate subgroup which attracts standard market interest along with the corresponding interest portion. In the third quarter of 2015, the loan granted by HGV was repaid by the issue of promissory note loans with a lower interest rate to banks and other creditors.

41. Other Liabilities

Other Liabilities

in € thousand	31.12.2015	31.12.2014
Tax liabilities	9,682	11,208
Employers' liability insurance premiums	4,295	4,624
Public subsidies	2,105	2,105
Port workers' welfare fund (Hafenfonds)	1,417	1,262
Advance payments received for orders	1,398	1,473
Social security payables	1,043	1,010
Other	2,903	3,152
	22,843	24,834

The decline in tax liabilities is mainly due to the reduction in VAT advance payment liabilities and payroll liabilities at domestic companies. The increase in tax liabilities at foreign companies had an offsetting effect.

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 the requirements have been met.

There is sufficient certainty that all the conditions have been or will be fulfilled for the public subsidies to promote intermodal transport totalling € 36,987 thousand which were paid to HHLA in the period between 2001 and 2014. 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. The HHLA Group received € 967 thousand in public subsidies in the previous year.

All other liabilities have a remaining term of up to one year.

42. Income Tax Liabilities

Income Tax Liabilities

in € thousand	31.12.2015	31.12.2014
	5,303	5,534

Income tax liabilities result from expected additional payments for corporation tax, solidarity surcharge and trade tax.

When preparing the Annual 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.

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 distribution or the redemption of existing loans. Free cash flow declined year-on-year from € 118,836 thousand to € 65,127 thousand, primarily as a result of lower EBIT, the decrease (previous year: increase) in trade liabilities and other liabilities, as well as a higher cash flow from investing activities.

Financial Funds

Financial funds include cash in hand and bank balances with a remaining term of up to three months and receivables and liabilities relating to HGV. Receivables from HGV are overnight deposits available on demand. They are recognised at nominal value.

Financial Funds

in € thousand	31.12.2015	31.12.2014
Cash and cash equivalents with a maturity up to 3 months	57,965	87,612
Short-term deposits with a maturity of 4 - 12 months	73,050	90,000
Bank balances and cash in hand	63,550	74,605
Cash, cash equivalents and short-term deposits	194,565	252,217
Receivables from HGV	43,900	23,400
Short-term deposits with a maturity of 4 - 12 months	- 73,050	- 90,000
Financial funds at the end of the period	165,415	185,617

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 described in ▶ Note 6, page 90 "Accounting and Valuation Principles".

In line with the Group's reporting structure for management purposes and in accordance with the definition in IFRS 8, the following four independent segments were identified:

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 transportation chain, the Intermodal segment provides a comprehensive seaport-hinterland rail and truck network. The rail companies METRANS and POLZUG and the trucking firm CTD complete HHLA's range of services in this field.

Logistics
The Logistics segment encompasses contract and warehousing logistics 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. These include real estate in the Speicherstadt historical warehouse district and on the northern banks of the river Elbe (fish market area). Furthermore, industrial logistics properties and land in and around the Port of Hamburg are managed by the Holding/Other division.

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.

All of the functions and management responsibilities previously allocated to the operative holding HHLA Container Terminals GmbH (Container segment) were transferred to Hamburger Hafen und Logistik AG (Holding/Other) as of 1 August 2015. In this connection, the assets less liabilities required to perform these tasks were also transferred at their carrying amounts; the employees also switched companies.

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, workshop services and staff provided by the holding company. As a rule, services are valued at cost price. Transfer prices may not exceed the market price of the service in question. If the company providing the service predominantly sells the relevant service on the market outside the Group, it may charge the market price, even if the cost price is lower.

The details of the reconciliation of the segment variables with the corresponding Group variables are as follows:

Earnings

The reconciliation of the segment variable EBIT to 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 EBIT with Consolidated Earnings before Taxes (EBT)

in € thousand	2015	2014
Total segment earnings (EBIT)	168,919	168,777
Elimination of business relations between segments and subgroups	- 12,380	511
Group earnings (EBIT)	156,539	169,288
Earnings from associates accounted for using the equity method	3,728	5,260
Net interest	- 33,366	- 44,998
Other financial result	944	544
Earnings before tax (EBT)	127,845	130,094

Segment Assets

The reconciliation of segment assets to 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 the Segment Assets with Group Assets

in € thousand	31.12.2015	31.12.2014
Segment assets	1,550,807	1,592,919
Elimination of business relations between segments and subgroups	- 563,376	- 579,780
Current assets before consolidation	480,627	441,428
Financial assets	17,701	16,171
Deferred tax	61,396	63,558
Income tax receivables	8,644	1,568
Cash, cash equivalents and short-term deposits	194,565	252,217
Group assets	1,750,364	1,788,081

Other Segment Information

The reconciliation to Group investments totalling € - 32,369 thousand (previous year: € - 1,014 thousand) eliminates the inter-segmental sale of property, plant and equipment and internal invoices for services to generate intangible assets.

In relation to the reconciliation of depreciation and amortisation amounting to € - 2,168 thousand (previous year: € - 756 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 € - 751 thousand (previous year: € 27 thousand) includes the elimination of inter-company profits and transactions between the segments and the subgroups for which consolidation is mandatory.

Information about Geographical Regions

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 Geographical Regions

in € thousand	Germany 2015	Germany 2014	EU 2015	EU 2014	Outside EU 2015	Outside EU 2014	Total 2015	Total 2014	Reconciliation with Group assets 2015	Reconciliation with Group assets 2014	Group 2015	Group 2014
Segment income	785,109	859,804	316,446	304,588	40,263	35,209	1,141,818	1,199,601	0	0	1,141,818	1,199,601
Non-current segment assets	894,677	926,353	292,820	246,741	39,685	55,691	1,227,182	1,228,785	523,182	559,296	1,750,364	1,788,081
Investments in non-current segment assets	68,306	78,523	76,686	50,975	490	8,917	145,482	138,415	0	- 1	145,482	138,414

Information about Key Clients

Revenue of € 130,825 thousand (previous year: € 129,326 thousand) from a single client exceeds 10 % of Group revenue and relates to the Container and Intermodal segments.

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 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 main obligations from finance leases result from the lease of mega-ship berths from HPA, which is 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 rent payment rates, this results in anticipated minimum lease payments of € 242,364 thousand (previous year: € 247,091 thousand).

Reconciliation between Future Minimum Lease Payments and their liabilities

in € thousand	31.12.2015	31.12.2014
Within one year	9,498	10,079
Between one and five years	31,205	29,402
Over five years	248,852	251,625
Total minimum lease payments	**289,555**	**291,106**
Within one year	4,228	5,062
Between one and five years	10,522	10,207
Over five years	131,980	131,452
Liabilities from finance leases	**146,730**	**146,721**
Interest expenses from minimum lease payments	**142,825**	**144,385**

The minimum lease payments include interest due to the long terms of the finance leases. The underlying interest rate is 4.21 to 5.56 %, see also ▶ Note 47, page 135.

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 2036. 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 four and 33 years.

The Group also has leasing agreements for various motor vehicles and items of technical equipment. These leases have an average term of four to ten years and generally do not include renewal options. The lessee takes on no obligations when signing these leases.

Future Minimum Lease Payments Obligations under Uncancellable Operating Leases

in € thousand	31.12.2015	31.12.2014
Within one year	49,055	36,672
Between one and five years	155,763	136,333
Over five years	664,911	666,808
	869,729	839,813

Expenses of € 53,350 thousand (previous year: € 51,506 thousand) were incurred for leases in the financial year. Of this figure, € 1,860 thousand (previous year: € 1,819 thousand) related 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, facilities and a commercial property not used by the Group. These leases have remaining uncancellable lease terms of between one and 19 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.

Future Minimum Lease Entitlements under Uncancellable Operating Leases for Investment Property

in € thousand	31.12.2015	31.12.2014
Within one year	35,445	32,001
Between one and five years	76,072	70,925
Over five years	67,302	32,100
	178,819	135,026

In the financial year, income of € 56,123 thousand (previous year: € 52,960 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	31.12.2015	31.12.2014
Guarantees	8,387	8,986
Comfort letters	2,500	2,500
	10,887	11,486

As of the reporting date, current liabilities did not yet exist for the following other financial obligations.

Other Financial Obligations

in € thousand	31.12.2015	31.12.2014
Obligations from operating leases	869,729	839,813
Outstanding purchase commitments	134,449	72,708
Other	11,559	7,571
	1,015,737	920,092

Of the obligations from outstanding purchase commitments, € 87,978 thousand (previous year: € 52,440 thousand) is attributable to investment in property, plant and equipment.

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, 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 are used in the HHLA Group to reduce interest rate risks and may also be used to a minor extent to reduce currency and commodity price risks. Derivatives reported in the Consolidated Financial Statements are carried at fair value based on 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.

As of the balance sheet date, 75.9 % (previous year: 80.0 %) of the Group's borrowing was at fixed interest rates, including an amount of € 8,354 thousand (previous year: € 12,177 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 € 437 thousand p. a. higher, interest income from overnight deposits and time deposit investments would have been € 1,188 thousand p. a. higher, and income from interest rate hedges would have been € 41 thousand p. a. higher. The fair value of the interest rate hedges would have risen by € 38 thousand. Of this, € 32 thousand would be recorded directly in equity and € 6 thousand would be recognised in the income statement, whose result would increase by a total of € 799 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, there were no currency futures contracts at 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.

USD-denominated financial instruments are held in Ukraine, which are subject to an exchange risk. If the euro lost 10 % against the US dollar, this would have a negative impact of approx. € 2 million on equity. Depending on the parallel performance of the Ukrainian hryvnia against the US dollar, this full amount could be recognised through profit and loss and reduce the result for the period accordingly by up to around € 2 million.

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 2014.

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.

Structure of Trade Receivables

in € thousand	31.12.2015	31.12.2014
Receivables not due for payment and not written down	97,679	105,789
Overdue receivables not written down	30,451	34,432
thereof up to 30 days	23,717	26,569
thereof up to 31 to 90 days	5,222	6,127
thereof up to 91 days to one year	1,479	1,732
thereof over one year	33	4
	128,130	140,221

Development of the Valuation Allowances on Trade Receivables

in € thousand	2015	2014
Valuation allowances as of 1 January	2,902	2,443
Additions (valuation allowances recognised as expenses)	672	1,170
Used	- 644	- 401
Reversals	- 225	- 310
Valuation allowances as of 31 December	2,705	2,902

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, page 134 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 bank loans and other loans, finance lease liabilities, liabilities towards employees and other financial liabilities, please refer to the table of residual maturities for financial liabilities in ▶ Note 38, page 124.

Expected Liquidity Outflows due to Future Interest Payments

	Up to 1 year		1 to 5 years		Over 5 years		Total	
in € thousand	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Outflow of liquidity for future interest payments on fixed-interest loans	5,871	5,632	19,039	15,682	19,117	15,596	44,027	36,910
Outflow of liquidity for future interest payments on floating-rate loans	2,127	1,928	4,598	4,417	453	547	7,178	6,892
	7,998	7,560	23,637	20,099	19,570	16,143	51,205	43,802

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.

Expected Interest Outflows from Interest Rate Swaps

in € thousand	31.12.2015	31.12.2014
Within one year	158	408
Between one and five years	0	211
Over five years	0	0
	158	619

Financial Instruments

Carrying Amounts and Fair Values

The table below shows the carrying amounts and fair value of financial assets and financial liabilities, as well as their level in the fair value hierarchy, see also ▶ Note 7, page 98.

Financial Assets as of 31 December 2015

	Carrying amount			Fair Value			
in € thousand	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)		3,871	3,871	3,871			3,871
	0	3,871	3,871				
Financial assets not measured at fair value							
Financial assets	11,341	5,227	16,568				
Trade receivables	128,130		128,130				
Receivables from related parties	58,515		58,515				
Other financial receivables	3,286		3,286				
Cash, cash equivalents and short-term deposits	194,565		194,565				
	395,837	5,227	401,064				

Financial Liabilities as of 31 December 2015

in € thousand	Carrying amount: Held for trading	Carrying amount: Fair value – hedging instruments	Carrying amount: Other financial liabilities	Carrying amount: Balance sheet value	Fair Value: Level 1	Fair Value: Level 2	Fair Value: Level 3	Fair Value: Total
Financial liabilities measured at fair value								
Financial liabilities (interest rate swaps used for hedging transactions)	45	119		164		164		164
	45	119	0	164				
Financial liabilities not measured at fair value								
Financial liabilities (liabilities from bank loans)			329,596	329,596		333,579		333,579
Financial liabilities (finance lease liabilities)			40,084	40,084		40,084		40,084
Financial liabilities (settlement obligation)			25,534	25,534		25,534		25,534
Financial liabilities (other)			68,084	68,084				
Trade liabilities			52,007	52,007				
Liabilties to related parties (finance lease liabilties)			106,646	106,646		106,646		106,646
Liabilities to related parties (other)			6,787	6,787				
	0	0	628,738	628,738				

Financial Assets as of 31 December 2014

in € thousand	Carrying amount: Loans and receivables	Carrying amount: Available for sale	Carrying amount: Balance sheet value	Fair Value: Level 1	Fair Value: Level 2	Fair Value: Level 3	Fair Value: Total
Financial assets measured at fair value							
Financial assets (securities)		3,910	3,910	3,910			3,910
	0	3,910	3,910				
Financial assets not measured at fair value							
Financial assets	9,382	4,454	13,836				
Trade receivables	140,221		140,221				
Receivables from related parties	36,202		36,202				
Other financial receivables	1,982		1,982				
Cash, cash equivalents and short-term deposits	252,217		252,217				
	440,004	4,454	444,458				

Financial Liabilities as of 31 December 2014

in € thousand	Carrying amount: Held for trading	Carrying amount: Fair value – hedging instruments	Carrying amount: Other financial liabilities	Carrying amount: Balance sheet value	Fair Value: Level 1	Fair Value: Level 2	Fair Value: Level 3	Fair Value: Total
Financial liabilities measured at fair value								
Financial liabilities (interest rate swaps used for hedging transactions)	193	364		557		557		557
	193	364	0	557				
Financial liabilities not measured at fair value								
Financial liabilities (liabilities from bank loans)			284,070	284,070		290,896		290,896
Financial liabilities (finance lease liabilities)			39,853	39,853		39,853		39,853
Financial liabilities (settlement obligation)			22,432	22,432		22,432		22,432
Financial liabilities (other)			59,532	59,532				
Trade liabilities			83,372	83,372				
Liabilties to related parties (finance lease liabilties)			106,869	106,869		106,869		106,869
Liabilities to related parties (other)			73,515	73,515				
	0	0	669,643	669,643				

In the year under review, the € 65 million loan granted by HGV (the holding company above the HHLA Group) to the Real Estate subgroup (see ▶ Note 48, page 141) was repaid following the placement of promissory note loans with a lower interest rate. Promissory note loans with a total volume of € 70 million were issued to banks and € 5 million to other creditors.

In the reporting period, gains of € 148 thousand (previous year: € 228 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 € 245 thousand (previous year: € 220 thousand) in the fair value of financial instruments designated as hedging instruments (interest rate swaps) were recognised directly in equity.

The interest rate swaps disclosed covered a total amount of € 8,354 thousand (previous year: € 12,177 thousand). Of these, financial instruments covering an amount of € 6,065 thousand (previous year: € 7,143 thousand) with a market value of € - 119 thousand (previous year: € - 364 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 12 months. The amount covered by interest rate swaps is restated in line with the anticipated repayment of the loans over the term of the derivative.

The interest income and interest expenses recorded form part of the financial result. See ▶ Note 16, page 103.

There are no material differences between the carrying amounts and fair values of the financial instruments reported under non-current financial liabilities.

Valuation Methods and Key Unobservable Input Factors for Calculating Fair Value

The tables below show the valuation methods used for Level 2 and Level 3 fair value measurement and the key unobservable input factors utilised.

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 value is based on brokers' prices. Similar contracts are traded on an active market and the prices quoted reflect the 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 to 4.33%. Any variable components to be included are based on 1-M to 6-M-EURIBOR rates. The derivatives have a remaining maturity period of up to one year.	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), the Free and Hanseatic City of Hamburg, and, in the previous year, HHLA Beteiligungsgesellschaft mbH, Hamburg, which was merged with HGV – its shareholder – in the year under review, 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.

Transactions with not Fully Consolidated Related Parties

	Income		Expenses		Receivables		Liabilities	
in € thousand	2015	2014	2015	2014	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Companies with control over the Group	69	317	2,266	4,594	45,258	24,179	0	65,276
Non-consolidated subsidiaries	18	153	1,434	308	5,427	2,956	738	1,003
Joint ventures	17,015	16,287	13,230	12,674	7,448	8,157	4,838	3,751
Associated companies	1,389	1,785	6	0	0	4	327	492
Other transactions with related parties	4,099	6,158	35,528	35,524	382	906	107,530	109,862
	22,590	24,700	52,464	53,100	58,515	36,202	113,433	180,384

In the previous year, liabilities towards related parties with control over the Group included a loan of € 65,000 thousand from HGV to the Real Estate subgroup, which attracted interest of 4.50 % p. a. until its repayment in full in the year under review. In addition, HHLA has receivables from cash clearing with HGV totalling € 43,900 thousand (previous year: € 23,400 thousand). HHLA's receivables accrued interest at a rate of between 0.10 and 0.15 % p. a. (previous year: between 0.10 and 1.00 % p. a.) in the reporting period. The interest rates for HHLA's liabilities were between 0.20 and 0.25 % p. a. (previous year: between 0.20 and 1.10 % p. a.).

Obligations from finance leases amounting to € 106,646 thousand (previous year: € 106,869 thousand) for the lease of four mega-ship berths from HPA are included in other transactions with related parties.

Expenses attributable to related parties mostly include rent for land and quay walls in the port and the Speicherstadt historical warehouse district.

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 liabilities from bank loans is € 183,000 thousand (previous year: € 208,000 thousand), of which around € 95,916 thousand plus interest was still outstanding on the balance sheet date (previous year: € 133,959 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 the year-end are not secured and – with the exception of overnight funds in clearing and the loan liability to HGV in the previous year – 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.

List of HHLA's Shareholdings by Business Sector as of 31 December 2015

Name and headquarters of the company	Share of capital held directly in %	Share of capital held indirectly in %	Equity in € thousand	Result for the financial year: Year	Result for the financial year in € thousand
Port Logistics Subgroup					
Container Segment					
HHLA Container Terminal Burchardkai GmbH, Hamburg[1, 2, 3b]	100.0		76,961	2015	0
Service Center Burchardkai GmbH, Hamburg[1, 2, 3c]		100.0	26	2015	0
HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg[1, 2, 3a]	100.0		111,449	2015	0
HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH, Hamburg[1, 2, 3b]		100.0	1,942	2015	0
HHLA Container Terminal Tollerort GmbH, Hamburg[1, 2, 3b]		100.0	34,741	2015	0
HHLA Rosshafen Terminal GmbH, Hamburg[1]		100.0	20,999	2015	1,506
HHLA Container Terminal Altenwerder GmbH, Hamburg[1, 2, 3a]		74.9	80,433	2015	0
SCA Service Center Altenwerder GmbH, Hamburg[1, 2, 3c]		74.9	601	2015	0
HVCC Hamburg Vessel Coordination Center GmbH, Hamburg (formerly: FLZ Hamburger Feeder Logistik Zentrale GmbH, Hamburg)[4]		66.0	100	2015	0
Kombi-Transeuropa Terminal Hamburg GmbH, Hamburg[4]		37.5	125	2015	15
CuxPort GmbH, Cuxhaven[4]		25.1	12,186	2015	2,783
Cuxcargo Hafenbetrieb GmbH & Co. KG, Cuxhaven[5]	50.0		22	2015	7
Cuxcargo Hafenbetrieb Verwaltungs-GmbH, Cuxhaven[5]	50.0		15	2015	0
DHU Gesellschaft Datenverarbeitung Hamburger Umschlagsbetriebe mbH, Hamburg[5]	40.4		1,385	2015	842
SC HPC UKRAINA, Odessa/Ukraine[1]		100.0	28,529	2015	6,147
Intermodal Segment					
CTD Container-Transport-Dienst GmbH, Hamburg[1, 2, 3c]	100.0		1,256	2015	0
POLZUG Intermodal GmbH, Hamburg[1, 2, 3a]	100.0		7,990	2015	0
HHLA Intermodal Polska Sp. z o.o., Warsaw/Poland[1]		100.0	5,174	2015	2,058
POLZUG Intermodal Polska sp. z o.o., Warsaw/Poland[1]		100.0	- 2,174	2014	- 3,255
HHLA Terminals Polska Sp. z o.o., Warsaw/Poland[1, 5]		95.0	- 8	2015	- 6
POLZUG INTERMODAL LLC, Poti/Georgia[1]		75.0	857	2014	85
METRANS a.s., Prague/Czech Republic[1]	86.5		185,557	2015	35,634
JPFE-07 INVESTMENTS s.r.o., Ostrava/Czech Republic[1, 5]		86.5	738	2015	- 7
METRANS Adria D.O.O., Koper/Slovenia[1, 5]		86.5	794	2015	221
METRANS (Danubia) a.s., Dunajská Streda/Slovakia[1]		86.5	57,306	2015	8,823
METRANS (Danubia) Kft., Győr/Hungary[1, 5]		86.5	809	2015	467
METRANS Danubia Krems GmbH, Krems an der Donau/Austria[1, 5]		86.5	- 211	2015	13
METRANS D.O.O., Rijeka/Croatia[1, 5]		86.5	3	2015	3
METRANS DYKO Rail Repair Shop s.r.o., Prague/Czech Republic[1]		86.5	3,795	2015	101
METRANS İSTANBUL STI, Istanbul/Turkey[1, 5]		86.5	31	2015	56
METRANS Konténer Kft., Budapest/Hungary[1]		86.5	9,255	2015	- 177
METRANS Rail s.r.o., Prague/Czech Republic[1]		86.5	5,484	2015	4,901
METRANS Rail (Deutschland) GmbH, Leipzig[1]		86.5	1,596	2015	277
Univer Trans Kft., Budapest/Hungary[1, 5]		86.5	504	2015	129
METRANS Railprofi Austria GmbH, Krems an der Donau/Austria[1, 5]		69.2	733	2015	663

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
IPN Inland Port Network Verwaltungsgesellschaft mbH, Hamburg[5]	50.0		34	2015	2
IPN Inland Port Network GmbH & Co. KG, Hamburg[5]	50.0		74	2015	- 3
Logistics Segment					
HHLA Logistics GmbH, Hamburg[1, 2, 3a]	100.0		- 1,237	2015	0
HPC Hamburg Port Consulting Gesellschaft mit beschränkter Haftung, Hamburg[1, 2, 3a]	100.0		1,367	2015	0
HPTI Hamburg Port Training Institute GmbH, Hamburg[1, 2, 3c]		100.0	102	2015	0
Uniconsult Universal Transport Consulting Gesellschaft mit beschränkter Haftung, Hamburg[1, 2, 3c]		100.0	100	2015	0
UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg[1]	51.0		6,987	2015	1,250
ARS-UNIKAI GmbH, Hamburg[4]		25.5	149	2015	44
HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg[4]	51.0		16,212	2015	1,290
Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg[4]	51.0		714	2015	111
Hansaport Hafenbetriebsgesellschaft mit beschränkter Haftung, Hamburg[3b, 4]	49.0		k. A.	2015	k. A.
HCC Hanseatic Cruise Centers GmbH, Hamburg[1]		51.0	773	2015	47
Holding/Other					
GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg[1, 2, 3c]	100.0		3,609	2015	0
HHLA-Personal-Service GmbH, Hamburg[1, 2, 3c]	100.0		45	2015	0
HCCR Erste Beteiligungsgesellschaft mbH, Hamburg[1, 5]		100.0	31	2015	0
Real Estate Subgroup					
Real Estate Segment					
Fischmarkt Hamburg-Altona Gesellschaft mit beschränkter Haftung, Hamburg[1, 2, 3a]	100.0		4,518	2015	0
HHLA Immobilien Speicherstadt GmbH, Hamburg[1, 5]	100.0		62	2015	9
HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg[1, 3d]	100.0		14,305	2015	1,992
HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg[1, 3d]	100.0		69,185	2015	5,437

1 *Controlled companies.*

2 *Profit and loss transfer agreements were held in these companies in 2015.*

3a *The non-disclosure option provided for in Section 264 (3) of the German Commercial Code (HGB) was used for these companies.*

3b *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.*

3c *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.*

3d *The non-disclosure option provided for in Section 264b of the German Commercial Code (HGB) was used for these companies.*

4 *Companies recognised using the equity method.*

5 *Due to the minor importance of these companies, they are not recognised using the equity method in the Consolidated Financial Statements or as non-consolidated companies, but rather as equity investments.*

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 2015 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. As well as the responsibilities and performance of the Executive Board member concerned, the Personnel Committee primarily takes into account HHLA's size and activities, its financial and economic position, the amount and structure of Executive Board remuneration at comparable companies, and the relationship of the remuneration of the Executive Board to the remuneration of the upper levels of management and the staff in general.

The remuneration paid to Executive Board members is made up of non-performance-related fixed remuneration, a performance-related bonus, pension entitlements 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 total 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 after either five or eight years' service on the Executive Board if they leave the Board for reasons unrelated to the Board member or that they have no influence over, or as a result of incapacity or due to reaching their 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 % and children receive an orphan's allowance of 12 to 20 % of the pension entitlement.

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.

See the ▶ remuneration report, page 57, which forms part of the Combined Management Report, for details of the remuneration paid to individual Board members.

Remuneration of the Executive Board

in € thousand	2015	2014
Non-perfomance-related remuneration		
Basic salary	1,440	1,440
Other benefits	50	50
Performance-related remuneration	1,435	1,469
	2,925	**2,959**

Other benefits comprise benefits in kind, which principally relate to the use of a company car and the payment of insurance premiums.

Benefits totalling € 685 thousand (previous year: € 695 thousand) were paid to former members of the Executive Board and their surviving dependants. Provisions of € 13,911 thousand (previous year: € 13,104 thousand) have been recognised for pension commitments to current Executive Board members and provisions of € 11,398 thousand (previous year: € 12,741 thousand) have been recognised for pension commitments to former Executive Board members and their surviving dependants.

Supervisory Board Remuneration
In accordance with Section 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 an attendance fee of € 250 for each meeting of the Supervisory Board or one of its committees. Supervisory Board members who have belonged to the Supervisory Board or a committee for less than one full financial year receive a corresponding pro rata payment.

The remuneration paid to the Supervisory Board in the financial year under review totalled € 300 thousand (previous year: € 275 thousand).

49. Members of Company Boards and their Mandates

The Supervisory Board Members and their Mandates

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

Prof. Dr. Peer Witten (Chairman)

Fully qualified business administration manager, Hamburg
Former member of the Otto Group Executive Board

Other mandates

- Forum Grundstücksgesellschaft GmbH & Co. KG, Hamburg
- Lufthansa Cargo AG, Frankfurt am Main (until 31 August 2015)
- Otto AG für Beteiligungen, Hamburg
- Röhlig & Co. Holding GmbH & Co. KG, Bremen
- Verwaltungsgesellschaft Otto mbH, Hamburg

Wolfgang Abel (Vice Chairman)

Postal worker, Bad Oldesloe
Trade union secretary, ver.di Hamburg

Other mandates

- Asklepios Kliniken Hamburg GmbH, Hamburg

Torsten Ballhause

Fully qualified business and employment lawyer (HWP), Hamburg
Local manager of the Transport division, ver.di Hamburg

Other mandates

- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg (Vice Chairman)
- Member of the Management Committee of Hafenfonds der Gesamthafen-Betriebsgesellschaft mbH, Hamburg

Petra Bödeker-Schoemann

Fully qualified business administration manager, Hamburg
Managing Director of HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH

Other mandates

- Gesellschaft zur Beseitigung von Sonderabfällen mbH, Kiel
- GMH Gebäudemanagement Hamburg GmbH, Hamburg
- HADAG Seetouristik und Fährdienst AG, Hamburg
- Hamburger Wasserwerke GmbH, Hamburg
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (Chairwoman)
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (Chairwoman)
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA Immobilien Speicherstadt GmbH, Hamburg (Chairwoman)
- IMPF Hamburgische Immobilien Management Gesellschaft mbH, Hamburg
- P+R-Betriebsgesellschaft mbH, Hamburg
- SAGA Siedlungs-Aktiengesellschaft Hamburg, Hamburg
- SBH Schulbau Hamburg, Hamburg
- SGG Städtische Gebäudeeigenreinigung GmbH, Hamburg
- Stromnetz Hamburg GmbH, Hamburg

Dr. Rolf Bösinger (since 18 February 2016)

Fully qualified economist, Hamburg
State Secretary at the Hamburg Ministry for the Economy, Transport and Innovation (since 17 April 2015)

Other mandates

- CGH Cruise Gate Hamburg GmbH (Chairman) (27 May 2015 until 31 December 2015)
- Erneuerbare Energien Hamburg Clusteragentur GmbH, Hamburg (Chairman) (since 6 July 2015)
- Hamburgische Investitions- und Förderbank A. ö. R. (since 27 May 2015)
- HGV, Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (since 27 May 2015)
- HWF Hamburgische Gesellschaft für Wirtschaftsförderung mbH, Hamburg (Chairman) (since 11 June 2015)
- hySOLUTIONS GmbH, Hamburg (Chairman) (since 14 December 2015)
- Life Science Nord Management GmbH, Hamburg (Chairman) (since 19 June 2015)
- WTSH Wirtschaftsförderung und Technologietransfer Schleswig-Holstein GmbH (since 15 September 2015)
- ZAL Zentrum für Angewandte Luftfahrtforschung GmbH, Hamburg (Chairman) (since 24 June 2015)

Dr. Bernd Egert

Physicist, Winsen (Luhe)
State Secretary at the Hamburg Ministry for the Economy, Transport and Innovation (until 16 March 2015)

Other mandates

- CGH Cruise Gate Hamburg GmbH (until 26 May 2015)
- Erneuerbare Energien Hamburg Clusteragentur GmbH, Hamburg (Chairman) (until 6 July 2015)
- Flughafen Hamburg GmbH, Hamburg (until 27 May 2015)
- Hamburgische Investitions- und Förderbank A. ö. R. (until 26 May 2015)
- HGV, Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (until 26 May 2015)
- HWF Hamburgische Gesellschaft für Wirtschaftsförderung mbH, Hamburg (Chairman) (until 10 June 2015)
- hySOLUTIONS GmbH, Hamburg (Chairman) (until 13 December 2015)
- Life Science Nord Management GmbH, Hamburg (Chairman) (until 18 June 2015)
- WTSH Wirtschaftsförderung und Technologietransfer Schleswig-Holstein GmbH (until 14 September 2015)
- ZAL Zentrum für Angewandte Luftfahrtforschung GmbH, Hamburg (Chairman) (until 23 June 2015)

Holger Heinzel

Fully qualified business administration manager, Hittfeld
Director of Finance and Controlling at HHLA

Other mandates

- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg
- HHLA Immobilien Speicherstadt GmbH, Hamburg
- Member of the Management Committee of Hafenfonds der Gesamthafen-Betriebsgesellschaft mbH, Hamburg

Dr. Norbert Kloppenburg

Fully qualified agricultural engineer, Hamburg
Member of the Executive Board of KfW Bankengruppe

Other mandates
- DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne (First Vice Chairman)
- Deutsche Energie-Agentur GmbH, Berlin
- KfW IPEX-Bank GmbH, Frankfurt am Main (Chairman)

Frank Ladwig

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

Other mandates
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg

Stephan Möller-Horns (11 December 2015 to 9 February 2016)

Fully qualified economist, Lüneburg
Departmental Head at the Hamburg Ministry for the Economy, Transport and Innovation

Other mandates
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (11 December 2015 to 9 February 2016)
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (11 December 2015 to 9 February 2016)
- HHLA Immobilien Speicherstadt GmbH, Hamburg (11 December 2015 to 9 February 2016)

Arno Münster

Port technician, Hamburg

Other mandates
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg
- HHLA Immobilien Speicherstadt GmbH, Hamburg

Norbert Paulsen

Fully qualified engineer, Hamburg
Chairman of the joint works council of Hamburger Hafen und Logistik AG

Other mandates
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (Vice Chairman)
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (Vice Chairman)
- HHLA Immobilien Speicherstadt GmbH, Hamburg (Vice Chairman)

Michael Pirschel (until 10 December 2015)

Fully qualified economist, Bispingen
Departmental Head at the Hamburg Ministry for the Economy, Transport and Innovation (until 30 November 2015)

Other mandates
- Fischmarkt Hamburg-Altona Gesellschaft mit beschränkter Haftung, Hamburg (until 10 December 2015)
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (until 10 December 2015)
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (until 10 December 2015)
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg (until 10 December 2015)
- HHLA Immobilien Speicherstadt GmbH, Hamburg (until 10 December 2015)

Dr. Sibylle Roggencamp

Fully qualified economist, Molfsee
Head of the Office for Asset and Investment Management at the Hamburg Ministry of Finance

Other mandates

- Elbphilharmonie und Laeiszhalle Service GmbH, Hamburg
- Flughafen Hamburg GmbH, Hamburg
- Hamburg Musik GmbH, Hamburg
- Hamburger Hochbahn AG, Hamburg
- Hamburgischer Versorgungsfonds AöR, Hamburg
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg
- HHLA Immobilien Speicherstadt GmbH, Hamburg
- IMPF Hamburgische Immobilien Management Gesellschaft mbH, Hamburg (since 23 October 2015)
- Sprinkenhof GmbH, Hamburg (formerly: SpriAG – Sprinkenhof AG, Hamburg) (Chairwoman)
- Stromnetz Hamburg GmbH, Hamburg
- Universitätsklinikum Hamburg KöR, Hamburg
- Vattenfall Wärme Hamburg GmbH, Hamburg

Supervisory Board Committees

Finance Committee

- Dr. Sibylle Roggencamp (Chairwoman)
- Frank Ladwig (Vice Chairman)
- Torsten Ballhause
- Dr. Norbert Kloppenburg
- Stephan Möller-Horns (11 December 2015 to 9 February 2016)
- Arno Münster
- Michael Pirschel (until 10 December 2015)

Audit Committee

- Dr. Norbert Kloppenburg (Chairman)
- Arno Münster (Vice Chairman)
- Torsten Ballhause
- Petra Bödeker-Schoemann
- Stephan Möller-Horns (11 December 2015 to 9 February 2016)
- Norbert Paulsen
- Michael Pirschel (until 10 December 2015)

Real Estate Committee

- Petra Bödeker-Schoemann (Chairwoman)
- Norbert Paulsen (Vice Chairman)
- Holger Heinzel
- Stephan Möller-Horns (11 December 2015 to 9 February 2016)
- Arno Münster
- Michael Pirschel (until 10 December 2015)
- Dr. Sibylle Roggencamp

Personnel Committee

- Prof. Dr. Peer Witten (Chairman)
- Wolfgang Abel (Vice Chairman)
- Dr. Bernd Egert
- Frank Ladwig
- Arno Münster
- Dr. Sibylle Roggencamp

Nomination Committee

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

Arbitration Committee

- Prof. Dr. Peer Witten
- Wolfgang Abel
- Dr. Bernd Egert
- Frank Ladwig

The Executive Board Members and their Mandates

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

Klaus-Dieter Peters (Chairman)

Forwarding merchant, Hamburg
First appointed: 2003

Areas of responsibility

- Corporate Development
- Corporate Communications
- Sustainability
- Intermodal Segment
- Logistics Segment

Other mandates

- CTD Container-Transport-Dienst GmbH, Hamburg
- HHLA Container Terminal Altenwerder GmbH, Hamburg
- HHLA Container Terminal Burchardkai GmbH, Hamburg
- HHLA Container Terminal Tollerort GmbH, Hamburg
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg (until 31 August 2015)
- HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg
- HHLA Logistics GmbH, Hamburg
- HPC Hamburg Port Consulting Gesellschaft mit beschränkter Haftung, Hamburg
- METRANS a.s., Prague, Czech Republic
- POLZUG Intermodal GmbH, Hamburg
- SCA Service Center Altenwerder GmbH, Hamburg
- Service Center Burchardkai GmbH, Hamburg
- Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg
- UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg

Dr. Stefan Behn

Fully qualified business administration manager, Hamburg
First appointed: 1996

Areas of responsibility

- Container Sales
- Container Operations
- Container Engineering
- Information Systems

Other mandates

- Cuxcargo Hafenbetrieb GmbH & Co. KG, Cuxhaven
- Cuxcargo Hafenbetrieb Verwaltungs-GmbH, Cuxhaven
- DAKOSY Datenkommunikationssystem AG, Hamburg
- HCC Hanseatic Cruise Centers GmbH, Hamburg
- HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH, Hamburg
- HHLA Container Terminal Altenwerder GmbH, Hamburg
- HHLA Container Terminal Burchardkai GmbH, Hamburg
- HHLA Container Terminal Tollerort GmbH, Hamburg
- HHLA Rosshafen Terminal GmbH, Hamburg
- HPC Hamburg Port Consulting Gesellschaft mit beschränkter Haftung, Hamburg
- SCA Service Center Altenwerder GmbH, Hamburg
- Service Center Burchardkai GmbH, Hamburg

Heinz Brandt

Legal assessor, Bremen
First appointed: 2009

Areas of responsibility

- Human Resources
- Purchasing and Materials Management
- Health and Safety in the Workplace
- Legal and Insurance[1]

Other mandates

- Gesamthafenbetriebs-Gesellschaft mbH, Hamburg
- GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg
- HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH, Hamburg
- HHLA Logistics GmbH, Hamburg
- HHLA-Personal-Service GmbH, Hamburg
- HPC Hamburg Port Consulting Gesellschaft mit beschränkter Haftung, 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[2]
- Investor Relations
- Internal Audit
- Real Estate Segment

Other mandates

- Fischmarkt Hamburg-Altona Gesellschaft mit beschränkter Haftung, Hamburg
- GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg
- Hansaport Hafenbetriebsgesellschaft mbH, Hamburg
- HHLA Container Terminal Burchardkai GmbH, Hamburg
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg (until 31 August 2015)
- HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg
- HHLA Rosshafen Terminal GmbH, Hamburg
- IPN Inland Port Network GmbH & Co. KG, Hamburg
- IPN Inland Port Network Verwaltungsgesellschaft mbH, Hamburg
- METRANS a.s., Prague, Czech Republic
- POLZUG Intermodal GmbH, Hamburg
- Service Center Burchardkai GmbH, Hamburg
- Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg
- UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg

1 Including Compliance
2 Including Organisation

50. 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 24 June 2014 and – subsequent to its taking effect – the version dated 5 May 2015. 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, page 141 of this report. The Executive Board and Supervisory Board discussed matters of corporate governance in 2015 and on 9 December 2015 issued the declaration of compliance 2015 in accordance with Section 161 of the German Stock Corporation Act (AktG), which is permanently available to shareholders on the company's website under www.hhla.de.

51. Auditing Fees

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. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft was appointed as the auditor for the 2015 financial year.

Auditing Fees

in € thousand	2015	2014
Audit of financial statements	457	480
Other certification services	98	105
Other services	50	13
	605	598

52. Events after the Balance Sheet Date

The Ukrainian currency – the hryvnia – depreciated by approximately 10 % against the euro between the reporting date and the end of February. In addition to these exchange rate effects, which could have a negative impact on the HHLA Group's net assets, financial and earnings position, revaluations due to the economic developments and the deterioration of the economic environment in Ukraine, also cannot be excluded.

There were no other transactions of special significance after the balance sheet date of 31 December 2015.

Hamburg, 2 March 2016

Hamburger Hafen und Logistik Aktiengesellschaft

Klaus-Dieter Peters   Dr. Stefan Behn   Heinz Brandt   Dr. Roland Lappin

Annual Financial Statements of the Parent Company

The annual financial statement and combined management report of Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg, for the 2015 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.

Income Statement

in €	2015	2014
Revenue	121,225,080.51	135,830,235.84
Increase or decrease in work in progress	- 457,740.37	- 321,189.60
Own work capitalised	465,143.78	530,383.50
Other operating income	17,089,859.90	3,435,167.47
of which income from translation differences	4,163.59	2,465.85
Cost of materials	3,274,447.17	5,438,782.46
Expenses for raw materials, consumables, supplies and purchased merchandise	2,770,694.52	4,188,591.79
Expenses for purchased services	503,752.65	1,250,190.67
Personnel expenses	111,346,012.60	102,947,141.59
Wages and salaries	93,374,437.16	91,590,777.74
Social security contributions and expenses for pension and similar benefits	17,971,575.44	11,356,363.85
of which for pensions	2,654,290.20	- 3,628,034.24
Depreciation and amortisation on intangible fixed assets and property, plant and equipment	4,052,138.27	6,175,958.47
Other operating expenses	29,660,333.18	34,337,418.57
of which expenses from translation differences	6,005.18	2,772.33
Income from profit transfer agreements	66,553,031.57	109,538,656.92
Income from equity participations	23,470,713.24	17,805,193.89
of which from affiliated companies	20,409,102.24	14,936,284.89
Other interest and similar income	4,391,440.97	5,482,839.04
of which from affiliated companies	3,790,312.30	3,971,577.90
Expenses from assumed losses	8,367,801.39	16,558,290.84
Interest and similar expenses	40,429,816.33	28,749,481.92
of which to affiliated companies	2,221,823.58	3,104,064.42
of which from accrued interest	37,468,292.92	24,797,121.54
Result from ordinary income	35,606,980.66	78,094,213.21
Taxes on income	6,161,198.82	27,639,169.89
of which income from the change unrecognized taxes	7,767,087.30	1,176,116.38
Other taxes	333,146.25	430,122.83
Net profit for the year	29,112,635.59	50,024,920.49
Profit carried forward from the previous year	233,971,891.95	218,849,571.76
Dividend distributed	40,482,143.68	34,902,600.30
Unappropriated profit	222,602,383.86	233,971,891.95

Balance Sheet as of 31 December 2015

in €	31.12.2015	31.12.2014
ASSETS		
Intangible assets		
Purchased software	2,371,430.30	2,440,196.55
Payments in advance and software in development	1,192,368.55	0.00
	3,563,798.85	2,440,196.55
Property, plant and equipment		
Land, equivalent land rights and buildings, including buildings on leased land	4,794,148.40	99,811,962.77
Technical equipment and machinery	90,630.47	2,059,738.30
Other plant, operating and office equipment	2,047,438.18	2,303,078.18
Payments made on account and plant under construction	121,979.86	386,271.16
	7,054,196.91	104,561,050.41
Financial assets		
Interests in affiliated companies	367,327,229.27	308,899,084.75
Loans to affiliated companies	11,500,000.00	0.00
Equity investments	7,604,179.45	7,558,163.18
Non-current securities	943,085.62	939,049.76
	387,374,494.34	317,396,297.69
Non-current assets	397,992,490.10	424,397,544.65
Inventories		
Raw materials, consumables and supplies	154,691.46	174,551.06
Work in progress	1,252,719.19	1,710,459.56
	1,407,410.65	1,885,010.62
Receivables and other assets		
Trade receivables	867,842.20	915,638.24
Receivables from the Free and Hanseatic City of Hamburg	12,656.13	381,876.18
Receivables from the HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg	43,906,458.90	0.00
Receivables from affiliated companies	378,617,204.52	380,090,183.12
Receivables from investee companies	4,720,951.01	6,244,124.65
Other assets	11,351,621.71	4,913,789.49
	439,476,734.47	392,545,611.68
Cash and cash equivalents	164,202,688.63	226,533,092.78
Current assets	605,086,833.75	620,963,715.08
Accruals and deferrals	739,799.56	1,938,277.36
Deferred tax assets	35,478,457.10	28,422,565.69
Balance sheet total	1,039,297,580.51	1,075,722,102.78

in €	31.12.2015	31.12.2014
EQUITY AND LIABILITIES		
Equity		
Subscribed capital		
Port Logistics subgroup	70,048,834.00	70,048,834.00
Real Estate subgroup	2,704,500.00	2,704,500.00
	72,753,334.00	72,753,334.00
Capital reserve		
Port Logistics subgroup	136,771,470.63	136,771,470.63
Real Estate subgroup	506,206.26	506,206.26
	137,277,676.89	137,277,676.89
Statutory reserve		
Port Logistics subgroup	5,125,000.00	5,125,000.00
Real Estate subgroup	205,000.00	205,000.00
	5,330,000.00	5,330,000.00
Other earnings reserves		
Port Logistics subgroup	56,105,325.36	56,105,325.36
Real Estate subgroup	1,322,353.86	1,322,353.86
	57,427,679.22	57,427,679.22
Retained earnings	62,757,679.22	62,757,679.22
Unappropriated profit		
Port Logistics subgroup	199,044,818.51	212,936,837.97
Real Estate subgroup	23,557,565.35	21,035,053.98
	222,602,383.86	233,971,891.95
Equity	495,391,073.97	506,760,582.06
Provisions		
Provisions for pensions and similar obligations	313,095,443.46	293,516,486.26
Tax provisions	33,620.28	3,811,826.74
Other provisions	22,244,010.29	28,354,002.39
	335,373,074.03	325,682,315.39
Liabilities		
Liabilities from bank loans	76,237,999.73	27,542,962.00
Payments on account	1,611,568.19	2,111,397.00
Trade Liabilities	1,266,417.73	2,831,306.67
Liabilities towards the Free and Hanseatic City of Hamburg	5,167.63	5,173.72
Liabilities towards HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg	0.00	41,870,502.20
Liabilities towards affiliated companies	107,621,393.32	151,813,497.44
Liabilities towards investee companies	3,746,352.30	2,846,975.18
Other liabilities	13,516,189.42	8,677,072.52
of which from taxes	3,536,812.32	4,834,565.15
of which for social security	917,536.31	1,179,760.99
	204,005,088.32	237,698,886.73
Accruals and deferrals	0.00	340,778.52
Deferred tax liabilities	4,528,344.19	5,239,540.08
Balance sheet total	1,039,297,580.51	1,075,722,102.78

Auditor's Report

"We have audited the consolidated financial statements prepared by Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements, together with the combined management report for the fiscal year from 1 January to 31 December 2015. The preparation of the consolidated financial statements and the combined management report in accordance with IFRSs [International Financial Reporting Standards] as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] and supplementary provisions of the articles of incorporation and by-laws is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance.

Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit.

The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and supplementary provisions of the articles of incorporation and by-laws and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Hamburg, 2 March 2016

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Grummer Wirtschaftsprüfer [German Public Auditor]	Brorhilker Wirtschaftsprüfer [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, 2 March 2016

Hamburger Hafen und Logistik Aktiengesellschaft

The Executive Board

Klaus-Dieter Peters Dr. Stefan Behn Heinz Brandt Dr. Roland Lappin

Sustainability

Klaus-Dieter Peters
Chairman of the Executive Board

Ladies and Gentlemen,

In keeping with our business model based on accountability and a more long-term approach, we express our commitment to sustainability with innovative technology and efficient production processes, as well as value-oriented management and socially exemplary measures. We believe it is our ongoing task and duty to reach the sustainability targets we have set ourselves.

In order to achieve sustainable success, companies must deal with economic, environmental and social issues. Our sustainability strategy defines ten fields of activity in these areas. We are continually working on our most important field of activity, which consists of joining shipping and rail networks to form transport links that excel, both economically as well as environmentally. To this end, we have made significant investments in locomotives, carriages and hinterland terminals. This not only secures freight for our seaport terminals, but also helps transfer transport from road to rail with the corresponding positive impact on environmental and climate protection. In 2002, operations began at our first rail terminal that could handle block trains with a total length of 700 metres. Since this time, rail's share of container-hinterland transport has continued to grow strongly. This is one of the reasons why the Port of Hamburg is now the world's most important rail port – with all the positive effects for our environment that this entails.

We have also set ourselves ambitious environmental and climate protection targets for the production processes at HHLA's port facilities. High-tech and automation – two key terms at our terminals – lead to energy-efficient processes and exceptional use of space. The electrification of our plant and machinery is a cornerstone of our climate protection programme. It allows us to replace diesel-powered devices and equipment with electric devices and equipment, which we can power using renewable energy. Whereas in 2008, there were no electric storage cranes in use at the Container Terminal Burchardkai (CTB), eight electric storage blocks were in operation by the end of 2015. Work to add a further four storage blocks was commenced in mid-2015. We also now have the largest e-vehicle fleet of any European port with 70 electric vehicles.

These measures also help us achieve the ambitious savings target we set ourselves for reducing carbon emissions. Based on our 2008 figures, we aim to reduce CO_2 emissions per container handled by at least 30 percent by 2020. At the end of 2015, we had already achieved a reduction of 29,5 percent. By steadily increasing the level of automation, however, we have not only reduced greenhouse gas emissions but also achieved a significant reduction in noise emissions. For a port as close to the city as Hamburg is, this aspect should not be underestimated.

The high added value ratio at our various locations means we make a considerable contribution to the respective local economies. We currently operate in eleven countries and around one third of our employees are based outside Germany. This brings the topic of sustainability in our added value chain even more clearly into focus.

However, our understanding of sustainable business is not restricted to our port and intermodal activities. For over 130 years, HHLA's real estate experts have been taking care of the unique collection of buildings in Hamburg's Speicherstadt historical warehouse district. The Speicherstadt's addition to the UNESCO list of World Heritage Sites is confirmation of our strategy to continue developing and conserving the area, whilst safeguarding its historical and cultural heritage.

The prerequisite for success is education. To meet its social responsibilities, HHLA supports a variety of educational projects that focus on maritime economics and environmental topics.

Operating in a sustainable manner also means recognising the responsibilities we have towards our staff. We meet our responsibilities with the highest occupational health and safety standards, exemplary employee benefits and a comprehensive education and training programme. Our modern collective labour agreements also offer social stability and allow a work-life balance in keeping with today's needs. Our employees are the foundation upon which we can build our long-term success.

Yours,

Klaus-Dieter Peters
Chairman of the Executive Board

Sustainability Strategy

Sustainable business practices have long been an integral part of HHLA's business model. The company connects port terminals with hinterland networks networks to transport chains for global goods flows 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. HHLA thus demonstrates how environmental and economic targets can be reconciled with one another.

HHLA's sustainability strategy is based on three pillars: the ecology, society and the economy. Ten fields of activity and guidelines have been defined and implemented in HHLA's sustainability initiative. The fields of activity focus on environmentally friendly transport chains, climate protection and efficient land use. We are hereby laying the foundations for HHLA to take a leading role in the area of sustainability.

Sustainability Organisation and Dialogue

A Sustainability Council headed by the Chairman of the Executive Board is responsible for sustainability strategy. The Council comprises managers from within the Group as well as the external expert Prof. Schaltegger from the Leuphana University of Lüneburg. 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. At Group level, the sustainability team reports directly to the Chairman of the Executive Board.

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, potential and existing shareholders and investors, associations and institutions, research institutes, political decision makers, NGOs, local residents close to the terminals and interested members of the public. The Annual Report is an established medium which supplements this regular dialogue and takes the stakeholder groups' interests into account. ▶

Principles and Reporting Standards

HHLA's commitment to sustainability is binding, transparent, measurable and comparable. The company applies the Global Reporting Initiative (GRI 4 standard) 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. 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 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.

Sustainability Initiative

	Fields of activity	Guidelines
Ecology	Ecological transport chains	Actively liaise with other logistics operators and create sustainable, environmentally friendly transport chains
	Land conservation	Increase the efficient use of port and logistics areas
	Nature protection	Minimise impact on nature and actively protect natural habitats
	Climate protection	Utilise technically and economically viable methods to reduce CO_2
Society	Occupational safety / health promotion	Safety, appropriate working conditions and promotion of health-conscious behaviour
	Staff development	Vocational education, training and CPD as well as tailored staff development programmes
	Social responsibility	Intensify dialogue with society; information and discussions regarding port logistics
Economy	Added value	Make an ongoing and significant contribution to added value and thus raise prosperity at all locations
	Business partners	Tailor-made customer solutions and reliable cooperation with suppliers
	Shareholders	Long-term increase in enterprise value and transparency for investors

Materiality Analysis

The nature of HHLA's business means it has a large number of stakeholders with a variety of expectations and demands. In order to understand these expectations and demands more fully, HHLA conducted a materiality analysis as part of its sustainable management activities in which sustainability topics of potential relevance to its internal and external stakeholders were examined. The collection and evaluation of the data was based on the Global Reporting Initiative (GRI) guidelines.

The Stakeholder Survey Process

At a meeting of the Sustainability Council, HHLA's most significant stakeholders were first identified. This was initially based on internal sources, such as a list of key customers. The main stakeholders identified were customers (e.g. shipping companies), customers' customers (e.g. forwarders), employees, business partners and suppliers, the media, potential and existing shareholders, associations and institutions, research institutes, political decision makers, NGOs, and local residents close to the terminals.

Secondly, a list of topics known to be relevant to both internal and external stakeholders was drawn up. The results from HHLA's sustainability initiative "On Course" were also included in the data collection as the initiative had already discovered relevant topics and determined the main fields of activity. ▶ see Sustainability Strategy, page 157

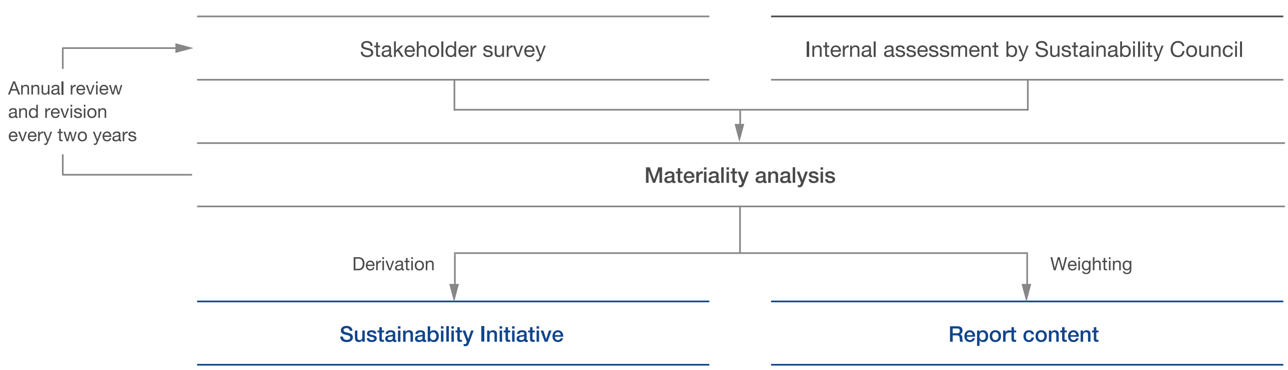
After this, a two-week online survey using a standard questionnaire was carried out worldwide during the reporting period. External stakeholders from all of the groups identified as well as managers from a number of different divisions took part. In total, approximately 100 people rated topics of potential relevance to HHLA, particularly customers, business partners, suppliers and HHLA staff. All stakeholder groups participated in the survey. Stakeholders also had the chance to rate the importance of topics, as well as to amend them or make comments on them. The results of the stakeholder survey were discussed during a Sustainability Council meeting and presented to the Executive Board.

Results of the Stakeholder Survey

The materiality matrix shows the ranking of all sustainability topics. The assessments provided by external stakeholders are combined with those of internal stakeholders in the matrix. The result is a prioritisation of the topics. Key aspects are considered material if they are relevant from the point of view of internal and/or external stakeholders.

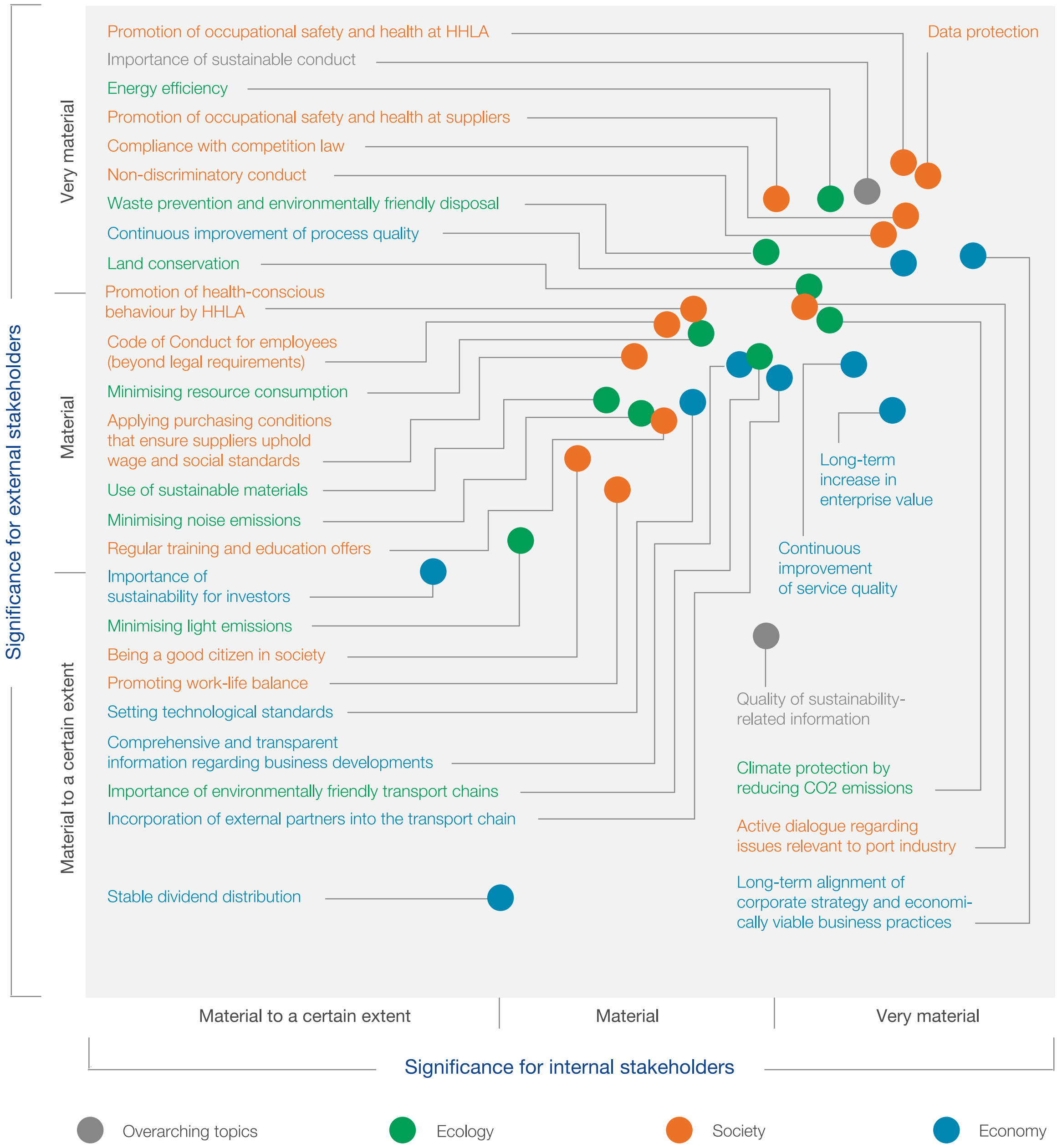
Ensuring a high level of data protection, high occupational safety standards, sustainable conduct, compliance, energy efficiency, continual improvements in quality, the long-term alignment of corporate strategy and the drafting of a Code of Conduct to ensure non-discriminatory behaviour amongst staff and towards third parties were all rated as very material. The topics carbon emission reductions, occupational safety and health promotion at suppliers, waste prevention and environmentally appropriate disposal, as well as area optimisation and an active dialogue on topics relevant to port management were regarded as material by the survey participants. With a clear majority, the main reasons stated for HHLA's sustainable approach were a long-term, stable economic development and a reduction of environmental effects. The majority of those surveyed considered themselves generally well informed regarding sustainability topics.

Materiality Analysis Process



Materiality Matrix

Evaluating the relevance of sustainability topics for HHLA



Due to the high correlation of external and internal stakeholders' ratings of potentially relevant topics, only slight adjustments had to be made to the weighting of topics compared with earlier reports. The main fields of activity defined during the sustainability initiative were also largely confirmed by the results: none of the potentially relevant topics were rated as immaterial or less material.

In future, HHLA will carry out a stakeholder survey every two years in order to review the results of the materiality analysis and to enable early recognition of changes in stakeholder expectations. ▶ see www.hhla.de/en/sustainability

Materiality Analysis

In line with the new G4 guidelines of the Global Reporting Initiative, a comprehensive materiality analysis was carried out for the first time. The results are displayed in the following table. The topics have been assigned to the fields of activity determined by HHLA's sustainability initiative "On Course". The topics "stable dividend distribution" and "importance of sustainability for investors" were rated as "only material to a certain extent". None of the potentially relevant topics covered were rated as immaterial or hardly material.

	Fields of activity	Relevance for the stakeholders asked	
		Material	Very material
General		Quality of sustainability-related information	Importance of sustainable conduct
Ecology	Ecological transport chains	Importance of environmentally friendly transport chains	
	Land conservation	Land conservation	
	Nature protection	Minimising resource consumption Use of sustainable material Minimising noise emission Minimising light emission	Waste prevention and environmentally appropriate disposal
	Climate protection	Climate protection by reducing CO_2-emission Energy efficiency	
Society	Occupational safety/health promotion	Promotion of health-conscious behaviour by HHLA	Promotion of occupational safety and health at HHLA Promotion of occupational safety and health at suppliers
	Staff development	Promoting work-life balance Regular training and education offers	
	Compliance	Code of Conduct for employees (beyond legal requirements) Applying purchasing conditions that ensure suppliers uphold wage and social standards	
	Social responsibility	Being a good citizen in society	Active dialogue regarding issues relevant to port industry
Economy	Added value	Setting technological standards Incorporation of external partners into the transport chain	Long-term alignment of corporate strategy and economically viable business practices
	Business partners	Continuous improvement of process quality Continuous improvement of service quality	
	Shareholders	Comprehensive and transparent communication regarding business developments	Long-term increase in enterprise value

Report Profile

Report Framework

The reporting period is the 2015 financial year (1 January to 31 December 2015). 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 30 March 2015.

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.

Defining the Content for this Report

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". The concept of an integrated report includes annual financial and sustainability reporting. It illustrates the interaction between economic, environmental and social factors and their relevance to the company's long-term success.

HHLA carried out a materiality analysis to determine the most important sustainability topics. This was conducted by means of an international online survey of stakeholders in autumn 2015. The results of this survey were used to determine the key issues for sustainability reporting. It includes all topics identified as material. ▶ see Materiality Analysis, page 158

Data Collection and Calculation Methods

Financial Statements and Reports

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. ▶ see Note 2, Consolidation Principles, page 83

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 Performance Indicators

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). ▶ see Sustainability Performance Indicators, page 24

Risk and Opportunity Management

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 at various HHLA companies (including ISO 14001, ISO 9001 and CTQI [Container Terminal Quality Indicator]) confirm compliance with recognised international standards. ▶ see Risk and Opportunity Report, page 44

External Audit

The Combined Management Report of the HHLA Group and HHLA AG, as well as the Consolidated Financial Statements and Notes, were audited by Ernst & Young.

The 2015 Annual Report was prepared in accordance with the international G4 guidelines of the Global Reporting Initiative and meets the application level "Comprehensive".

GRI Content Index

The GRI content index refers to parts in this Annual Report or sections of the HHLA website which provide information about individual GRI indicators. The index is available exclusively at ▶ report.hhla.de/gri

Glossary

Specialist Terminology

Automated Guided Vehicle (AGV)
Fully automatic, driverless transport vehicle that carries containers back and forth between the container gantry cranes on the quayside and the block storage yard at the HHLA Container Terminal Altenwerder.

Block Storage
Automated block storage is used at the HHLA Container Terminals Altenwerder and Burchardkai to stack containers in a compact and efficient manner. These facilities consist of multiple storage blocks. ▶ Rail-Mounted Gantry Cranes are used to transport and stow the boxes.

ConRo-Schiff
A ship that can transport containers as well as ▶ RoRo.

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 / Feeder Ship
Vessels that carry smaller numbers of containers to ports. 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 (water, rail, road) combining the specific advantages of the respective carriers.

North Range
North European coast where in the broadest sense all large continental ports from Le Havre to Hamburg are situated. Among the four largest ports are Hamburg, Bremen ports, Rotterdam and Antwerp.

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 cargo which can simply be rolled or driven onto or off 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 seaports and the Hub Terminals (Hinterland).

Spreader
Weighing several tonnes, the spreader is the part of a Container Gantry Crane or other crane used to grip and then lift or lower containers.

Standard Container
See: ▶ TEU

Straddle Carrier
A long-legged vehicle used to transport containers at the terminals. The driver manoeuvres their straddle carrier into position above a container and lifts it up. The vehicles can stack containers up to four high.

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. HHLA uses tandem gantry cranes at the Container Terminal Burchardkai.

Terminal
In maritime logistics, a terminal is a facility where freight transported by various modes of transport is handled.

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 action of a locomotive pulling a train.

Transport Performance
Performance indicator in rail traffic, which results from the product of the transported cargo volume and total distance travelled.

Ultra Large Vessel (ULV)
A mega-ship which is at least 330 metres long and/or 45 metres wide. This type of vessel is increasingly being used on routes between the Far East and Northern Europe in particular.

Financial Terms

Average Operating Assets
Average net non-current assets (intangible assets, property, plant and equipment, investment properties) + average net current assets (inventories + trade receivables – trade liabilities).

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. Earnings from associated companies (using the equity method) Earnings of joint ventures or associated companies are included in the financial result in the profit and loss statement.

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 +/– earnings from associated companies using the equity method +/– other financial result

Dynamic Gearing Ratio
Commercial debt (pensions provisions + non-current and current liabilities to related parties + non-current and current financial liabilities – cash, cash equivalents and short-term deposits) / EBITDA.

IAS
International Accounting Standards

IFRS
International Financial Reporting Standards

Impairment Test
Impairment test as defined under IFRS

Investments
Payments for investments in property, plant and equipment, investment property and for investments in intangible assets.

Operating Cash Flow (as Defined in Literature on IFRS Indicators)
EBIT – taxes + amortisation and depreciation – write-backs +/– 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.

Value Added
Value added is calculated on the basis of the value of production less input (costs of materials, depreciation, other operating expenses). Value added is distributed to different interest groups in HHLA, such as employees, shareholders, partners, lenders or the state. IAS

Financial Calendar

30 March 2016

Annual Report 2015
Press Conference, Analyst Conference

12 May 2016

Interim Report January–March 2016
Analyst Conference Call

16 June 2016

Annual General Meeting

11 August 2016

Interim Report January–June 2016
Analyst Conference Call

10 November 2016

Interim Report January–September 2016
Analyst Conference Call

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Published by

Hamburger Hafen und Logistik AG
Bei St. Annen 1
20457 Hamburg
Phone +49 40 3088 – 0
Fax +49 40 3088 – 3355
info@hhla.de
www.hhla.de

Investor Relations
Phone +49 40 3088 – 3100
Fax +49 40 3088 – 55 3100
investor-relations@hhla.de

Corporate Communications
Phone +49 40 3088 – 3520
Fax +49 40 3088 – 3355
unternehmenskommunikation@hhla.de

Photography

Thies Rätzke
Nele Martensen (Executive Board)

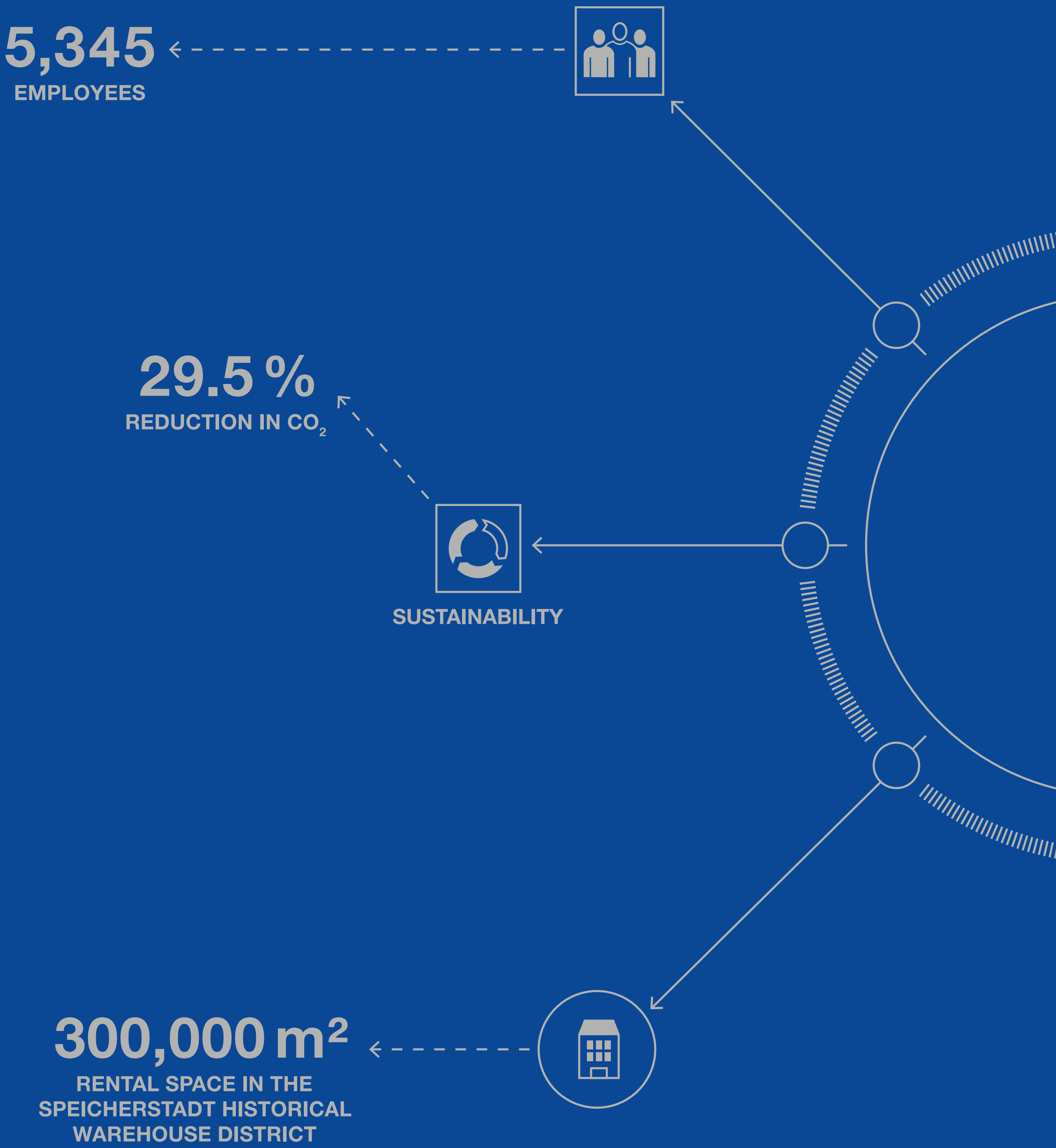
Design and Implementation

nexxar GmbH, Vienna
Online annual reports and online sustainabilty reports

HHLA Multi-Year Overview

in € million	2012	2013	2014	2015
Revenue				
Port Logistics subgroup	1,101.2	1,110.1	1,171.2	1,111.0
Real Estate subgroup	32.4	33.1	33.5	36.5
Consolidation	- 5.0	- 5.1	- 5.1	- 5.7
HHLA Group	1,128.5	1,138.1	1,199.6	1,141.8
EBITDA				
Port Logistics subgroup	290.1	257.0	276.2	261.2
Real Estate subgroup	17.1	17.8	17.9	20.2
Consolidation	0	0	0	0
HHLA Group	307.2	274.8	294.2	281.4
EBITDA margin in %	27.2	24.1	24.5	24.6
EBIT				
Port Logistics subgroup	172.8	140.2	155.6	141.1
Real Estate subgroup	12.8	13.3	13.4	15.2
Consolidation	0.3	0.3	0.3	0.3
HHLA Group	186.0	153.9	169.3	156.5
EBIT margin in %	16.5	13.5	14.1	13.7
Profit after tax	111.7	80.4	90.6	95.8
Profit after tax and after minority interests	72.3	54.3	58.9	66.7
Cash Flow/Investments/Depreciation and Amortisation				
Cash flow from operating activities	210.5	185.1	233.4	195.3
Cash flow from investing activities	- 160.9	- 106.5	- 114.5	- 130.2
Cash flow from financing activities	- 155.9	- 116.8	- 79.0	- 82.7
Investments	196.5	112.7	138.4	145.5
Depreciation and amortisation	121.2	120.9	124.9	124.9
Assets and Liabilities				
Non-current assets	1,323.7	1,284.6	1,308.1	1,305.8
Current assets	443.9	431.4	480.0	444.6
Equity	563.8	600.1	546.7	580.6
Equity ratio in %	31.9	35.0	30.6	33.2
Pension provisions	384.2	364.4	443.6	415.6
Other non-current assets	493.6	462.5	475.3	563.6
Current liabilities	326.0	289.0	322.5	190.6
Dynamic gearing ratio	2.6	2.6	2.7	2.8
Total assets	1,767.6	1,716.0	1,788.1	1,750.4
Employees				
Employees as of 31.12.	4,915	4,924	5,194	5,345
Performance Data				
Container throughput in million TEU	7.2	7.5	7.5	6.6
Container transport in million TEU	1.0	1.2	1.3	1.3

Restated figures: 2012 from application of IAS 19 (revised 2011) / 2013 from application of IFRS 11



HAMBURGER HAFEN UND LOGISTIK AKTIENGESELLSCHAFT
Bei St. Annen 1, 20457 Hamburg
Telephone: +49 40 3088-0, fax: +49 40 3088-3355, www.hhla.de, info@hhla.de