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.