Real Estate Segment

Key Figures

in € million	2017	2016	Change
Revenue	37.9	37.7	0.6 %
EBITDA	21.3	21.1	0.9 %
EBITDA margin in %	56.2	56.0	0.2 pp
EBIT	16.3	16.0	1.5 %
EBIT margin in %	43.0	42.6	0.4 pp

Hamburg's office rental market made good progress in 2017. According to Grossmann & Berger's latest market report, 640,000 m^2 of office space was let in the reporting period, corresponding to year-on-year growth of 16 %. Due to high demand, Hamburg's vacancy rate fell by 0.8 percentage points to a new record low of 4.3 %.

Against this market background, HHLA's properties in the Speicherstadt historical warehouse district and the fish market area continued their positive revenue and earnings trend. As a result of virtually full occupancy in both areas, **revenue** rose by 0.6 % year-on-year to € 37.9 million (previous year: € 37.7 million) in 2017.

The **operating result (EBIT)** increased by 1.5 % year-on-year to € 16.3 million (previous year: € 16.0 million). This was largely due to increase in revenue from existing and newly developed properties while maintenance costs remained constant. The EBIT margin of 43.0 % achieved in the 2017 financial year (previous year: 42.6 %) once again testifies to the economic success of HHLA's long-term, value-oriented portfolio development strategy.

Events after the Balance Sheet Date

No significance events occurred after the balance sheet date of 31 December 2017. ▶ See also Note 52 of the Notes to the Consolidated Financial Statements, page 148

Business Forecast

Macroeconomic Environment

Global economic momentum strengthened in 2017. Rising political uncertainty and existing structural problems have not adversely affected the stronger economic recovery as yet. The International Monetary Fund (IMF) expects this upward trend to continue in the regions relevant to HHLA during the forecast period. The IMF's experts believe that the German economy will maintain its robust upward trajectory with growth of 2.3 %. In the emerging economies of Central and Eastern Europe, the pace of expansion picked up markedly in 2017. The IMF anticipates economic growth of 4.0 % in 2018. Due in part to the sanctions still imposed on the Russian Federation, its economic output is likely to be largely unchanged from the previous year with GDP growth of 1.7 %. The IMF has upgraded its outlook for the Chinese economy slightly and now expects growth of 6.6 %. Meanwhile, the IMF's experts forecast a rise in global GDP of 3.9 % in 2018. Global trade volumes are expected to grow by 4.6 %.

Growth Expectations for GDP

in %	2018	Trend vs. 2017
World	3.9	↗
Advanced economies	2.3	→
USA	2.7	↗
Emerging economies	4.9	↗
China	6.6	↘
Russia	1.7	→
Eurozone	2.2	↘
Central and Eastern Europe (emerging european economies)	4.0	↘
Germany	2.3	↘
World trade	4.6	→

Source: International Monetary Fund (IMF), January 2018

Sector Development

Following a significant increase in container throughput in 2017, the market research institute Drewry expects the momentum to slow in 2018 with growth of 4.3 %. Growth will be driven in particular by the shipping regions of Asia (+ 4.5 %), Latin America (+ 4.6 %) and especially Africa (+ 6.1 %). Throughput growth in China – the Port of Hamburg's most important shipping region – is expected to be slower than in the previous year but to remain robust at 5.5 %.

Container throughput growth in the European shipping regions is likely to remain moderate, but below the prior-year level. Scandinavia, the Baltic, the Eastern Mediterranean and the