Consolidated Financial Statement

for the Business Year from 1 January 2017 to 31 December 2017

of

Aves One AG

■ Supervisory Board Report 2017

Dear Shareholders,

Operationally, the Aves Group grew strongly in the 2017 business year, as reflected at Group level in visibly increased sales revenues and a significantly improved consolidated result before currency effects. All the business units were considerably expanded by large-scale investments in new (sea) containers, swap bodies and freight wagons. There was also targeted strengthening of the asset portfolio, capacity utilisation was increased and the overall portfolio was rejuvenated. These measures will have a very positive effect on the operating result in the coming years. In the short term, the portfolio is being enlarged by purchasing a first logistics real estate property, and the real estate segment in the portfolio mix is scheduled to grow more than proportionally and to generate stable rental cash flows in the current 2018 business year.

THE SUPERVISORY BOARD'S WORK

Very close, regular exchange took place between the Management Board and the Supervisory Board against the background of considerable enlargement of the operational business in all four business units in the year under review. This is also apparent from the large number of joint meetings and phone conversations that took place. The Management Board also reported promptly and comprehensively to the Supervisory Board verbally and in writing outside of these meetings about the current performance of the business, corporate planning, the liquidity situation and company strategy, and consulted it about the financing needed for asset purchases (in the form of loans and equity capital measures). The Supervisory Board was involved in this way in all business transactions requiring approval, and took the corresponding decisions. Therefore the Supervisory Board carried out with great care all the duties incumbent on it according to the law, the Articles of Association and the rules of procedure in the year under review, while at the same time supervising the conduct of the business by the Management Board and assisted it with advice in managing the business.

Although the Supervisory Board was enlarged to four members by resolution of the general meeting during the year under review, there was no change in its decision to refrain from forming committees. In his capacity as auditor and tax adviser, and after his own detailed examination of the annual financial statements and internal control processes, Mr. Kretzenbacher continues to make recommendations for the Supervisory Board.

MEETINGS AND RESOLUTIONS OF THE SUPERVISORY BOARD

Against the background of the Aves One Group's strong growth in the year under review, the Supervisory Board's work was very intensive and marked by a large number of meetings and resolutions. The Aves One AG Supervisory Board held a total of 11 ordinary Supervisory Board meetings in the 2017 business year, in addition to which 14 adoptions of resolutions were carried out by telephone. The dates on which meetings took place were 23 January (two meetings on this day), 27 February (again two meetings), 28 April, 30 Mai, 21 July, 28 and 29 August, 22 September and 16 November 2017. Adoptions of resolutions by telephone took place on 13 March, 27 April, 9, 11 (two resolutions adopted) and 13 June, 11 (three resolutions adopted) and 17 July, 27 November, and 11, 18 und 21 December 2017. In most cases all the members of the Supervisory Board and also in most cases all the members of the Management Board took part in the meetings and adopting of resolutions. A representative of the auditor was also present on the two dates in April and on 30 May 2017. Thus the adopting of a resolution on 27 April 2017 acted as the preliminary discussion of the 2016 annual financial statement and 2016 consolidated financial statement, and the latter were then approved and adopted in the annual accounts Supervisory Board meeting on 28 April 2017. However, due to an incorrect presentation in the cash flow statement, it was necessary for the consolidated financial statement to be amended and approved and adopted again. This took place in the Supervisory Board meeting on 30 May 2017. The statement of compliance with the recommendations of the "Government Commission German Corporate Governance Code" by the Management Board and Supervisory Board pursuant to Section 161 of the AktG (German Companies Act) was agreed to on 9 June 2017 and it has been made permanently accessible at the Internet address http://www.avesone.com/de/aves_investoren_corporategovernance.html. In the context of adopting a resolution by telephone on 16 November 2017, the Supervisory Board specified the new target sizes for the proportion of women in the Supervisory Board and Management Board by 30 June 2022 pursuant to Section 111, Para. 5 of the AktG (German Companies Act).

MAIN FOCUSES OF DISCUSSIONS IN THE SUPERVISORY BOARD

In terms of topics, in addition to the Management Board's report about the business situation and business performance of Aves One AG and its subsidiary companies, as well as corporate strategy and risk management together with the Management Board's rules of procedure, the Supervisory Board dealt in particular, in its meetings and in the context of the resolutions it adopted, with expanding the operational business of the Aves One Group. In this connection, the Supervisory Board was involved in all the business transactions requiring approval in relation to the acquisition of new and used (sea) containers, swap bodies and freight wagons, and approved any purchase contracts, loan contracts, framework contracts and other agreements by individual group companies required for this purpose. Furthermore, the company's share capital was increased in the year under review by a total of EUR 3,989,509.00 from EUR 8,910,000.00 to EUR 12,899,509,00 by means of various capital increases against cash and non-cash contributions. In detail, this took place based on the following capital measures:

- As a supplement to the capital increase against cash contributions already carried out in the 2016 business year, the Quirin Bank fully exercised the Greenshoe option relating to a total of 297,000 shares on 23 January 2017. By resolution of the Management Board and Supervisory Board on 23 January 2017 and entry of the capital increase on 27 January 2017, the share capital of Aves One AG was thereby increased by EUR 297,000.00 to EUR 9,207,000.00.

- An increase of the share capital of Aves One AG, excluding shareholders' subscription rights, from the approved capital (2016/II) by EUR 1,557,831.00 from EUR 9,207,000.00 to EUR 10,764,831.00 by non-cash contribution was resolved by the Management Board resolution of 12 June 2017 and consent of the Supervisory Board on 13 June 2017. The non-cash contribution comprises accounts receivable from group companies amounting to more than EUR 10 million. A further EUR 475,000.00 was granted for purposes of cash compensation against non-cash contribution. The capital increase was entered in the commercial register on 25 August 2017.

- On 11 July 2017, the Management Board and Supervisory Board of Aves One AG resolved further non-cash capital increases, excluding shareholders' subscription rights, from the approved capital (2016/II). In a first tranche, these involved the issue of 857,067 new shares, against a non-cash contribution of 70% of the shares in CH2 Contorhaus Hansestadt Hamburg AG, the remaining 30% of whose shares were already held by Aves One AG. Moreover, a resolution was adopted to issue 1,277,611 new shares against the non-cash contribution of accounts receivable from group companies amounting to around EUR 8.4 million. Aves One AG granted cash funds amounting to EUR 0.9 million as an additional counter-performance. Consequently, the company's share capital increased by a total of EUR 2,134,678.00 to EUR 12,899,509.00. This capital increase was also entered in the commercial register on 25 August 2017.

Furthermore, on 28 August 2017 the Management Board and Supervisory Board resolved to carry out non-cash capital increases in several stages, excluding shareholders' subscription rights, by issuing up to 6,000,000 new shares from approved capital against the contribution of receivables arising from financial liabilities. This involves liabilities vis-à-vis the subsidiary company BoxDirect AG based on asset financing arrangements. Insofar as use is made of this, BoxDirect AG's receivables against the Aves Group will be brought into Aves One AG as a non-cash contribution. The volume of receivables to be brought in, and the exact conditions, have not yet been fixed. They depend on, among other things, the share price current at the date/time of the contribution process. The corresponding securities prospectus of BoxDirect AG was approved by the BaFin (German Federal Agency for Financial Services Supervision) on 29 August 2017.

The agenda for the ordinary general meeting on 29 August 2017 was also resolved on 17 July 2017.

Issue of an Audit Order to Mazars GmbH & Co. KG, Audit Company, Tax Consultancy Company, Hamburg

In compliance with the regulations of the Corporate Governance Codex regarding collaboration between the Supervisory Board and the auditor, the Supervisory Board issued the audit order for the 2017 business year to the auditors Mazars GmbH & Co. KG Audit Company, Tax Consultancy Company (formerly trading as: Roever Broenner Susat Mazars GmbH & Co. KG Audit Company, Tax Consultancy Company), Hamburg ("Mazars") which was elected at the ordinary general meeting on 29 August 2017. This order also includes the audit of the risk early warning system.

Audit of the Annual and Consolidated Financial Statement

The annual financial statement with management report prepared by the Management Board in accordance with the rules of the German Code of Commercial Law (HGB) and the consolidated financial statement prepared by the Management Board based on the International Financial Reporting Standards (IFRS) together with the group management report were properly audited by Mazars GmbH & Co. KG Audit Company, Tax Consultancy Company, and each was given an unqualified audit certificate.

The above-mentioned documents and auditor's audit reports were available to all Supervisory Board Members in good time before the annual accounts Supervisory Board meeting that took place on 24 April 2018. A preliminary discussion of these documents took place on 19. April 2018 in the presence of the auditor's representative, during which individual figures and factual issues were explained. On 19 April 2018 the auditor presented the essential audit results, provided supplementary information and answered questions. Moreover, he reported that no weaknesses were detectable in the early recognition of risk and internal control system. After examining the documents itself, the Supervisory Board agreed with the auditor and approved the annual financial statements prepared by the management board. Thus the annual financial statement of Aves One AG is thereby adopted.

CHANGES IN THE SUPERVISORY BOARD AND IN THE MANAGEMENT BOARD

Changes in the membership of both the Management Board and the Supervisory Board of the company occurred in the year under review:

Mr. Henrik Christiansen resigned his office as a Management Board Member for personal reasons with effect as of 31 October 2017. We thank him for his contribution to the successful positioning and growth of the Aves Group. Board Members Peter Kampf and Jürgen Bauer have headed Aves One AG since 1 November.

Supervisory Board Member Britta Horney resigned from her office with effect as of 28 February 2017. By resolution of 28 February 2017, Hamburg District Court appointed Mr. Ralf Wohltmann, Director of the Pension Scheme of the Berlin Dentists' Association KdöR, residing in Berlin, to the Supervisory Board in her stead. The Supervisory Board reconstituted itself on 13 March 2017 as follows: Mr. Wohltmann was elected as Chairman and Mr. Emmerich G. Kretzenbacher as his deputy. The Supervisory Board also comprised the additional member Mr. Rainer Baumgarten.

All three gentlemen mentioned above were confirmed as Supervisory Board Members by the company's shareholders by election at the ordinary general meeting on 29 August 2017. Moreover, the shareholders resolved amendments to the articles of association including among other things an enlargement of the Supervisory Board to four members. Mrs. Britta Horney was elected as the fourth member of the Supervisory Board by a by-election. In the Supervisory Board meeting held directly following the general meeting, the Supervisory Board constituted itself as follows: Mr. Wohltmann was elected Chairman of the Supervisory Board and Mr. Kretzenbacher as his deputy. Since the general meeting's resolutions were entered in the commercial register on 13 September 2017, the Supervisory Board also includes the additional fourth member Mrs. Britta Horney.

At this point we should like to thank all the employees of the Group's companies and the Management Board for the services they performed during the year under review, and for their enthusiastic contribution to the Aves Group's successful growth.

Hamburg, 24 April 2018

The Supervisory Board
Ralf Wohltmann
(Chairman)

Summary

1. Basic Principles

1.1. Business Model

1.1.1. Overview

Aves One AG is a Prime Standard stock exchange listed company based in Hamburg. The Aves One AG Group (hereinafter "Aves Group"; Aves One AG as a single entity is also referred to as "Aves" or "Company") invests in holding portfolios of long-term logistics assets, especially in the business units Rail, Container and Logistics Properties. The company has no significant business division of its own, instead of which it acts as a holding company and provides administrative activities for its subsidiary companies. The aim is to achieve further expansion of business activity in all business units, with the result that the Aves Group will manage a total asset volume of around EUR 750 million by the end of 2018 and a total asset volume of around EUR 1 billion in 2020. In addition to growth through acquisitions in all three business units, the Group emphasises extending the degree of vertical integration and increasing profitability.

1.1.2. Corporate Structure

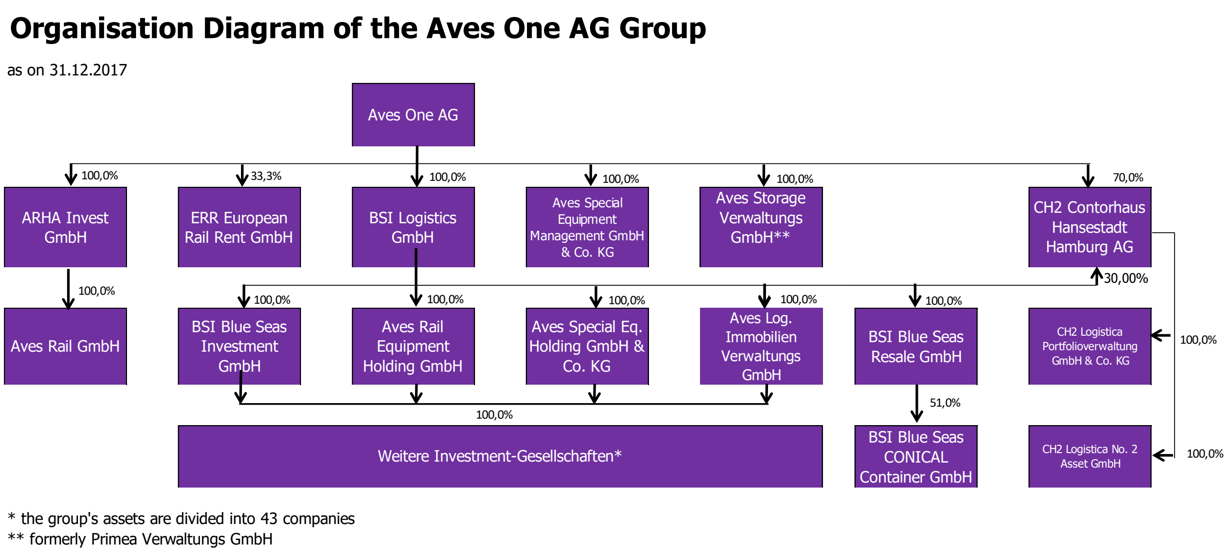

Figure 1: Corporate structure as on 31 December 2017

As of the 31 December 2017 balance sheet date, the Aves Group is made up of the parent company Aves One AG and the fully owned subsidiaries ARHA Invest GmbH, BSI Logistics GmbH, Aves Special Equipment Management GmbH & Co. KG and Aves Storage Verwaltungs GmbH. Aves holds 33.3% of the shares in ERR European Rail Rent GmbH (hereinafter "ERR Duisburg"). Aves One AG holds 70.0% of the shares directly in CH2 Contorhaus Hansestadt Hamburg AG (hereinafter "CH2") and the other 30.0% through the fully owned subsidiary BSI Logistics GmbH.

The subsidiary BSI Logistics GmbH, which has no significant business division of its own and acts instead as a holding company exclusively providing administrative activities for die Aves One as the latter's subsidiary, had for its part, as of 31 December 2017, five fully owned subsidiaries acting as holding companies for the Rail, Container and Real Estate business units. As well as a minority holding and a joint venture with a 51% shareholding, these holding companies combine together a large number of fully owned subsidiaries, each having different financing structures.

1.1.3. The business model

The Aves Group invests in long-lived logistics assets with good sustainable cash flow performance in liquid markets. Business activity focuses on holding portfolios of logistics assets and their active management. As of the balance sheet date, 31 December 2017, the managed asset portfolio amounted to a total of more than EUR 448 million. The Group's main areas of operation are the Rail, Container (the Special Equipment unit will be presented in the Container segment from this business year onwards) and Real Estate units. Very good accesses to the equipment market together with the management's extensive knowledge in the financing area and an excellent network of partners from both areas form the basis for continuing expansion and extension of business activity. CH2 has been a fully consolidated Aves Group company since July 2017. CH2 was already a financing partner for material asset investments since 2013. CH2 placed around EUR 92 million of capital for investments in material assets in the past year. In this respect, CH2 has collaborated closely with BoxDirect AG, BoxDirect Vermögensanlagen AG and BoxDirect Erste Vermögensanlagen GmbH (hereinafter "Box Direct") since 2013.

Within the mobile logistics assets sector, it remains apparent that logistics businesses prefer to lease part of the assets they need instead of buying these themselves. A reduced basic level of equipment is procured instead, and leasing solutions are increasingly resorted to as cover for peak loads. In future, the Aves Group will expand its portfolio of assets by adding logistics real estate properties to it. Purchased acquisitions are scheduled to take place throughout Germany, and are not restricted to any specific region. The strong growth in online retail and the associated increase in parcel delivery entail an additional need for logistics properties. The Aves Group views these developments as an opportunity on which the business model has been expanded.

The Aves Group's three-pillar model:
This model represents the Aves Group's competent ability both to procure financing and to acquire suitable assets to the same extent. This combination enables an immediate, efficient, cost-oriented response to opportunities from both directions.

1. Access to logistics assets

Through extensive contacts in the sector, the company has access to the various logistics assets (sea containers, freight wagons, swap bodies, tank containers, logistics real estate properties etc.) and acquires large tranches of assets, up to now mainly from investment companies and asset managers., The logistics properties are chosen selectively with experienced partners. Further direct use can be made of the partnerships obtained in this way for a sustainable business model.

2. Strong partners

Operational management of the assets remains directly with the asset managers. The essential advantages are that

- contacts between asset managers and specific customers have existed for many years,
- considerable know-how in managing and optimising the leasing of the assets can be demonstrated,
- as a result of which it is possible to guarantee optimum capacity utilisation and maintenance of the assets.

3. Flexible Financing

The financial market is subject to constant change. Therefore the ability to respond as flexibly as possible to new market circumstances has great importance. As a result of many years of experience, a well thought out company structure and soundly-based know-how, the company can resort to a wide range of financing opportunities and financing partners, while also always being open to new, innovative external financing possibilities. External financing of assets currently takes place mainly via four different variants:

- Bank financing arrangements,
- Institutional investors,
- Direct investments,
- Leasing financing arrangements.

The current low level of market interest rates provides a solid financing basis for investments in long-term assets with good growth opportunities. Furthermore, direct investments and partially also investments from institutional investors will be refinanced with long-term bank loans.

1.1.4. Business units

The Aves Group's main activities can be combined into three business units:

- Rail,
- Container,
- Real Estate.

Rail:

The Rail business unit has specialised in holding portfolios of freight wagons with a useful life of 40 to 45 years. Today's market already has a great tendency towards consolidation and a transfer of activities to leasing companies or active portfolio holders. The foundation for this area was laid by two transactions in 2015 with a portfolio totalling 331 freight wagons. Building on this, Aves took over all the shares of Aves Rail GmbH (formerly ERR Vienna) together with 33.3% of the shares in ERR Duisburg by a purchase contract of August 2016 with economic effect as of 26 October 2017. Further transactions in 2017 enabled the Aves Group to expand its fleet to 4,308 freight wagons with a balance sheet value of around EUR 229.8 million as of 31 December 2017, and thus it has one of the youngest and most modern fleets in the market expressed as a sector average. The Aves Group's lessees are big industrial companies, and above all state-owned rail companies.

Active management by reputable rail managers:

The freight wagons are managed by ERR Duisburg, which has many years of extensive expertise in leasing and managing freight wagons as well as with newly built freight wagons and their rebuilding. However, Aves is not tied to a single manager, and will also examine collaboration with other established asset managers when other portfolios are acquired.

Financing:

When financing the Rail unit, the Aves Group has concentrated up to now on classical bank financing (for medium to long-term maturities) and on financing by institutional investors, but reserves the right to examine alternative types of financing in parallel.

Containers:

The company concentrates its activities in the Container business unit primarily on the three commonest types of sea containers (20-foot, 40-foot standard and 40-foot high-cube containers) with an economically useful lifetime of up to 15 years. As of the reference date of 31 December 2017, the Container unit comprised a fleet of around 112,000 containers, equivalent to around 154,000 CEUs (= Cost Equivalent Units; a unit used when assessing the value of different container variants) (balance sheet value EUR 190.2 million). Swap bodies and tank containers, previously carried under the term Special Equipment, also belong to this business unit. This equipment has an average useful life of up to 20 years. The current portfolio is 98% leased. The customers are mainly big logistics services providers from the CEP (Courier, Express, Package) market. There was also further investment in new swap bodies in 2017, as a result of which the Special Equipment portfolio has grown to 4,739 units, i.e. a volume of around EUR 28.2 million, as of 31 December 2017.

Active management by reputable asset managers:

The asset managers engaged by the Aves Group operate the containers under their own name but for the Aves Group's account, and they lease the containers to shipping companies such as Hapag Lloyd, Maersk, Evergreen and others. The asset managers mandated by Aves, namely Florens, Hong Kong, CAI International, San Francisco, UES International, Hong Kong, and Axis, Cologne, are among the market's leading players. Containers are leased either with a short contract term (typically one to three years or without a specific term of lease = master lease), or a long-term (typically more than three years = long-term lease). The Aves Group monitors the asset managers' activities to achieve better results by working together.

Financing:
Essentially, container financing is provided via institutional investors, family offices and banks. In this regard and depending on the investor, containers are operated in property companies that are part of the Aves Group. In addition, financing is provided partly via BoxDirect through the sale of direct investments. Investors acquire containers from BoxDirect, which in turn obtains the containers from Aves subsidiary companies. Simultaneously, the investor leases the containers back to BoxDirect and by BoxDirect in turn back to the Aves subsidiary company. Aves subsidiary companies undertake to re-acquire the containers on a specified date, whereby the rental rates, term of lease and repurchase value are contractually defined beforehand.

Real Estate:
The approach to investing in real estate properties originated by linking together extensive experience in the logistics assets areas with the combination of existing property and financing know-how and an excellent partner/adviser network. Assisted by the current very positive market environment, it was possible to test and implement projects here, and to build up a well-filled project pipeline. The logistics property market is regarded as a growth market driven mainly by very strong growth in the retail area and constantly changing consumer behaviour (e-commerce, Industry 4.0). As in the Container and above all the Rail areas, a particularly characteristic feature of this area is the long term of the rental contracts due to the long-term planning capability.

The first self-storage park was completed in Münster in March 2017 and its rental was undertaken by Aves. However, in view of the high complexity and intensity involved in the administration of the self-storage park, this does not fit well with the strategic orientation of the Aves Group; the Management Board has therefore decided not to construct further storage parks and, in the medium term, to divest itself of the existing storage park in Münster.

1.1.5. Corporate bodies and employees
There were changes in the membership of the Management Board during the year under review. Mr. Henrik Christiansen resigned his office as a member of the Management Board for personal reasons with effect as of 31 October 2017. In this respect the area of responsibility was divided between Messrs. Jürgen Bauer and Peter Kampf.

In its meeting on 1 February 2018 after the balance sheet reference date, the Aves One AG Supervisory Board appointed Mr. Sven Meißner with immediate effect to the company's Management Board for a period of three years.
Mr. Meißner has many years of experience in the shareholding and financing business in segments relevant to the company. As Managing Director of several of the Group's companies, Mr. Meißner already accompanied the operational business since 2013 and the acquisition of the first container portfolio.

Thus the Management Board will consist of Messrs. Jürgen Bauer, Peter Kampf and Sven Meißner.

There were also changes in the membership of the Supervisory Board. Supervisory Board Member Mrs. Britta Horney resigned from her office with effect as of 28 February 2017. By resolution of 28 February 2017, Hamburg District Court appointed Mr. Ralf Wohltmann to the Supervisory Board in her stead. The Supervisory Board reconstituted itself on 13 March 2017 as follows: Mr. Wohltmann was elected as Chairman and Mr. Emmerich G. Kretzenbacher as his deputy. The Supervisory Board also comprised the additional member Mr. Rainer Baumgarten. All three gentlemen mentioned above were confirmed as Supervisory Board Members by the company's shareholders by election at the ordinary general meeting on 29 August 2017. Moreover, the shareholders resolved amendments to the articles of association including among other things an enlargement of the Supervisory Board to four members. Mrs. Britta Horney was elected as the fourth member of the Supervisory Board by a by-election. In the Supervisory Board meeting held directly following the general meeting, the Supervisory Board constituted itself as follows: Mr. Wohltmann was elected Chairman of the Supervisory Board and Mr. Kretzenbacher as his deputy. Since the general meeting's resolutions were entered in the commercial register on 13 September 2017, the Supervisory Board also includes the additional fourth member Mrs. Britta Horney.

The Aves Group employed 41 (previous year 28) staff on the balance sheet reference date of 31 December 2017. The number of employees comprises all the employees of the Aves Group. In addition to Management Boards and managing directors, this also includes a small number of staff. The number of employees rose in the business year due to, amongst other reasons, the complete takeover of CH2 (13 employees).

Because the company is Stock Exchange listed and not subject to mandatory co-determination, the company's Supervisory Board is obliged pursuant to Section 111, Para. 5 of the AktG (German Companies Act) to specify target numbers for the proportion of women in the Supervisory Board and in the Management Board. At the time when the resolution was adopted, the company's Management Board consisted of three male members and thus has a female proportion of 0%. The company's Supervisory Board consists of four members, one of whom is female. Thus the company's Supervisory Board has a female proportion of 25%. A target figure of 0% was defined for the proportion of women in the company's Management Board. A larger target setting would impose an inappropriate restriction on the Supervisory Board's choice of personnel. A target figure of 25% was defined for the proportion of women in the company's Supervisory Board. The company's Supervisory Board will endeavour to reach and/or maintain the target figures stated in this resolution by 30 June 2022.

1.2. Objectives and Strategies

The Aves Group focuses exclusively on business with logistics assets with sustainable stable cash flows. The aim is to own an assets portfolio comprising Rail and Container assets and supplemented by a relevant Real Estate unit by the end of 2018.

The overall intention is for a total asset volume of EUR 1 billion to be reached by 2020. To achieve this, investments in the three above-described segments of more than EUR 200 million are planned in each of the years 2018 and 2019, resulting in a likely asset volume of around EUR 750 million being managed by the end of 2018.

This strategy requires correct financing. As soon as specific asset acquisitions have been identified, the company evaluates suitable methods of finance. Therefore short-term financing often takes place via institutional investors and direct investments, with bank financing being used for longer term funding purposes. In addition to growth by acquisitions and organic growth, the Management Board aims to optimise the refinancing structures and to increase profitability.

1.3. Control System

Control of Aves One AG takes place via planning, coordinated and agreed between the Management Board and the Supervisory Board, which extends over a time-horizon of three business years and is re-established before the start of each business year. This ensures that the planning is continually adapted to changed framework circumstances and emerging opportunities.

For the ongoing assessment of various risks, Aves One AG uses a risk management system in which various types of risk are classified according to their probability of occurrence and impact on the company and its subsidiaries. Identified risks are also re-evaluated when framework conditions change. The risk management system is subject to permanent ongoing development and enlargement. A multi-stage, intensive examination process has been defined and implemented for potential transactions.

Regular comparison of the actual course of business against the Group's targets enhances transparency and ensures prompt application of counter-measures when possible negative variances from corporate planning are identified. Central operational and financial reference figures are monitored in this process: key indicators used to measure financial success include capacity utilisation and/or utilisation rates (lease days/calendar days in the month), rental price trends, earnings before interest, taxes, depreciation, and amortization (EBITDA) and earnings before taxes (EBT). In this respect, particular attention is paid to capacity utilization and rental profitability or capacity utilisation rate, since these directly affect the development of turnover. For this purpose the Management Board carries out, at monthly intervals, an economic review and assessment of the management reporting information for the relevant business units and companies. To monitor the liquidity level adequacy of the companies, bank balances are checked on a daily basis and a rolling monthly liquidity forecast is prepared.

2. Business Report

2.1 Overall Economic Situation

The global economy is currently experiencing a strong upturn. There is a simultaneous upward trend in almost all major national economies. Price buoyancy in the advanced economies will intensify only gradually despite the vibrant economy. The low core inflation is due essentially to structural factors and is consistent with the diagnosis of significantly reduced free capacities. Risks to the global economy arise particularly from the financial environment. Thus uncertainty on capital markets could suddenly arise in the course of the upcoming monetary policy normalisation, and could lead to abrupt corrections in asset prices, returns and currency exchange rates. The revival in world trade, which will record 4.3% in 2017, the largest increase since 2011, is mainly cyclical in nature. However, the positive underlying mood is soured by the current political situation with the trade/tariff dispute initiated by the USA and the tense situation in various global crisis zones.

2.2 Industry Sector Situation

Trends in the sectors of the business units in which the Aves Group is active will be discussed in the following sections.

Rail

The European Commission has set out the target that 30% of freight traffic over 300 km and, from 2050 onwards, 50% of this traffic should be transferred to carriers such as rail and ship. Deutsche Bahn (German Rail) is continuing its modernisation program; in 2017, EUR 7.5 billion went into the rail infrastructure. This shows the importance of rail freight traffic in Europe. An annual 2.1% rise in the volume and performance of intermodal traffic is assumed – while a 0.4% volume growth and an annual increase of around 1.1% in transport performance is expected for rail freight transport as a whole.

The European freight car stock is about half a million wagons. Only about 7,000 to 15,000 new wagons are added each year, which means the market for new rail freight wagon production in Europe is relatively small compared to the fleet size and does not meet market needs in years with a strong demand. Old wagons are being scrapped at the same time. The entire freight wagon fleet (of DB Cargo) of around 70,000 wagons in Germany is scheduled to be equipped with state-of-the-art telematics and sensor systems by 2020. The Management Board expects major rail transport companies to show a greater trend towards leasing wagons in the future. There is an observable tendency for rail transport companies to be increasingly forced into concluding shorter-term transport contracts with their end customers as a consequence of the deregulated rail market, therefore they no longer want to make long-term investments in freight wagons. The most important users of Aves' wagons are traditionally rail transport companies, rail forwarding agencies, and increasing numbers of industrial customers and shipping agents.

Aves is confident that rail will have a significant role to play in European freight traffic in the future. The availability of modern rolling stock appropriate for transportation needs is an important factor for the deregulated rail market. The Management Board is convinced that the urgent need on the part of traditional rail transport companies for renewal of the freight wagon fleet associated with the investment backlog, together with the new European requirement relating to freight wagon safety and maintenance, will lead to a considerable increase in the demand for modern freight wagons in the next few years. In the management's view, the European trend towards low-noise wagons, which has already led to corresponding statutory regulations especially in Germany and Switzerland, will put increased pressure on out-of-date wagon stock and will accelerate the process of renewing the European wagon fleet. The long-term trend shows a clear rise in the total volume in freight traffic. Even if rail cannot increase its share compared to road transport in the modal split, it will profit from the general growth trend nonetheless. As in previous years, an ongoing increase in average transport distance by rail was observable. This indicates the increased efficiency of rail traffic. The Management Board takes the general view that transport policy measures at an EU and regional level will have a long-term positive effect on the framework conditions for freight transport by rail, and will also make rail more competitive compared to freight traffic by road.

Containers

The Container Handling Index published by the Leibniz Institute for Economic Research (RWI) and the Institute of Shipping Economics and Logistics (ISL) showed a large rise in January 2018 from (revised) 131.9 to 134.4 compared to the December figure. This is one of the biggest month-on-month increases in the Index's eleven-year history. It indicates that global trade continues its noticeable growth. However, caution is advisable when interpreting it since the effect of the Chinese New Year, which starts very late this year, may possibly not become fully visible until the February statements are available.

In its Container Equipment Insight Q4/2017, Drewry Maritime Research shows that approx. 3.7 million TEU (twenty-foot equivalent units) were produced in 2017, which is around 66% more than were produced in 2016. The manufacturers reserve the right to change over to a 2-shift system, corresponding to a capacity increase of 5.5 million TEU/year. For the first quarter of 2018, Drewry expects a slight drop in production for the whole of 2018, although a volume at the previous year's level. Purchases by the leasing industry rose further, leading to a 6% increase in leasing companies' fleets with only a 1% growth in the market.

Used container prices also recovered significantly from a low point of USD 725 in the fourth quarter of 2016 to USD 1,225 by the end of 2017, and here again a stable environment is expected in 2018. Second-hand market demand will probably rise further in the future due to the wide variety of possible uses. In particular, the use of second-hand containers as storage containers or in the context of one-off shipments of large, heavy, high-value or critical loads is meeting with increasing interest in the market.

Road freight transport in 2016 benefited from the good economic situation together with increasing construction investments by the rail and inland waterway industries. It is also expected to expand its market position further in 2017, and up to the end of the forecasting period. Overall growth of 0.6%/year in volume and 1.4%/year in performance is expected here.

Real Estate

Building up the logistics real estate portfolio will be an important focus of investment by Aves One in the future, alongside the Rail and Container business units. Logistics properties amounting to around 100 million are at the concrete purchase due diligence stage at the time of preparing this report. Aves One is advised by its cooperation partner Logivest

GmbH in relation to the transactions currently being examined. The logistics real estate properties are on long-term leases to logistics service providers and are located in Germany. Leasing and management are undertaken by external managers. Investments in logistics centers in Europe are higher than ever at present. Growth in the e-commerce sector is leading to a rise in the amounts being invested. EUR 19.8 billion was invested in the development of warehouse and distribution centers in Europe in the past year alone. A glance at the map of Europe disregarding national boundaries shows that Europe's logistical destination structure will be subject to further considerable changes when population allocations are taken into account. It is clear, however, that locations on German territory will occupy a very central position. Detailed studies have revealed that Europe's technical distribution center-point will lie in the region between Leipzig and Nuremberg. Consequently there will be further sustained growth in Germany's entire logistics sector. It already provides jobs for three million people today.

2.3 Course of Business

The focus in the year under review was on increasing sales revenues and improving the consolidated results. To this end, the asset portfolio was further expanded through investments in the Container, Freight Wagon and Swap Body areas. In addition to investments in logistics assets with very stable cash flows, a detailed portfolio analysis was undertaken. The increased container prices were used to strip old unrented containers out of the container portfolio. In addition to the general rise in rental prices and in capacity utilisation in the container market, the depot clearance led to additional capacity utilisation of our container portfolio, an increase in the remaining portfolio, reduced storage costs and, by reinvesting the sales proceeds, to a rejuvenation of the entire portfolio. After carrying out several transactions based on equity and borrowed capital, the assets managed by Aves on the balance sheet date, 31 December 2017, amount to a total volume of more than EUR 448 million. In detail, the following significant business transactions occurred in 2017.

Management Board and Supervisory Board resolutions

As a supplement to the capital increase against cash contributions already carried out in the 2016 business year, the Quirin Bank fully exercised the Greenshoe option relating to a total of 297,000 shares on 23 January 2017. By resolution of the Management Board and Supervisory Board on 23 January 2017 and entry of the capital increase on 27 January 2017, the share capital of Aves One AG was thereby increased by EUR 297,000.00 to EUR 9,207,000.00.

The increase in Aves One AG's share capital, excluding shareholders' subscription rights, from approved capital by EUR 1,557,831.00 from EUR 9,207,000.00 to EUR 10,764,831.00 by non-cash contribution was resolved by the Management Board resolution of 12 June 2017 and consent of the Supervisory Board on 13 June 2017. The non-cash contribution comprises accounts receivable from group companies amounting to more than EUR 10 million. A further EUR 475,000.00 was granted for purposes of cash compensation against non-cash contribution. The capital increase was entered in the commercial register on 25 August 2017.

On 11 July 2017, the Management Board and Supervisory Board of Aves One AG resolved further non-cash capital increases, excluding shareholders' subscription rights, from approved capital (2016/II). In a first tranche, these involved the issue of 857,067 new shares, against a non-cash contribution of 70% of the shares in CH2 Contorhaus Hansestadt Hamburg AG, the remaining 30% of whose shares were already held by Aves One AG. Moreover, a resolution was adopted to issue 1,277,611 new shares against the non-cash contribution of accounts receivable from group companies amounting to around EUR 8.4 million. In addition to 857,067 newly issued shares which carry a dividend entitlement from 1 January 2017, Aves One AG granted cash funds amounting to KEUR 542.0. Consequently, the company's share capital increased by a total of EUR 2,134,678.00 to EUR 12,899,509.00. This capital increase was also entered in the commercial register on 25 August 2017.

Furthermore, on 28 August 2017 the Management Board and Supervisory Board resolved to carry out non-cash capital increases in several stages, excluding shareholders' subscription rights, by issuing up to 6,000,000 new shares from approved capital against the contribution of receivables arising from financial liabilities. This involves liabilities vis-à-vis the subsidiary company BoxDirect AG. BoxDirect financed assets with this. Insofar as use is made of this, BoxDirect's receivables against the Aves Group will be brought into Aves One AG as a non-cash contribution. The volume of receivables to be brought in, and the exact conditions, have not yet been fixed. They depend on, among other things, the share price current at the date/time of the contribution process. The corresponding securities prospectus of BoxDirect AG was approved by the BaFin (German Federal Agency for Financial Services Supervision) on 29 August 2017.

The audit order was issued to Mazars GmbH & Co. KG Audit Company Tax Consultancy Company, Hamburg. In compliance with the regulations of the Corporate Governance Codex regarding collaboration between the Supervisory Board and the auditor, the Supervisory Board issued the audit order for the 2017 business year to the auditors Mazars GmbH & Co. KG Audit Company, Tax Consultancy Company (formerly trading as: Roever Broenner Susat Mazars GmbH & Co. KG Audit Company, Tax Consultancy Company), Hamburg ("Mazars") which was elected at the ordinary general meeting on 29 August 2017. This order also includes the audit of the risk early warning system.

After the balance sheet date, and in addition to the capital increase against non-cash contribution of receivables already carried out on 29 December 2017, another capital increase was resolved and initiated on 23 March 2018. This involved increasing the company's share capital, against the contribution of receivables amounting to EUR 169,121, by a further EUR 27,927.00 through the issue of 27,927 new shares and an additional payment for purposes of cash compensation against non-cash contribution. Implementation of the capital increase has not yet been notified for entry in the Commercial Register.

Economic transactions

The Aves Group acquired a portfolio with a volume of around USD 6.0 million on 31 March 2017. This involves new containers carrying 5-year rental contracts and accepted from the corresponding shipping companies on schedule by June 2017. The portfolio is managed by UES International (HK) Holdings Limited. Furthermore, a portfolio consisting of used containers with an investment volume of around USD 4.0 million was also acquired in April 2017. The portfolio, which has a capacity utilisation level of around 90%, carries rental contracts with various different remaining terms and is administered by the managers CAI International, Inc. and UES International (HK) Holdings Limited. The current attractive framework conditions on the container market were utilised again in April 2017 to acquire a portfolio with an investment volume of around USD 6.1 million. It involves new containers carrying 5-year rental contracts and accepted from the corresponding shipping companies on schedule by July 2017. The portfolio is managed by UES International (HK) Holdings Limited.

Another leased portfolio with a volume of around USD 4.6 million was acquired in June. This involves new containers carrying 5-year rental contracts and accepted from the corresponding shipping companies on schedule by July 2017. The portfolio is managed by UES International (HK) Holdings Limited.

The Aves Group acquired a portfolio with a volume of around USD 12.0 million in October 2017. This involves new containers carrying long-term rental contracts. A purchase contract for further containers amounting to around USD 12.9 million was concluded in December 2017. The portfolio is managed by UES International (HK) Holdings Limited, Hong Kong.

Moreover, a decision was taken to utilise the improving framework conditions on the container market to achieve further optimisation of the container portfolio. This involved disposing of certain unrented containers to avoid depot costs. This decision affects around 7,000 containers mainly standing in ports with a low demand. The sale of these units is scheduled for completion by the end of the first quarter of 2018. The operation falls within the scope of application of IFRS 5 (International Financial Reporting Standards relating to non-current assets held for sale). The application of

IFRS 5 has resulted in containers with a book value of KEUR 11,815 to be removed from the fixed assets and are classified separately as held for sale. The assessment regulations led to value corrections amounting to EUR 3.8 million. At the balance sheet date, a book value of EUR 3.4 million remains for these units. In addition to the one-off expense of about EUR 3.8 million in 2017, the Management Board expects this action to yield sustained annual depot cost savings of around EUR 1.5 million. Moreover, through the measure the Aves Group gains additional liquidity that can be reinvested in new leased containers at the currently attractive conditions.

1,000 new swap bodies valued at EUR 9.0 million were ordered in May 2017 from Fahrzeugwerke Bernard Krone GmbH & Co. KG, Werlte. All transport containers are leased to one of the leading parcels and trade service providers in Germany. The swap bodies were delivered in tranches on time from the middle of June 2017 to the end of November 2017 and handed over to the lessee. Furthermore, after the balance sheet date, Aves One AG ordered a total of 500 additional swap bodies costing around EUR 4.6 million. All the load carriers have been leased for 5 years to one of Germany's leading parcel and freight service providers. The swap bodies are scheduled for delivery and handover to the lessee in various tranches between May and October 2018. Including the 500 swap bodies just ordered, Aves then has at its disposal a portfolio of around 5,250 swap bodies

In the rail segment, investments in 30 new wagons of the Sgmmns type took place in June 2017. The investments amounted to KEUR 2,746 and are leased to the Hansebahn Bremen company. Subsequently, 38 new freight wagons of the SMNPS type valued at KEUR 3,230 were procured in September 2017. These are leased to Captrain Deutschland Cargo West GmbH. Furthermore, there was an investment in September 2017 in 10 used freight wagons of the Eaos type valued at KEUR 499. These wagons are rented to Vallourec GmbH, Germany. After the balance sheet reference date, Aves One AG took over the first 20 brand-new freight wagons of the recently concluded EUR 17 million order. Delivery of the total of 185 bulk goods wagons is expected in ongoing tranches until the start of the third quarter of 2018. All the bulk goods wagons will be used on a long-term basis by an important customer in the steel industry. The wagons were initially acquired from the company's own capital resources, and are scheduled for transfer to a long-term bank financing arrangement.

To build up the real estate portfolio, the Aves Group has cooperated since August 2017 with Logivest GmbH (hereinafter "Logivest") in Munich, a consultancy firm specialising in logistics real estate properties. Consequently, the Aves Group can have access to Logivest's network when selecting suitable plots of land and properties in future. Logivest will also undertake tasks for the Aves Group such as location and property analysis. The Aves Group will focus in this respect on rented newly-built properties and existing rented properties. Cooperation between the two companies has already led to the purchase of a real estate property in the first quarter of 2018. During the exploratory phase, Logivest examines both the economic framework conditions and the location on behalf of Aves.

Also after the balance sheet date, Aves One completed its announced entry into holding a portfolio of logistics real estate properties with the acquisition of a logistics real estate property in the Alsdorf Business Park near Aachen. The property, which was completed in 2017, involves a state-of-the-art contract logistics building with a total rentable area of about 12,000 m^2. The long-term tenant of the entire property is a company that provides assembly and logistics services in the electrical engineering area at this location. The assets volume of the transaction is around EUR 10 million. The vendor of the property company is a company in the Panattoni Europe Group, one of the leading global developers of industrial and logistics properties. Panattoni Europe will also take over property management for the real estate in future. Alsdorf Business Park, situated approx. 20 km northeast of Aachen city center, has outstandingly good traffic links.

2.4 Changes to the consolidated companies

In connection with the acquisition of the remaining 70% of the shares in CH2 by issuing of new shares and a cash payment (see above in "Equity Measures"), the first full consolidation of the CH2 companies will take place as of 11

July 2017, No silent reserves or burdens to be identified according to IFRS 3.42 in the old shares (30%, previously evaluated at equity) were found. By acquisition of CH2, the board expects, among others, further efficiency increases in sales control and savings in the financing costs from synergy effects.

The acquisition led to the following companies being fully consolidated for the first time from 11 July 2017 (previously at equity):

- CH2 Contorhaus Hansestadt Hamburg GmbH, Hamburg
- CH2 Logistica Portfolioverwaltung GmbH & Co. KG, HamburgCH2 Logistica No. 2 Asset GmbH, Hamburg

The first consolidation of CH2 and its subsidiaries led to a goodwill or company value of KEUR 5,624. The value of the holding at the time of the acquisition was checked in the form of an expert company value report in accordance with the principles of IDW S1, version 2008.

Additionally, the following companies are fully consolidated for the first time in the Group statement due to new consolidation:

- Aves Special Equipment IV GmbH & Co. KG, Hamburg
- Aves Special Equipment V GmbH & Co. KG, Hamburg
- Aves Rail Equipment III GmbH & Co. KG, Hamburg
- Aves Rail Equipment Dritte Verwaltungs GmbH, Hamburg
- Aves Storage II GmbH & Co. KG, Hamburg
- Aves Logistik Immobilien Verwaltungs GmbH, Hamburg
- Aves Logistik Immobilien GmbH & Co. KG, Hamburg
- Aves LI Alsdorf Holding GmbH & Co. KG, Hamburg
- Aves LI Alsdorf Besitz GmbH & Co. KG, Hamburg
- Aves LI VG 1 Holding GmbH & Co. KG, Hamburg
- Aves LI VGI Besitz GmbH & Co. KG, Hamburg.

2.5 Revenue situation

Increase of the Group turnover and the other revenues

Aves was able to clearly increase its revenues on Group level to KEUR 53,432 in the reporting year (PY KEUR 28,646). The significant increase in business year 2017 is largely due to the first consolidation of Aves Rail GmbH for a full business year. The revenues distributed nearly equivalently at KEUR 26,341 (PY KEUR 7,635) for the Rail area and KEUR 24,095 (PY KEUR 21,767) to the business area Container. The influence of increased utilisation and increased rent rates in the Container area hereby positively influenced the revenues, with the rent rates and utilisation at the end of the year showing a clearly increasing trend. The rail area, which was fully consolidated for the first time in 2017, was characterised by stable turnovers and a high degree of utilisation near 100% in 2017. Additionally, other operational income at KEUR 1,175 (PY KEUR 3,061) was recorded. This mostly resulted from an agreement made by Aves Rail with EER Duisburg according to which certain contractually agreed rights were given up in consideration of a one-off compensation payment of KEUR 500. Segment distribution by turnover took place. However, distribution by region was not possible since the containers are rented world-wide and the carriages mostly in DACH.

Operational expenses

The overall costs have also clearly increased in the reporting year in line with the increase in turnover and also due to the inclusion of Aves Rail for the whole year. Thus, the material expenditure increased to KEUR 12,860 as compared to KEUR 9,111 in the prior year and the depreciations increased from KEUR 8,508 to KEUR 19,712. In light of the employment of staff during the year in the prior year of acquisition and therefore first consolidation of CH2 and further personnel growth in 2017, the personnel expenses increased to KEUR 4,809 (PY KEUR 2,338).

The other operational expenses dropped to KEUR 8,256 from KEUR 9,931 in the prior year. A large part of the reduction is due to the restructuring of currency effects in the financial result. The other currency effects resulted primarily from the conversion of EUR transactions, in particular the conversion of EUR receivables and liabilities in connection with the increased key date rate for EUR/USD, into the functional currency USD in the segment Container.

The legal and consultancy costs increased by KEUR 670 to KEUR 1,936 compared to the previous year. In the reporting year, loss from plant sales of KEUR 1,849 (PY KEUR 3,064) occurred. Essentially these result from sales of containers that are located at sites with difficult rent situations.
Additionally, are compared to the prior year, a reduction of additions to individual value adjustments for receivables by KEUR 1,114 to KEUR 302, This is countered by sales costs increased by KEUR 1,413 that essentially result from the first full consolidation of CH2.

Result development
The earnings before interest, revenue taxes and depreciations (EBITDA) for continued business areas increased to KEUR 29,106 in 2017 (PY KEUR 10,285). The increase results specifically from the Rail consolidation for a full business year and improvement of the container market as well as the resulting margin improvements. The result of the operational activity (EBIT) increased to KEUR 9,394 (PY KEUR 1,777). The financial result of the Group changed from KEUR -8,224 to KEUR -46,736. This significant increase results essentially from the non-cash currency effects in the container segment at KEUR 21,628, other costs relating to the increases in fixed assets carried out in 2017 of KEUR 3,396 and further interest payments of KEUR 21,758 (PY KEUR 14,123) on loans taken (in the form of bank loans, direct investments and loans from institutional investors) to finance newly acquired assets.

Under consideration of the interest result, this therefore leads to earnings before taxes (EBT) at KEUR -37,342 (PY KEUR 6,447). After taxes, a consolidated net deficit of KEUR -34,980 remains (PY KEUR -7,666).
The overall Group result amounts to KEUR -34,267 (PY KEUR 7,035) and specifically contains the effects from changes to the currency balancing item due to conversion of the functional currency USD into the reporting currency EUR.

2.6 Financial situation & asset situation

On the balance sheet key date, the net total of Aves Group, as compared to the prior year's value of EUR 518 million, increased to EUR 520 million.

Increase of the assets by new assets
On the asset side, the long-term assets show an increase to KEUR 466,639 as compared to the prior year's value of KEUR 452,759. The intangible assets increased from KEUR 2,566 in the PY to KEUR 8,235 and mostly result from activation of the goodwill of the fully consolidated CH2 amounting to KEUR 5,624. For property, plant and equipment, the value increased to KEUR 448,460 (PY KEUR 445,400). The value of fixed assets, after removal of the negative exchange rate effect, would be approx. EUR 473 million. This effect is exclusively due to EUR/USD transactions in the container segment. In addition, it was decided in the 2017 business year, owing to the attractive conditions in the used container market, to bring about a rejuvenation and improved utilisation of the container fleet by deposit adjustment. Therefore, most of the currently un-rented containers located in ports with low demands were offered for sale. Sale of the approx. 7,000 containers mostly took place up to the first quarter of 2018; the remaining containers are to be sold by the end of the second quarter 2018. The depot adjustment led to an one-time special depreciation at EUR 3.8 million in the 2017 business year.

Financial investments included in the balance according to the equity method were indicated at KEUR 2,846 in the prior year. The acquisition of the remaining 70% of the shares in CH2 will fully consolidate it for the first time in the business year, so that it is no longer included in the shares held at equity. This reduces this item to KEUR 1,158 and refers to the 33.3% share in ERR Duisburg. The share in BSI Conical Container GmbH is included at a book value of KEUR 0.

The current assets dropped to KEUR 53,486 as compared to KEUR 65,124 in the prior year.
Whilst the trade receivables increased to KEUR 10,388 from KEUR 7,495 in the prior year, the cash assets have reduced from KEUR 23,077 in 2016 to KEUR 14,908 in the business year. On the other hand, the other assets and advance payments increased from KEUR 16,547 in the prior year to KEUR 17,059. The financial receivables dropped to KEUR 4,277 as compared to KEUR 14,591 in the prior year. The change in financial receivables results from receivables against BoxDirect AG KEUR 0 (PY KEUR 6,884), which are indicated balanced with due to a current account agreement (there is a deferral and current account agreement in place with BoxDirect AG that permits both parties to defer due receivables or liabilities at an interest rate of 5.0% and to offset them against each other).

The inventories increased to KEUR 3,338 in 2017 due to completion of a self-storage park(PY KEUR 2,377). This is held in the current assets in light of the planned sale. The tax reimbursement claims from income taxes dropped to KEUR 142 as compared to KEUR 1,038 in the prior year. They result from advance payments for trade taxes that exceed the actual tax burden. In this business year, assets held for sale are indicated at KEUR 3,375. These are containers held for sale that have been restructured in the scope of the depot adjustment described above.

Share capital
The fully paid-up or provided share capital of the company is EUR 12,899,509 on the key date (PY EUR 8,910,000). It is divided into 12,899,509 (PY 8,910,000) bearer shares without nominal value (no-par-value shares) with a prorated amount share in the share capital of EUR 1.00 per share.

Capital reserve
The capital reserve as of 31 December 2017 is KEUR 39,391; regarding the composition and change, we refer to the information in the annex under section 7.11.4.

The consolidated net profit reduces from KEUR 2,205 to KEUR -32,793.

Liabilities
All in all, the strict financial liabilities (short- & long-term) of the Group in the reporting year amount to KEUR 479,266 (PY KEUR 468,938). In the area of the long-term debt, the financial debt increased to KEUR 379,960 from KEUR 312,392 in the prior year. KEUR 99,306 were recorded in the current financial liabilities, as compared to KEUR 156,546 in the prior year. An essential part of the liabilities is due within one year and includes bank financings as well as financings from institutional investors and direct investments.

The Management Board of Aves One AG furthermore deliberately continued to accept the exchange rate risk in 2017 (US-Dollar to EURO) prevailing in the container segment, since the exchange rate loss for the financings held in EURO in the container segment are essentially non-cash effects and the underlying logistics assets are held in the long term so that the time of sale of the asset can be chosen deliberately. In contrast, securing the currency risk by financial instruments would have an immediate effect on the cash flow that is to be avoided in order to prevent a burden on the Group's liquidity. The Management Board of Aves One AG does, however, regularly observe the currency risk and the currency development and reviews whether hedging via suitable financial instruments should be considered in future. At the current time, the Board upholds its decision to not use any hedging.

The deferred tax debt amounted to KEUR 9,291 (PY KEUR 5,995). The increase of latent tax debt is explained by currency effects, different conversion of the IFRS balance sheet and loss carryforwards that partially cannot be used within the next few years. In addition to this, deferred taxes essentially result from different depreciation rates between the tax and the IFRS balance sheet. Further short-term debt and trade liabilities that amount to KEUR 8,803 together with other liabilities (PY KEUR 14,367).

The reduction of these liabilities is mostly based on reduced liabilities towards affiliates at KEUR 6,863.

Analysis of the cashflow statement

The cashflow from current business activities amounted to KEUR 24,308 (PY KEUR 16,477). The cashflow from investment activities amounted to KEUR -49,300 (PY KEUR -105,327). In the reporting year, further investments into plant, property and equipment were made at KEUR -61,029 (PY KEUR -51,299).

The cashflow from financing activities amounted to KEUR 17,248 (PY KEUR 74,147). In the 2017 business year, Aves received KEUR 1,782 (PY KEUR 17,820) of additional cash in connection with the increase in share capital. For financing of the containers, swap bodies, tank containers and freight car purchases, the company incurred increased liabilities at KEUR 169,647 in the business year 2017 as compared to the prior year (PY KEUR 130,534). Cash-effective interest payments were made at KEUR -19,209 (PY KEUR -12,230). Payments for redemption of bonds and (financial) credits amounted to KEUR 134,111 (PY KEUR 60,536). Aves Group was able at all times to meet its payment obligations in time. The Board plans to ensure future solvency of Aves Group by taking further suitable capital measures.

The Management Board does not have any indications that there will be significant unpleasant changes in the cash flow situation of Aves One.

2.7 Financial and non-financial performance indicators

Aves Group uses various financial performance indicators to control the company. The essential performance indicators are the operative cash flows that result from the cashflow statement, revenues and the EBITDA (earnings before taxes, interest and depreciations) and the EBT (earnings before taxes).

Due to the intended higher capital return as compared to the financing costs, in particular the target to lower the financing costs before taxes as a weighted average of the costs of equity and loan capital is pursued in addition to various measures to optimise the capital return. For this, the financing costs are continually monitored and alternative loan capital financings are reviewed. A focus is on analysing how part of the previous financings in the form of the short-term direct investments can be converted into longer-term bank financing. Implementation has already been successfully started. Thus, the nominal interest rate could be reduced already from approx. 5.4% in 2015 to approx. 4.4% in 2017.

In the scope of a comprehensive monthly reporting for the respective business area, essential key performance indicators have been reviewed that are also compared to the indices of the industries, with a special reference to industry services such as Drewry. This includes, among others:

- Utilisation
- Turnover per day
- Cash on Cash (raw yield/(purchasing costs + secondary procurement costs)).

Analyses also review the customer structure (in particular of shipping companies). Special attention is paid to ensuring that lump risks are excluded.

2.8 Forecast Actual comparison

The Board expected much higher revenues for the reporting year of 2017 and a clearly improved operative result. This was to be achieved in particular through further significant development of new logistics assets, in particular in the rail segment, but also in the special and resale areas, along with further reduction of the financing costs. Many targets could be achieved as shown in the following list.

	Forecast 2017	Actual 2017

Rail	even development	evenly developed
Container	even development	evenly developed
Special Equipment	clear development	clearer development
Storage	clear development	no development
Real Estate	purchase at opportunity	no conclusion in 2017
Revenues	increasing/considerably increasing	considerably increased
Earnings (EBITDA) before exchange rate effects	clearly increasing	clearly increased
Utilisation	strongly increasing	further increased
Relative financing costs referring to the assets	Reduction	clear reduction of the nominal interest rate
Consolidated result	clear increase	clear reduction*

* The consolidated result was essentially influenced by special effects: exchange rate effects in the financial result, expenses from the increase of property, plant and equipment and depreciations from the deposit adjustment.

In the business year, the fixed assets in the areas of Container and Rail could be further increased by acquisitions and is now at nearly the same level. Even though some of the acquisitions of logistics assets were delayed and therefore their contribution to revenue was not effective for the whole year in 2017, revenue has been significantly increased from KEUR 28,646 to KEUR 53,432. The EBITDA could also be significantly improved. It increased from KEUR 10,285 to KEUR 29,106.
On the other hand, the EBT was adversely affected by a strongly negative result from currency conversion and other costs associated with the increase in fixed assets.

In accordance with plans, further investments in swap bodies were made. This made it possible to clearly achieve the forecast.

Additionally, as expected in the forecast, the utilisation ratio in the container area could be clearly improved as well. As expected, the near-full utilisation for the portfolios in the inventory in the business areas of Special Equipment and Rail for the end of 2017 could also be reached due to the existing rent contracts.

The financing costs increased absolutely due to further growth. However, as expected, the average nominal interest rate was reduced from 5.2% in the prior year to 4.4% in 2017. Financing costs are interest expenses and other financing costs that arise in the procurement of funds and cannot be capitalised with the acquired loans as secondary procurement costs in the scope of the effective interest rate method.

Business development is viewed positively by the Management Board due to the further significant increase of EBITDA in 2017, since the important growth trend continues to be intact. The Management Board's focus continues to be on further expansion of the Rail area and additional diversification through the development of the Real Estate area.

3 Opportunities and risk report

3.1 Risk management

Aves Group identifies potential risks in the scope of the risk management system as early as possible. The Management Board evaluates and controls these in close cooperation with the company's operative units. The integral parts of the system are the systematic risk identification and risk assessment, upon which measures for avoidance, reduction and limitation of risks can be initiated. An individual risk inventory of the macro and micro risks alike records all essential risks. Special attention is placed on inventory-endangering risks and their early recognition: If a possible result endangers the business model or economic efficiency of an essential business area, and thus continuation of the company, the Management Board will be informed in the short term, at the latest every month in the scope of the risk register to be updated monthly by all managing directors of the company. This way, counter-measures can be initiated or strategy changes can be tackled without delay.

Structures and processes

In the scope of the risk assessment, the known risks are classified by the responsible Managing Directors of the respective segments, i.e. Holdings, Rail, Container and Real Estate. The risks are grouped in terms of amount and probability here. The probability of occurrence is classified as low (0%-33%) medium (33%-66%) or high (66%-100%). Every risk is assigned a maximum financial risk in EUR. Multiplication of the two variables leads to the weighted risks that permits direct ranking. Depending on the amount of the weighed risk in KEUR, classification uses four categories:

- Low (< KEUR 1,000)
- Medium/significant (KEUR 1,000 – 5,000)
- Critical (KEUR 5,000 – 10,000)
- Existence-threatening (above KEUR 10,000)

Starting at a "significant" weighted risk, this risk is observed particularly by the Management Board and the Managing Directors of the segments.

Every month, the already-identified risks will be re-assessed according to the changed framework conditions by the Management Board / the Managing Directors and possibly re-classified. This applies to newly identified risks as well. There is a reporting system on the Board level pursuant to § 90 AktG, which ensures submission of information to the Supervisory Board. Changes to the business policy and larger transactions with considerable effects on the profit and loss statement of the company will either take place in the scope of the quarterly regular Supervisory Board meetings, or immediately if necessary.

3.2 Presentation of the individual risks

3.2.1 Market opportunities and risks

3.2.1.1 General market opportunities and risks

The focus of Aves Group is on procurement and holding of mobile and immobile assets. The longest-term board distribution of the logistics portfolio in the areas of Rail and Container-Assets and in Real Estate are striven for, which also serves general securing against short-term fluctuations of the economic development.

The relevance of the overall economic risks is assessed as low at the time under observation.

MARKET FOR RAIL

Like in the Container area, the state railway companies in the Rail area also focus on development of infrastructure and passenger transport. The new demand and replacement demand in freight cars are partially financed by leasing companies. Development of the railbound cargo traffic is inhibited by the high regulation and many different requirements, such as noise protection and the connected high organisational requirements, but on the other hand poses an opportunity since all freight cars acquired by Aves correspond to the current state of the art and can be positioned well on the market in the long term as well this way. With ERR Duisburg as an experienced management company in railbound cargo traffic, Aves has a partner who is well connected on the market here with the corresponding know-how. A 33.3% share in ERR Duisburg is held.

The risk for the rail market is assessed as low at the time under observation.

MARKET FOR CONTAINERS

According to Aves, the market for containers includes the container market as well as the market for special transport solutions such as swap bodies or tank containers. In 2017, the global container handling of 698 million KEU (2016) according to Drewry grew by approx. 2.79% to 718 million KEUR. For 2018, a global handling of 740 million KEU (+3.09%) is expected; for 2019, a further increase to 763 million KEU (+3.12%) is expected. The trend of rising prices that has been present since early 2017, both for purchasing and renting of containers and special equipment, continues.

Since the market participants focus on their core business, e.g. shipping companies on ships and ports, and only plan with limited budgets for the new procurement of containers, an over-proportional growth among the leasing companies can be assumed. In the medium to long term, competition among the leasing companies can increase if more and more providers press onto the market so that rental prices drop as a result of the increased supply.

Aves is cooperating with the experienced top-10 container managers Florens, CAI and UES, which inform it early on about negative market developments in their monthly reporting.

The market for special transport solutions is going to continue to grow according to the assessment of Aves. Thus, a shipment volume of up to more than 4 B shipments is expected in 2021 (3.16 B in 2016).

If the framework conditions described change, this may deteriorate the company's business expectations. The general risk for the container market is assessed as medium at the time under observation.

3.2.1.2 Operative risks

Operative risks essentially exist regarding the utilisation, market price changes and foreign currency fluctuations on the assets and liabilities sides.

3.2.1.3 Utilisation risk

RAIL

The long usage duration and the high investment volume usually lead to agreement of rather short rent contracts for freight cars that are, however, regularly extended. The utilisation risk therefore results only after the end of the term of the rent.

The currently assets in the inventory are mostly firmly let for 3-5 years. The general over-aging of the overall fleet in the railway market and the sustained bottlenecks in new constructions means that the utilisation risk is low at the time of the observation.

CONTAINER

The utilisation rate of the sea container fleet depends directly on the development of the global market and the offer of sea containers. However, the development of swap bodies and tank containers clearly depends more strongly on the German market.

Existing assets are subject to continuous inspection regarding utilisation. If this is undercut, measures such as transfer to the resale market may be taken. For all newly acquired portfolios, the lowest possible age of the units and an underlying long-term rent contract are considered particularly important.

In specialised equipment, the individual values of the asset units are higher, so that long runtimes of the contracts are essential here. Ideally, these should cover the entire economic service life of the equipment.

The utilisation risk is also actively countered by bundling any units that are no longer rented out or that are difficult to rent out (in particular sea containers) by BSI Conical Container GmbH in order to sell or rent them out in a targeted manner. For the subsequent rent transactions, short contract terms are common. However, these usually coincide with slightly higher rates, while deductions may need to be accepted in equipment that is no longer current.
The utilisation risk at the time of observation is assessed as medium.

Real Estate

In 2017, Aves completed the first Storage Park in Münster. Utilisation of the Storage Park is behind the Management Board's expectations as of 31 December 2017, but there is an increasing demand. Since no further Storage Parks have been planned and there will therefore not be any scale effects for renting them, the planned sale is to proceed in the medium term. The Management Board expects a positive book profit for the Group from the sale.
Therefore, this risk area is a medium risk at the time under observation.

3.2.1.4 Risks in connection with market price changes of the assets

Rail

The prices for acquisition of new freight cars and the price level for rents have slightly increased in 2017. As in the prior year, the risk is viewed as low.

Container

The prices for purchase and renting of sea containers continued to increase in 2017. In addition to increasing demand for transport capacity, this is also connected to the increased steel prices.
Regarding the freight rates, the market price risk in the business fields is countered by contracts concluded for the longest terms possible. In the sea container market, there remains a dependence on price changes for the share of the portfolio that is only rented out on short notice. As compared to the prior year, the risk was considered critical due to the high volatility.

Real Estate

The prices for renting the garage units are stable. The risk of a market price change is considered medium.

3.2.1.5 Risks associated with foreign currencies

Rail

This area is currently processed in Euro only; both operative net payments and all financing are made in Euro. Therefore, there are no currency rate effects at the time of observation and there are no quantifiable risks from this.

Container

The container area is settled in US-dollar, but for historical reasons mostly financed in Euro. Depending on the investment volumes and financing in the currency developing in the opposite direction, exchange rate risks may exponentially increase depending on the currency development USD/EUR. The cash-effective share of these currency effects is low. The non-cash currency effect presented in the profit and loss statement is only effective on equity at repayment of loans that are not newly financed and depending on the exchange rate present at that time.
The purchase and sale of containers, settlement of rent revenues, handling costs and management commission fees are settled in US dollars. In the operative business, the payments are made in US-dollar. Financing currently takes place at about two thirds in Euro, which leads to a risk due to exchange rate fluctuations in the IFRS consolidated statement. These exchange rate fluctuations have a low direct influence on the liquidity position, since the ongoing repayments are distributed across a longer period, while having a greater influence on the result. Conversion of Euro liabilities into

the functional currency US-dollar may lead to significant book profits/losses that directly affect the result and the amount of equity. The Board reviews at regular intervals whether the use of exchange rate hedging tools appears sensible. The existing risks in the container area are considered critical.

REAL ESTATE

This area is currently processed in Euro only; both operative net payments and all financing are made in Euro. Therefore, there are no currency rate effects at the time of observation and there are no quantifiable risks from this.

3.2.1.6 Risks regarding profitability

In addition to strengthening equity by capital measures, pursuing an expansive growth course also requires that the Group is profitable. This further strengthens the trust of investors in the business model of Aves One Group and paves the way towards further assets and financing at better conditions. The measures initiated in 2017 show effects in the form of increased results in all segments, but in particular in the Container segment. This risk was viewed critically in the prior year and is now assessed as medium.

3.2.1.7 Risks regarding access to assets

The company strives for further growth of the asset volume. Sustainable, long-lived logistics assets must be procured for this. For this, investment options that corresponding optimally to the requirements of the company regarding rent, term, market risk and creditworthiness of the business partners must be found. The company has established a widely branched network for this in the various business areas. The measures for establishing and developing the real estate area have also progressed far, so that there significant new assets can be procured in the next years as well. The pipeline of possible assets to be procured grew clearly in 2017. The risk of being unable to procure sufficient assets is viewed as medium in at the time of observation as well as in the prior year.

3.2.2 Financial risks

3.2.2.1 Liquidity risk

There is a liquidity risk when the liquid funds are not enough to meet financial obligations at a certain amount and at a certain time, in particular at age-related or damage-related outflow of fixed assets. This risk specifically applies to repayment and interest payments for the financings at the end of the service lives of these assts. The Board hedges these risks by ensuring that there are always enough liquidity reserves in the affiliated companies in order to be able to bridge unexpected liquidity bottlenecks. Furthermore, the company regularly compiles liquidity plans and reconciles these with the actual development of the company. Aves keeps access to the capital market open at all times in order to be able to choose the most cost-efficient alternative from the institutional investments, direct investments or bank loans. In the short term, the board therefore does not expect any liquidity bottlenecks to occur. Due to the planned growth and relevance for the company, there generally is a further critical risk at the reporting time.

3.2.2.2 Default and creditworthiness risk

In particular in times of high economic volatility, there is at all times the risk that customers and business partners of Aves suffer economic deterioration or insolvency and that the receivables from them therefore are lost. Aves Group therefore pays attention to a diversified customer and sales partner structure.

The cooperating with large, renowned management companies of good creditworthiness for administration of the container or rail portfolio such as CAI, Florens, UES or ERR Duisburg already leads to a pre-selection of the leasing partners (shipping companies, chemicals groups). With these management companies, there are, for example, clear specifications for compliance with a minimum standard regarding the Dynamar rating (for shipping companies) when initiating leasing contracts. At the moment, there is no credit insurance, but receivables at the scope of renting to end customers are credit-insured by the container managers.

The default and creditworthiness risk at the reporting time is assessed as low.

3.2.2.3 Interest rate risk

In the scope of loan capital financing, the Group is exposed to an interest rate change risk. Interest rate fluctuations may cause the costs for refinancing to change. The interest rates of all interest-bearing liabilities as of 31 December 2017 are fixed. In order to limit the refinancing risks, interest agreements are fixed for the longest possible periods of time. In spite of the currently low interest level, interest increases in the short to medium term cannot be excluded.
The interest risk is viewed as medium.

3.2.2.4 Financing risks

Direct investments

The traditional base of financing are direct investments from the private sector or private placements via BoxDirect AG and BoxDirect Vermögensanlagen AG. The risk for the company in this form of financing is in the loss of new financing for new or used containers, since the procurement logistics assets have a long lifetime (>10 years) but the financing is for a shorter period (<5 years). In addition to general market development, self-caused image damage, image damage without fault or image damage caused from the outside may impair the container investment as an investment form. Additionally, regulatory actions from BaFin may affect the opportunity to use financing via direct investments. The insolvency of P&R Group in March 2018, which had a similar business model at first glance, could make it more difficult for BoxDirect and CH2 in the short term as well to acquire further funds from investors. Since the business model of essentially differs from that of P&R Group, however, Aves may even be able to acquire new customers by the new distribution of market shares in this investment segment.
Even though the relative share of direct investments in the financing mix of Aves has dropped, the risk is to be viewed as critical when financing through direct investments or private placements are not possible in future.

Institutional investors

There is a number of long-term partnerships with institutional investors that invest larger amounts in clearly differentiated, secured investments. The higher investment amounts make the in- and outflows specific but plannable. Reliability of compliance with the contract is particularly important to maintain the basis for trust for new and re-investments. The trusting cooperation with the institutional investors provides quick and reliable access to financing. Thus, the risk of that this financing form is not available in future is assessed as medium.

Bank financing

Financing through banks is subject to high demands to securing and reporting. If the required reporting is not complied with, this may cause the entire loan to fall due early and to a possible exclusion of further financing. Therefore, the board will closely monitor the provisions and investor reporting through the existing reporting, control and risk management system of Aves. After this form of financing was only used in the Rail area in the prior year, bank financings for swap bodies and containers could be agreed as well.
The risk is assessed as medium at the time under observation.

3.2.2.5 Risks regarding financing

Aves Group essentially depends on preservation of financing for the business activities, and in this context on the institutional investors that provide a significant share of the financing.
Generally, principal repayments across all business areas of about EUR 90 million are contractually fixed for 2018, a relevant share of which has already been completed by the time of the compilation.
This risk is assessed as critical.

3.2.2.6 Evaluation risks from shareholdings

There is a risk that Aves suffers loss from unprofitable shareholdings. It counters this risk by continuous and intense review of the finance data of existing shareholding approaches.

At the moment, there is

- a 51% joint venture (BSI Blue Seas Conical GmbH) with CONICAL Container Industrie Consulting-Agentur und –Leasing GmbH in the Container business area,
- a 33.3% share in ERR Duisburg.

Both shareholdings are held at equity in the IFRS consolidated financial statement. Thus, the risks here only apply in the scope of the liability contribution and do not pose any significant financial risks.
Additionally, the complex corporate structures leads to diverse internal shareholding relationships between companies of Aves Group that may contain potential evaluation risks on individual company level, but that would not affect the IFRS consolidated financial statement.
The evaluation risk regarding the external shareholdings is considered low for the period under observation.

3.2.2.7 Evaluation risks regarding fixed assets

The objects of the fixed assets in the balance sheet are subject to the fluctuations on the sales and procurement markets regarding their value retention. Therefore, there is a risk that the book values of the fixed assets may be above the higher value from the net sales value or actual usage value. Assumptions an estimate are subject to considerable fluctuations due to changed framework conditions and the development of the market underlying the respective segment. These may be lead to a value adjustment of the fixed assets and, in connection with this, to a value reduction expense if there is any change.

For the companies, there is an evaluation risk of the sea-freight containers at the reporting time, which is to be viewed as medium and requires continuous attentive observation so that counter-measures can be taken at once if necessary.

3.2.2.8 Risks regarding value retention of the balanced assets "Commission fees for agency"

Due to the agency contract concluded between BoxDirect AG and BSI Blue Seas Investment GmbH from 07 December 2016, a result-dependent flat-rate remuneration for agency services for logistics real estate at EUR 2.5 M was agreed for a first-ranking offer of logistics portfolios with at least EUR 100 M, which was due 10 days after conclusion of the contract.

There is a risk that the amount of EUR 2.5 M reported in assets must be wholly or partially value-adjusted if there is no offer and subsequent conclusion of the corresponding purchasing contracts for logistics real estate. This risk is considered medium in light of a transaction concluded in Q1 2018.

3.2.2.9 Risks regarding the market capitalisation value

As a stock-listed company, Aves is subject to special risks that result from the trading capacity of the company's shares and the connected regulations. This includes possible inside trading, rate manipulations, unequal treatment of the shareholders and wrong ad hob reports or other communication. Both unintended and wilful activities must be excluded here. Sensitive handling of confidential information is as necessary here as transparent structures, a four-eye principle and well-founded specialist knowledge of the employee.

The European Market Abuse Regulation (MAR) and the Market Abuse Directive (MAD) form the European legal framework for market abuse. The MAR entered into effect in early July 2014. The provisions targeted at issuers and other market participants have applied since 3 July 2016.

Even small irregularities in may considerably impair the market capitalisation value of the company. However, there is no sign that Aves violated either of these provisions or that this is expected, so that the risk is considered low on the evaluation key date.

3.2.2.10 Image-related risks

The market value and reputation of the company correlate positively with each other. Further development of the company and access to capital, financing and assets essentially depend on acting reputably and professionally as a company. For the reasons named, a reputation of being reliable and persistent is very important on this relatively small market. Even small incidents may cause long-term damage. The risk is assessed as low on the assessment key date.

3.2.3 Organisation and personnel management risks

3.2.3.1 Personnel risks

The streamlined structure of the company makes a sufficient personnel cover and the existence of certain mandatory key qualifications and further technical qualifications a critical factor. Specifically in the scope of acquisition of financing and assets, good connections with actors from the respective market areas is necessary at a considerable scope. Trusting business as well as personal relationships are at the focus here. These networks are bound to specific persons, which makes the connection between these persons and the company a decisive factor for success of the business model.

Attractive jobs and a professional management culture act towards strengthening identification of employees with the company and binding them in the long term. In order to reduce the personnel risk, timely personnel acquisition in expansion of the business activities as well as minimisation of fluctuation are decisive. The close interlocking of personal economic interests with those of the company reduces the probability of fluctuation.

The risk is viewed as medium overall.

3.2.3.2 Risks regarding asset damage

Aves has taken out an asset damage liability insurance to protect against wrong decisions made by the Board, Managing Directors and the managing employee. This risk is assessed as low.

3.2.3.3 Risks regarding minority rights

The interests of Aves Group as a minority shareholder of ERR Duisburg could be contrary to those of the majority shareholders and the minority rights that are to be implement or in place may be insufficient to protect the interests of Aves Group. This risk is assessed as low.

3.2.3.4 IT-risks

Aves depends on working IT systems to process its business. For this reason, only hardware that is of high quality and always up to date is used. There are always enough spare systems and hardware components available so that failures will only cause small delays in the work process. Documentation of the hardware structure and the corresponding contracts is only available with great limitations. For processing of the daily process, standard software is essentially used, in particular in the form of Microsoft Office products, the ERP system COMARCH, Lucanet and DATEV. In particular regarding the completion of the Comarch implementation, expansion of the Comarch function and introduction of Lucanet as consolidation software, further progress has been achieved in the last quarter of 2017 and the first quarter of 2018 in the Finance department regarding stability and ability to perform analysis. In contrast, the use of complex special solutions poses the risk that they will only be mastered within limitations by all employees or only completely by some employees. This risk can only be countered by creating personnel redundancies and introducing standard tools. Furthermore, a database to provide the Container Assets is provided in the Container segment. Complete documentation and taking inventory of the IT is not present at this time. Thus, the IT risk is considered unchanged low at the time of the observation.

3.2.3.5 Legal and regulatory risks

Aves Group is subject to a great number of different and frequently changing legal provisions in the scope of its business activities. The resulting consequences under public or civil law may cause high costs. Court or authority decisions or due to the agreement of settlements may cause expenses. The risk is viewed as medium.

3.2.3.6 Framework conditions for direct investments

Direct investments are generally only planned and processed through BoxDirect and sold exclusively via CH2. This ensures a maximum of continuity and reliable creditworthiness verification among the investors. CH2 as a long-term specialist on the financing market, specifically in the area of direct investment, is set up well to minimise contractual risks with a wide-spread network of specialised lawyers and other industry experts that have the corresponding specialised know-how.

There is a regulatory risk from the efforts of BaFin to continually increase investor protection by regulation of the market access. The laws on this were reinforced as of 1 January 2016, which has created certain market obstacles. For BoxDirect, this initially means higher efforts to meet the requirements (prospectus obligations). Further regulation may lead to further increases of the prospectus obligations. On the other hand, reputable providers may have opportunities from reconciliation of the market and increasing value of direct investments in the perception of potential investors.

On 8 June 2011, the directive on the managers of alternative investment funds (AIFM) was passed by the European Parliament and the European Council. The directive has been implemented in national law on 22 July 2013 in the form of the capital investment code (Kapitalanlagegesetzbuch; KAGB). The prospectus obligation may lead to higher expenses to meet the requirements.

Aves Group therefore assumes that it continues not to be included in the area of application of the KAGB. However, there is a risk that this will be assessed differently by the supervisory authorities in future and that Group-internal restructuring measures would become necessary that require the consent of third parties. It cannot be excluded that such potentially required restructuring measures may lead to reversal of existing processes. This may have a considerable negative influence on the economic result that can be achieved by the investor and go up to complete loss of the investor's investment.

Due to the planned investment in all business areas, the share of direct investments regarding Aves Group will reduce in relative terms, so that the risk is considered medium at the time of observation.

3.2.3.7 Framework conditions for institutional investors

Institutional investors are usually bound to a certain creditworthiness and risk assessment in their respective investments. Usually, institutional investors have assets pledged to them in the scope of financing. Due to the stock listing and potential further capital increases in future, the board expects a more beneficial risk classification, e.g. a Crefo rating for Aves One AG.

CH2 is a founding limited partner of five closed funds. Three two-market shipping funds are subject to the latent risk of an action due to the negative market situation on the shipping market. The funds here are without income and should be liquidated in the short term. Investors of the funds may try, among other measures, to take steps against CH2 as founding shareholder due to wrong prospecting.

These risks are assessed as medium at the time of observation.

3.2.3.8 Risks from stock listing

As a stock-listed company, Aves is subject to many regulatory requirements and demands. If Aves does not or only partially meet the legal and private-law regulations, considerable image loss is threatening in addition to financial sanctions. This risk is assessed as medium this year.

3.2.3.9 Risks from ongoing legal disputes

In connection with the business activity, it is possible that Aves Group may be affected by claims and legal disputes. With the exception of the following legal disputes, however, Aves Group is not involved in any governmental, legal or arbitration proceedings (including proceedings that are still pending or may be initiated according to the knowledge of the Management Board), had a considerable influence on the asset, financial and revenue situation of Aves One AG and / or Aves Group, or may influence them in future.

3.2.3.10 Claim and counter-claim pursuant to a container purchasing agreement

On 23 December 2014, SLI Dritte Verwaltungsgesellschaft mbH & Co. KG ("SLI") raised a claim against BSI Blue Seas Investment GmbH ("BSI Blue Seas") for payment of a contractual penalty at USD 3 million plus interest at 5% above the base interest rate before the regional court (Landgericht) Hamburg. SLI founds its claim on a contractual agreement in a container master purchasing agreement in which BSI Blue Seas Investment GmbH had to call containers at a total of USD 90 million individually by 15 November 2013. If this minimum volume was not achieved, the contract stipulated a contractual penalty of USD 50,000.00 per day for the period between 16 November 2013 and 15 December 2013 plus an amount of USD 1.5 million if the minimum volume was not met after 15 November 2013. The parties had agreed a minimum of USD 3.0 million for the contractual penalty.

BSI Blue Seas defended itselfs with many objections and argued that the prerequisites for the sanction in the scope of the purchasing agreement were not met. BSI Blue Seas turns asserted damages at about USD 6.8 million and a reimbursement claim at USD 1.2 million.

On 09 February 2017, the regional court passed a judgement in which BSI Blue Seas was sentenced to paying USD 3.5 million plus interest to SLI and SLI to paying USD 0-2 million to BSI Blue Seas. SLI and BSI Blue Seas have agreed that a bank guarantee is to be issued by BSI Blue Seas. This can only be utilised when the legal dispute has been finally decided on.

This judgment contradicts the opinion of BSI Blue Seas, so that appeal against the judgement was filed on22 May 2017, which was admitted in summer 2017.

Furthermore, SLI raised a declaratory action regarding an alleged purchasing obligation for the remaining containers from the master purchasing agreement from 19 August 2013 in 2017.

During the first hearing on 19 April 2018, the parties developed solutions for a settlement which, on the basis of what has been discussed, would not lead to financial loss for the company.

These risks are assessed as medium this year. According to the assessment of the board and the charged lawyers, it is considered mostly probable that the judgment will be revoked in the appeal instance and the declaratory action will be discharged as unfounded. In light of this, the board decided to not form any provisions for this situation.

3.2.3.11 Risks from the share purchase of Aves Rail GmbH

It cannot be determined with final certainty whether title individual or all freight cars of Aves Rail GmbH has been effectively transferred to the company so that the Aves Group may not have become the owner of all freight cars by the acquisition of Aves Rail GmbH and ay be subject to release claims from the actual owners or claims from the financing bank to which the freight cars were transferred by way of collateral after execution of the purchase of business shares in Aves Rail GmbH. Furthermore, it cannot be excluded that contracts concluded by Aves Rail GmbH may led to further fees to be paid by Aves Rail GmbH according to the Austrian fee act (Gebührengesetz) 1957.

This risk was assessed as significant in the prior year but is viewed as low this year.

3.2.4 Tax risks

Inaccurate evaluation of tax matters, e.g. in the scope of calculation of tax reserves may lead to negative financial effects, among others in the scope of audits of operations. Apart from this, the company's reputation may take damage if non-observation of provisions or missed deadlines will lead to any authority investigations of the company. Tax disadvantages in the scope of corporate acquisitions/disposals or restructuring also always must be included in the strategic corporate planning. The installed risk management system counters such developments, however. The corresponding provisions are formed for any tax risks that result from various evaluation questions. The risk is reduced by integration of external and internal specialists for tax law. On the key date for the observation, the risk is assessed as significant.

Business-related tax risks
If containers are sold by the management companies due to unsuitable positioning, this is usually done abroad. At times, sales transactions are also performed during sea transport of in the free port area. Therefore, settlement of the sales will only consider value-added tax if the sale verifiably took place in Germany. The correct treatment of sales abroad under tax law is primarily with the container management companies that process the transactions on the order of Aves. Aves remains the seller, and thus the party responsible for tax purposes, however. In this context, there is a risk from non-observation of requirements of form under VAT law. However, since the transaction risk is not very high, the risk is classified as low at the time of observation.

3.2.5 Other risks

There are influences on the course of business beyond the risks described above that are not foreseeable and thus only difficult to control. If they occur, they may negatively influence the development of Aves. These events include natural disasters, war, epidemics and terrorist attacks.

Risks that refer to the loss of equipment are covered by insurances. Further risks have an indirect effect on the overall economic effects or market developments and are treated in the corresponding area of this report.

3.2.6 Overall view of risk situation

The business model of Aves Group is based on reaching a critical corporate size in order to ensure not only coverage of the holding fixed costs, but also the three essential, mutually interacting factors: Generation of capital, access to cost-efficient financing conditions and acquisition of long-lived logistics assets with sustainably good cash flow performance in liquid markets.

These three factors therefore are the essential risk areas. The awareness of this situation characterises the activities of the Management Board. This is considered the basis for further optimisation of financing at cost-efficient conditions. In parallel to this, investment projects are arranged and developed that correspond to the specifications regarding sustainability and return. Supply with liquid funds is closely connected to this, which must be ensured at all times in order to meet the obligations towards the investors while also being able to react quickly to investment opportunities that appear on the market. In addition to all other risk areas that are subject to constant monitoring, the board also considers itself able to successfully perform necessary capital procurement measures on demand for the outstanding subjects due to the experience present in the company and the stable shareholder structure. There are significant and critical, but not existential risks on the balance sheet key date as well, which endanger continuation of the company either individually or as a whole.

3.3 Report on opportunities

The opportunities of Aves Group have increased further as compared to the prior year as well. The improvement of the utilisation of the logistics assets, the increase rent rates and the rising demand for logistical assets provide clear indications here. In particular the courier and parcel market continue to grow strongly. According to this circumstance, expansion of the business field Real Estate is a sensible supplement to the portfolio. The opportunities are presented pursuant to the current relevance for Aves Group.

Rail

Pursuant to a target specification of the European commission, 50% of the freight traffic are to switch from road to other means of transport, such as rail or ship, by 2060. The further discussion about fine dust pollution in road traffic and the increasing online trade will further drive transport by train. Since the state-owned railway companies have limited financing options, they increasingly focus on investments in the rail network and passenger transport. An end to the disinvestment in carriages seems rather unlikely. In the USA, leasing companies control approx. 65% of the freight carriage market; in Europe, the share is rather low at 30% at this time. Replacement investments are and will remain the market drivers in the freight carriage area, since the high average age of the freight carriage fleet in Europe will require high replacement investments in the next few years. Pursuant to information of operators and manufacturers, fewer carriages are still being produced than replacement investments wo0uld be needed. This further increases the average age of the fleets. Aves sees good opportunities for growth in this market and to ensure by new investments or extended investments that the growing gap between demand and offer on the market is closed. The Management Board intends a much stronger development of this business area in particular by further acquisitions. The board assumes that, in addition to the existing focus on standard goods wagons, access to further organic growth can be developed on the basis of the expansion of the investment spectrum to include tank wagons in 2018. Please refer to the statements in 2.2.

Container

The market for containers particularly depends on the global trade, which will grow by 3.5% to 4% p.a. until 2020 according to the assessments of the international currency fund. Specifically in the container area, the higher steel price plays a role in addition to the increased transport demand. Furthermore, it is expected that market participants, such as shipping companies, will focus on their core business and only plan on limited budgets for new acquisition of containers and, following the trend of the last years, will have fewer and fewer logistics assets in their own possession. In light of this background of greater flexibility, shipping companies will increasingly rent containers from container companies which, in turn, work with Aves Group containers, amongst others.

The prices of containers have increased again significantly since Mid-2016. The price of new containers has increased from USD 1,300 to USD 2,300, which will affect the market positively and also opens up opportunities for further increasing utilisation and increasing rent rates. Since the margin pressure in shipping is high at the same time, interesting container portfolios for acquisition are regularly available. The excellent networking on the market has led to repeated offers for new container portfolios to Aves. A cost-efficient procurement of containers at a growing demand of leasing containers thus may be met.

In the area of Special Equipment, logistics companies from the courier, express and parcel market (KEP market) are among the main lessees of swap bodies. One of the main drivers for growth continues to be the increasing online trade in the B2C segment (Business-to-Customer). Further significant growth is expected for the transport volume in road cargo traffic (in Germany). According to the assessment of the Bundesverband Paket und Expresslogistik e. V., the market for swap bodies will grow by 6.4% per year until 2019.

Logisticians focus on their core businesses or have no options for procuring such mobile investment goods for balance-sheet policy . These two factors therefore accelerate growth of the leasing companies, which are partners of Aves Group.

Real Estate

The link between the comprehensive experience in the area of logistics assets and the combination of existing real estate and financing know-how as well as excellent partner/consultant network led to the approach for investment in logistics properties. Supported by the currently very positive market environment, the first projects could be reviewed and implemented here, and a well-filled project pipeline could be built. The market for logistics real estate is viewed as a growth market that is mostly driven by a very strong growth in the area of trade and the continually changing consumer behaviour (E-Commerce, industry 4,0). Like the Container and the Rail areas, this area is characterised by long-term plannability based on long-term rent contracts.

The opportunities of Aves Group

If the markets develop as forecast, and the planned strategic measures of Aves can be implemented, there are good opportunities for further increase of the utilisation ratios across all business areas, and thus for clear improvement of the revenue situation. Furthermore, the current and future markets will be examined in light of opportunities for strategic acquisitions, shareholdings or partnerships in order to supplement organic growth. Such activities may strengthened the competition positions of Aves Group in the currently managed markets, access new markets or supplement the portfolio in selected areas. The Board assumes a high opportunity for implementing the planned measures.

4 INTERNAL CONTROL SYSTEM OF THE ACCOUNTING PROCESS

Aves Group has an internal control and risk management system according to § 91 para. 2 AktG in light of the accounting process, in which suitable structures and processes are defined and implemented in the organisation. The system is based on an individual analysis of the company-specific requirements and needs. This is designed so that a timely, consistent and correct recording of all business processes or transactions by accounting is ensured. This ensures compliance with the statutory standards, accounting provisions and internal directives for accounting that are binding for all companies included in the consolidated financial statement. Changes to the laws, accounting standards and other statements are continually analysed for relevance and effects on the individual and consolidated financial statement and the resulting changes are considered in accounting and the financial statements. The basics of the internal control systems are system-technical and manual coordination processes, separation of functions and compliance with directives and work instructions. In this, targeted separation of various functions with a 4-eye principle in accounting-relevant processes, such as appointment, approval, release, signature authorisations play an important role in banks and payment release functions. The Management Board regularly reviews compliance with these processes.

Aves Group takes a number of measures to ensure that statutory accounting procedures are used and complied with. Aves Group has, e.g., a central accounting that acts based on consistent account frameworks and work instructions. This ensures that accounting processes are recorded in the individual financial statements in a standardised, proper and timely manner. Various analyses such as target/actual comparisons, forecasting, developments and comparisons are performed as controlling actions in a timely manner and subsequently evaluated.

Aves One AG continued the optimisations started in Mid-2017 in the area of financial accounting software and implemented further improvements in the accounting procedures. In 2018, implementation and introduction of the consolidation tool "Lucanet" will be completed. The target of this measure is to reduce the scope of manual work in compilation of the financial statements, in particular consolidation, and to thus minimise the error risk and to further optimise the processes within accounting.

The consolidated financial statement of Aves is compiled pursuant to the IFRS. The annual financial statement / Group statement is compiled in the scope of a structured process and using a fixed schedule coordinated with the Management Board and the Supervisory Board. When compiling the consolidated financial statement, the Management Board of Aves is essentially involved in all matters. The Management Board and employees of the subsidiaries also engage in very close cooperation on all essential questions.

An internal auditing apartment has not been set up so far. The Management Board has assessed the accounting-related internal controlling system. The assessment showed that the accounting-related internal controlling system is functional for the business year of 2017. The effectiveness of the internal control system is monitored by the Supervisory Board of Aves pursuant to the requirements of the Commercial Code and AktG. Independently of this, it must be considered that an internal controlling system does not provide absolute safety, but is to ensure that essential wrong statements in accounting are avoided and uncovered.

5 Risk report regarding use of financial instruments

Use of derivative financial instruments leads to no known essential risks for Aves One AG. Apart from the inessential interest caps (RBW < EUR 5k) that are still in the inventory of Aves Rail GmbH after acquisition of Aves Rail GmbH at the end of BY 2016 no further derivative financial instruments are used at Aves One.

6 Forecast report

6.1 Overall economic situation

For 2018, the international Monetary Fund (IMF) expects an increase of the global economic performance by 3.9%, followed by +3.9% in 2019. In particular with a view to the USA, the Euro area, Japan and Brazil, the IMF is noticeably more optimistic. It bases its forecast increase on the general stronger global growth dynamics and the US tax reform. In the short term, the IMF considers the upwards opportunities to be predominant for its forecasts, and in the medium term the downwards risks. The upwards tends was said to be broadly set up; there had been positive surprises in Europe and Asia. The conflicts in the world already described in 2.1 and the upcoming trade war may dampen the positive economic development as the dropping of the current ifo business climate index also shows. The Ifo business climate index dropped from 117.3 in December 2017 to 114.7 in March 2018.

The German economic performance will continue to grow robustly in 2018 as well, which is the ninth year in sequence. Pursuant to its annual economic report 2018, the German Federal government assumes an increase of the BIP by 2.2%. In 2018, the number of employees will achieve a new maximum of 44.6 million and thus grow for the eleventh year in sequence.

6.2 Industry situation

Rail

Until 2019, market experts expect annual growth rates of 1% for the European rail-bound goods traffic. The economic results of many companies continue to be dissatisfactory. The majority of the railway operations has recognised the necessity of restructuring and consolidation, and partially initiated the first steps. Often, in particular the state participants are missing the willingness to consistently implement recognised reformation steps and to finance the necessary investments.

As part of the consolidation processes, many combinations and company acquisitions have already taken place and others are likely to follow. An increasing interest in the railway assets could be observed on the part of the global logistics providers, shipping companies and private equity companies. For example, the Portuguese operator CP Carga was acquired by MSC Rail, parts of the LTE and Crossrail companies by the Rhenus-Group and private equity companies have taken shares in SNCB Logistics, Hector Rail, Freightliner and CTL Logistics.

Regarding carriages, the Bundesamt für Güterverkehr writes in its study: "The share of already-retrofitted low-noise vehicles within the fleets of EVU and carriage lessors varies depending on the respective fleet size. While operators of larger fleets have already changed a comparatively large part of their fleet to noise-reduced vehicles, many carriage owners with small fleets are still showing restraint. In addition to this, the current focus is on use of the most flexible and efficiently usable vehicles, often developed or optimised in cooperation between carriage holders and representatives from science and research as well as the customers. Customers increasingly expect a standard in terms of carriage equipment that is already relevant for road cargo transport, e.g. the presence of digital systems with which, among others, the position of vehicles can be determined. Regarding the maintenance and repair management, the possibility of data collection and evaluation is playing an increasingly important role."

Container

Pursuant to its "Deutschland Monitor", Deutsche Bank sees growth rates of global trade on the level of the global BIP increase for the next three to five years. This will be reflected accordingly in dynamically reduced global cargo transport flows. However, since the global trading volume expanded a lot less strongly in the reporting year than the global BIP, a moderate acceleration of exports can be assumed for 2018.

Industry experts continue to see a change to the trend in container shipping. The bottom has been crossed at the latest with the insolvency of Hanjin Shipping in late summer of 2016 and the conclusions of smaller container shipyards. Subsequently, the freight rates increased on a broad basis. For the current year of 2018, stabilisation of market profitability at constant fright rates and increasing volumes is expected. In addition to the freight rates, the container prices increased as well. This resulted, amongst others, from increased steel prices, but also from the application of water-based paints, which are now a mandatory requirement for new containers in China (water-based paint). The new paints lead to a more elaborate production process among the container manufactures in the short term. The manufacturers pass the costs on in turn to their customers, which leads to further price increases of USD 150-200. There are no effects on the containers produced to date. In January 2018, the RWI/ISL container handling index also reported that the upwards trend powerfully continued from 131.0 in December 2017 to 134.0 in February 2018.

In the area of Special Equipment, logistics companies from the courier, express and parcel market (KEP market) are among the main lessees of swap bodies. The Bundesverband Paket und Expresslogistik e. V. expects an annual growth of the parcel volume of 5.4% to a total of 3.9 B shipments by 2020 (2016: 3.16 B). One of the main drivers for growth continues to be the increasing online trade in the B2C segment (Business-to-Customer).

Real Estate

The further growth of the KEP market will cause a continued steep increase of the demand for logistics properties in addition to mobile logistics equipment. Here, Aves Group already conducted far-reaching discussions on the acquisition of various logistics properties in 2017. Since the business models based on E-Commerce require a lot less retail area, experts expect that demand will reduce in this area. For logistics properties, however, doubling of the demand is expected by 2025 in the EU and the United Kingdom. This is explained in that the share of purchases online in the total European retail transactions was continually increasing – from currently 9% to more than 20% in 2025. On the other hand, online dealers required three time the logistics area that classical retailers needed.

6.3 Outlook

The business model of Aves Group is pleased on a solid foundation by its business areas according to the Board's point of view. The Rail and Container segments, as well as Real Estate, are at the focus in the business year of 2018 here. The investments in the Rail and Container segments in the first quarter of 2018 show that the company was already able to use interesting opportunities there. Sufficient investment and financing options thus permit equivalent investment in these segments The focus on these business areas sets Aves apart from its competitors.

For the current business year of 2018, the Board expects higher revenues and a further improved operative result once again as compared to the prior year based on the measures being implemented. This is to be achieved by further development of new logistics assets and the acquisition of logistics properties.

For financing of further growth of the Aves Group and the purchases of portfolios in mobile logistics assets, various financing forms are also being reviewed. In this context, the reduction of financing costs that was started 2017 has been consistently continued by refinancing and other capital measures.

As total result, the Board expects increasing revenues for the year of2018 in the business areas of Container and Rail, and clearly increasing revenues in the area of Real Estate. This turnover growth should result from the logistics assets acquired in Q1 2018 already and to be acquired in 2018.

For the same reason, it is expected that the operative result (EBITDA) will continue to increase.

The financing costs will continue to increase absolutely due to the planned asset growth. The relative financing costs are, however, expected to reduce further due to the refinancing measures and optimisation of the financing mix, as in 2017 already.

In the segment Rail, the Board expects further utilisation on a high level. The utilisation ratio in the Container area is workpiece to remain consistent on a high level.

As in the last year, the Management Board notes that the fact that the Container segment and the entire operative business in this connection is processed in USD, while the financings are partially still concluded in EUR, may cause a strong effect on the consolidated financial statement from currency effects. Referring to the consolidated result, further increases are expected for the business year of 2018 before mostly non-cash currency effects. For this, as commenced in 2017 already, the Management Board not only worked towards establishing deadline congruence for financing, but also the best possible currency congruence, i.e. the Management Board is continuing in its efforts to obtain new funding for the purchase of containers in USD, and to convert existing funding to USD.

7 Information according to § 315 para. 4 German Commercial Code

Composition of the subscribed capital

The share capital of Aves AG at EUR 12,899,509.00 is divided into 12,899,509 non-par-value shares. It is fully paid up.

Limitations regarding voting rights or transfer of shares

In the scope of the capital increase from 2016 against cash contributions, the large shareholders of SUPERIOR Group and the Management Board of Aves One AG have committed to not transferring the shares held by them in Aves One AG within two years after the initial approval of the shares for trade on the regulated market of the Frankfurt stock exchange on 24 November 2016.

Additionally, there is a contract for shared execution of voting rights between SUPERIOR Beteiligungen AG and RSI Societas GmbH.

Direct or indirect shares in the capital of the company at more than 10 %

The information on direct or indirect shares in the capital of the company of more than 10 % are presented in the annex in the section "Disclosed participants according to WpHG".

Shares with special rights

Shares with special rights that give controlling rights were not present in the business year of 2017.

Voting rights control in case of capital shares for employees

Voting rights control pursuant to § 315 para. 4 no. 5 German Commercial Code did not apply in the business year 2017.

Authorisation to acquire and dispose of own shares subject to exclusion of subscription rights and exclusion of the offer rights of the shareholders

The company shall have the right to acquire own shares at up to 10 % of the company's share capital at the time the resolution is passed. The authorisation entered into effect on 5 September 2016 and shall apply until 4 September 2021, Acquisition takes place according to the discretion of the Board and within the limits resulting from principles under share law, while observing the principle of equal treatment (§ 53a AktG) through the stock exchange or outside of the stock exchange; the latter shall specifically take place by way of pubic purchasing offer and subject to exclusion of the offer rights of the shareholders. In case of a public purchasing offer, the company may either specify a price or a price range for the acquisition. If the shares are acquired through the stock exchange, the paid purchasing price per share (without secondary acquisition costs) must not be above or below the average of the share rates of the company in XETRA® trade or the successor system) ("essential rate") in the last ten stock exchange trading days before the acquisition by more than 5 %.

The Management Board is authorised to sell the shares acquired based on this or any preceding authorisation according to § 71 para. 1 no. 8 AktG again with the consent of the Supervisory Board while observing the principle of equal treatment (§ 53a AktG) for other purposes than to trade in own shares.

Statutory provisions and stipulates of the articles of association regarding changes in the composition of the Board and the articles of association

Regarding the appointment and recall of Board members, we refer to the statutory provisions of §§ 84 and 85 AktG. Beyond this, section III. Management Board, § 5 of the articles of association of Aves AG, stipulates that the Management Board has one or several members and that apart from this the Supervisory Board determines the number of members of the Management Board. The Supervisory Board may appoint a chairman of the Board if the Board comprises several persons. The Supervisory Board may also appoint deputy Board members. The provisions on the changes of the articles of association result from §§ 133 and 179 AktG.

Change of control clauses in essential agreements of the company

There were no agreements of the company that are subject to the condition of a control change due to an acquisition offer.

Compensation agreements for the case of an acquisition offer

There are no compensation agreements with members of the Board or employees for the case of an acquisition offer.

8 REMUNERATION REPORT FOR THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The Management Board received the following remuneration from the company in 2017 pursuant to the employment contract, which is presented in the template tables recommended by the German Corporate Governance Codex (version:7 February 2017) according to item 4.2.5. Here, it is disclosed which benefits the Board of Aves received for 2017 and the prior year. Since not all benefits granted were paid out, there is a separate presentation of the amounts of the funds that were paid to the Board:

BENEFITS GRANTED (EUR)	**DANIEL L. GROSCH**	
	DIRECTOR	
	ENTRY 18 FEBRUARY 2015 EXIT: 21 SEPTEMBER 2016	
	2016	**2017**
Fixed remuneration	100,000.00	0.00
Secondary payments	0.00	0.00
Total	**100,000.00**	**0.00**
One-year variable remuneration	50,000.00	0.00
Multiple-year variable remuneration	0.00	0.00
Total	**50,000.00**	**0.00**
Pension expenses	0.00	0.00
Total	**150,000.00**	**0.00**

INFLOW (EUR)	**DANIEL L. GROSCH**	
	DIRECTOR	
	ENTRY 18 FEBRUARY 2015 EXIT: 21 SEPTEMBER 2016	
	2016	**2017**
Fixed remuneration	100,000.00	0.00
Secondary payments	0.00	0.00
Total	100,000.00	0.00
One-year variable remuneration	50,000.00	0.00
Multiple-year variable remuneration	0.00	0.00
Total	**50,000.00**	**0.00**
Pension expenses	0.00	0.00
Total	**150,000.00**	**0.00**

Benefits granted (EUR)	**Henrik Christiansen**			
	Director			
	Entry 01/04/2016 Exit 31 October 2017			
	2016	**2017**	**2017 (Min.)**	**2017 (Max.)**
Fixed remuneration	135,000.00	150,000.00	150,000.00	150,000.00
Secondary payments	13,649.04	15,165.60	15,165.60	15,165.60
Total	**148,649.04**	**165,165.60**	**165,165.60**	**165,165.60**
One-year variable remuneration	48,125.00	0.00	0.00	0.00
Multiple-year variable remuneration	0.00	0.00	0.00	0.00
Total	**48,125.00**	**0.00**	**0.00**	**0.00**
Pension expenses	0.00	0.00	0.00	0.00
Severance payment	0.00	118,520.00	118,520.00	118,520.00
Total	**196,774.04**	**283,685.60**	**283,685.60**	**283,685.60**

Inflow (EUR)	**Henrik Christiansen**	
	Director	
	Entry 01/04/2016 Exit 31 October 2017	
	2016	**2017**
Fixed remuneration	135,000.00	150,000.00
Secondary payments	13,649.04	15,165.60
Total	**148,649.04**	**165,165.60**
One-year variable remuneration	28,125.00	0.00
Multiple-year variable remuneration	0.00	0.00
Total	**28,125.00**	**0.00**
Pension expenses	0.00	0.00
Severance payment	0.00	118,520.00
Total	**176,774.04**	**283,685.60**

Benefits granted (EUR)	Peter Kampf			
	Director			
	Entry 21 September 2016			
	2016	**2017**	**2017 (min.)**	**2017 (max.)**
Fixed remuneration	55,138.90	198,500.04	198,500.04	198,500.04
Secondary payments	0.00	0.00	0.00	0.00
Total	55,138.90	198,500.04	198,500.04	198,500.04
One-year variable remuneration	65,000.00	0.00	0.00	0.00
Multiple-year variable remuneration	0.00	0.00	0.00	0.00
Total	**65,000.00**	**0.00**	**0.00**	**0.00**
Pension expenses	0.00	0.00	0.00	0.00
Total	**120,138.90**	**198,500.04**	**198,500.04**	**198,500.04**

Inflow (EUR)	Peter Kampf	
	Director	
	Entry 21 September 2016	
	2016	**2017**
Fixed remuneration	55,138.90	198,500.04
Secondary payments	0.00	0.00
Total	55,138.90	198,500.04
One-year variable remuneration	65,000.00	0.00
Multiple-year variable remuneration	0.00	0.00
Total	65,000.00	0.00
Pension expenses	0.00	0.00
Total	**120,138.90**	**198,500.04**

Benefits granted (EUR)	**Jürgen Bauer**			
	Director			
	Entry 21 September 2016			
	2016	**2017**	**2017 (Min.)**	**2017 (Max.)**
Fixed remuneration	92,149.00	300,020.00	300,020.00	300,020.00
Secondary payments	9,299.83	33,817.56	33,817.56	33,817.56
Total	**101,448.83**	**333,837.56**	**333,837.56**	**333,837.56**
One-year variable remuneration	0.00	0.00	0.00	0.00
Multiple-year variable remuneration	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**
Pension expenses	0.00	0.00	0.00	0.00
Total	**101,448.83**	**333,837.56**	**333,837.56**	**333,837.56**

Inflow (EUR)	**Jürgen Bauer**	
	Director	
	Entry 21 September 2016	
	2016	**2017**
Fixed remuneration	92,149.00	300,020.00
Secondary payments	9,299.83	33,817.56
Total	**101,448.83**	**333,837.56**
One-year variable remuneration	0.00	0.00
Multiple-year variable remuneration	0.00	0.00
Total	**0.00**	**0.00**
Pension expenses	0.00	0.00
Total	**101,448.83**	**333,837.56**

The remuneration of the Board members is specified by the Supervisory Board and subject to regular review. The existing remuneration system ensures remuneration of the Board members that is appropriate for the work and responsibility. In addition to the personal performance, the economic situation, result and future expectations of the Group are considered as well. Additional remunerations or royalties may be stipulated from case to case by the Supervisory Board.

The director's employment contract of Mr Henrik Christiansen intended for an overall remuneration that was made up of result-independently and result-dependent variable components. The result-independent remuneration for the business year of 2017 is KEUR 150 gross. A variable remuneration was not agreed for 2017. Mr Christiansen left the company on 31 October 2017 and received a severance payment of KEUR 119. A provision was formed for his claims in 2018. The director's employment contract of Mr Peter Kampf stipulates a result-independent overall remuneration of KEUR 198 for the business year 2017. The employment contract of Mr Jürgen Bauer stipulates a result-independent overall remuneration that is KEUR 334 for the business year 2017 since his appointment as a director and refers to the existing contract with Aves Rail GmbH (formerly ERR Wien).

If the economic situation deteriorates significantly, the Supervisory Board has the right to reduce the remuneration appropriately.

The total benefits of the Supervisory Board were stipulated on the regular general meeting 2017. According to his, every member of the Supervisory Board will receive a fixed annual remuneration of EUR 15,000.00 for every full business year of membership in the Supervisory Board starting in the business year 2017. The deputy chairman and the chairman each receive an annual amount of EUR 50,000.00. The remuneration is to be settled for the full year and payable after the end of a business year. When taking up or putting down the office during the business year, the remuneration will be reduced pro rata temporis.

The remuneration of the Supervisory Board was made up as follows:

EUR		**Ralf Wohltmann**
		Chairman of the Supervisory Board
		2017
Remuneration according to the articles of association		41,666.67*
Expenses		0.00
Total		**41,666.67**

EUR	**Emmerich G. Kretzenbacher**	
	Chairman of the Supervisory Board	**Deputy chairman of the Supervisory Board**
	2016	**2017**
Remuneration according to the articles of association	50,000.00	50,000.00
Expenses	0.00	0.00
Total	**50,000.00**	**50,000.00**

EUR	**Britta Horney**	
	Dept. chairwoman of the Supervisory Board	**Supervisory Board member**
	2016	**2017**
Remuneration according to the articles of association	19,664.38	13,375.00*
Expenses	0.00	0.00
Total	**19,664.38**	**13,375.00**

EUR	**Rainer W. Baumgarten**	
	Supervisory Board member	
	2016	**2017**
Remuneration according to the articles of association	2,500.00	15,000.00
Expenses	0.00	0.00
Total	**2,500.00**	**15,000.00**

* Pro rata for the business year

EUR	**FLORIAN T. KÜHL**	
	SUPERVISORY BOARD MEMBER	
	2016	**2017**
Remuneration according to the articles of association	12,500.00	0.00
Expenses	0.00	0.00
Total	**12,500.00**	**0.00**

In the calendar year, benefits of KEUR 50 were paid out for the calendar year of 2016. For the benefits of the calendar year of 2017, a reserve of KEUR 120 was formed.

Thus, the benefits for the current business year amounted to a total of KEUR 816 (PY KEUR 467), and those of the Supervisory Board to KEUR 120 (PY KEUR 84).

Since March 2016, a D&O insurance contract has been in place for the members of the Management Board, management staff and the Supervisory Board. Since October 2016, an E&O insurance contract for the Group has also been in place.

POSSESSION OF AND TRADE IN SHARES AND FINANCIAL INSTRUMENTS

REPORTABLE SECURITY TRANSACTIONS

the company publishes all reportable security transactions of committee members on its website at http://www.avesone.com/de/aves_investoren_wertpapiergeschaefte.html and will keep this information available for at least 5 years after publication.

In the business year 2017, the following reportable transactions were performed and published by the committee members:

NAME	POSITION	TRANSACTION	PRICE	NUMBER	DATE	PLACE
Jürgen Bauer	Director	Acquired outside of the stock exchange		38,525	10/02/2017	Outside of the stock exchange

9 DECLARATION IN ACCORDANCE WITH § 312 PARA. 3 COMPANIES ACT

RELATIONSHIPS WITH AFFILIATED COMPANIES

SUPERIOR Beteiligungen AG (previously SUPERIOR Private Equity GmbH) and RSI Societas GmbH had acquired control of Aves One AG in the meaning of § 29 para. 2 WpÜG on 6 March 2012 due to a share acquisition transaction. Through this investor group, Mr Jörn Reinecke still holds an indirect share of 32,86% as of 31 December 2017, which means that, as of the balance sheet date, he no longer has a controlling influence over Aves One AG. Nevertheless, the Management Board has decided to voluntarily produce a dependence report covering the period from 1 January to 31 December 2017, which contains the following final statement,

"We hereby declare pursuant to § 312 para. 3 AktG (German Companies Act) that Aves One AG received appropriate compensation for each of the legal transactions listed in the above report on relationships with affiliated companies based on the circumstances that were known to us at the time at which the legal transactions were performed. Measures upon initiation or in the interest of the governing companies or the affiliated companies were not made or omitted."

Hamburg, 23 April 2018

The Management Board

Jürgen Bauer Peter Kampf Sven Meißner

Consolidated Balance Sheet

of Aves One AG as of 31 December 2017

In KEUR	Notes information	31 Dec. 2017	31 Dec. 2016 (adjusted)	31 Dec. 2016
Assets				
Intangible fixed assets	2.8, 7.1	8,235	2,566	2,566
Fixed assets	2.9, 7.2	448,460	445,400	445,400
Financial investments balanced according to the equity method	7.3	1,158	2,846	2,846
Other financial investments	7.4	2	116	116
Deferred tax claims	2.18, 7.9	8,784	1,831	1,831
Long-term assets		**466,639**	**452,759**	**452,759**
Inventories	7.5	3,338	2,376	2,376
Long-term assets held for sale (IFRS 5)	7.6	3,375	0	0
Trade accounts receivable	2.12, 7.7	10,388	7,495	7,495
Financial receivables	2.11, 7.8	4,277	14,591	14,591
Other assets and advance payments	7.8	17,059	16,547	15,302
Tax reimbursement claims	2.18, 7.9	141	1,038	1,038
Liquid funds	2.13, 7.10	14,908	23,077	31,954
Short-term assets		**53,486**	**65,124**	**72,756**
Balance sheet total		**520,125**	**517,883**	**525,515**

in KEUR	Notes information	31 Dec. 2017	31 Dec. 2016 (adjusted)	31 Dec. 2016
Equity				
Subscribed capital	2.14, 7.11.1	12,900	8,910	8,910
Capital reserves	2.14, 7.11.1/.4	39,391	15,984	15,984
Currency translation reserve	2.14, 7.11.6	2,104	1,391	1,391
Group retained losses/profits	2.14, 7.11.5	-32,793	2,205	2,205
Equity of the owners of the parent		**21,602**	**28,490**	**28,490**
Equity		**21,602**	**28,490**	**28,490**
Capital increases not yet registered on the balance sheet date	7.12	**627**	**0**	**0**
Debt				
Financial liabilities	2.16, 7.14.1/.2	383,079	312,392	312,392
Deferred tax liabilities	2.18, 21, 7.13	9,291	5,995	5,995
Reserves	7.15	4	4	4
Long-term liabilities		**392,374**	**318,391**	**318,391**
Tax liabilities	2.18, 21, 7.13	487	39	39
Financial liabilities	2.16, 23.1, 7.14.1/.2	96,188	156,546	156,546
Trade accounts payable	2.15, 7.14.3	2,337	8,687	8,687
Other liabilities	7.14.4	6,466	5,680	13,312
Other provisions	2.19, 7.15	44	50	50
Short-term liabilities		**105,522**	**171,002**	**178,634**
Total liabilities		**497,896**	**489,393**	**497,025**
Balance sheet total		**520,125**	**517,883**	**525,515**

Consolidated profit and loss Statement

of Aves One AG fort he period from 1 January to 31 December 2017

in KEUR	Notes indication	2017	2016 adjusted	2016
Sales	6.1	53,432	28,646	28,646
Other operating income - including exchange rate gains: KEUR 237 (prior year: KEUR 1,365)	6.2	1,175	3,061	14,912
Cost of material	6.3	-12,874	-9,111	-9,111
Personnel costs	6.4	-4,809	-2,338	-2,338
Other operating costs - including exchange rate loss: KEUR 41 (prior year: KEUR 2,327)	6.6	-8,256	-9,931	-16,711
Profit and loss shares in companies that are balanced at equity, after taxes	6.7	438	-42	-42
Earnings before depreciation, interest and taxes (EBITDA)		**29,106**	**10,285**	**15,357**
Depreciations	6.5	-15,928	-8,508	-8,508
Impairment on long-term assets held for sale (IFRS 5)		-3,784	0	0
Earnings from operating activities at equity -result (EBIT)		**9,394**	**1,777**	**6,849**
Interest and similar income	6.8	1,220	827	827
Interest and similar expenses	6.8	-21,758	-14,123	-14,123
Currency effects on financial receivables and financial liabilities	6.8	-21,628	6,009	0
Financing secondary costs	6.8	-1,174	-937	0
Discount from the emission of shares	6.8, 7.11	-3,396	0	0
Financial results		**-46,736**	**-8,224**	**-13,296**
Period result before taxes		**-37,342**	**-6,447**	**-6,447**
Taxes on income and profit	6.9	2,362	-1,219	-1,219
Consolidated annual deficit		**-34,980**	**-7,666**	**-7,666**
Including for:				
● Shareholders of Group parent company		**-34,980**	**-7,666**	**-7,666**
Result per share (diluted and undiluted):				
● from continued business areas (EUR)	7.10	-3.15	-1.23	-1.23
from the consolidated result (EUR)	7.10	-3.15	-1.23	-1.23
Average number of outstanding shares (diluted and undiluted)	7.10	**11,107,972**	**6,256,475**	**6,256,475**

Consolidated statement of comprehensive income

of Aves One AG for the period from 1 January to 31 December 2017

in k EUR	2017	2016
Consolidated annual deficit	**-34,980**	**-7,666**
Other comprehensive income		
Items subsequently reclassifiable to profit or loss		
Currency translation differences recorded in equity with no profit or loss effect	713	631
	713	**631**
Total changes in equity with no profit or loss effect	**713**	**631**
thereof relating at equity undertakings	**0**	**0**
Consolidated comprehensive income	**-34,267**	**-7,035**
Including for:		
● Shareholders of Group parent company	-34,267	-7,035
	-34,267	**-7,035**
Consolidated comprehensive income (attributable to shareholders of group parent company):		
● from continued business divisions	-34,267	-7,035
	-34,267	**-7,035**

Consolidated statement of equity changes

of Aves One AG for the period from 1 January to 31 December 2017 (in k EUR)

	Number of shares in circulation	Equity AG	Capital reserves	Profit reserves	Consolidated net profit	Currency translation difference	Equity total
as of 01 January 2016	990,000	990	7,524	0	9,871	760	19,145
Total result for this period	0	0	0	0	-7,666	631	-7,035
Capital increase from company reserves (4/2016)	4,950,000	4,950	-4,950	0	0	0	0
Capital increase (11/2016)	2,970,000	2,970	14,850	0	0	0	17,820
Capital procurement costs for capital increase (11/2016)	0	0	-1,440	0	0	0	-1,440
as of 31/12/2016	8,910,000	8,910	15,984	0	2,205	1,391	28,490
Total result for this period	0	0	0	0	-34,980	713	-34,267
Capital increase (1/2017)	297,000	297	1,485	0	0	0	1,782
Capital increases (8/2017)	3,692,509	3,693	23,461	0	0	0	27,154
Capital procurement costs for capital increase	0	0	-1,891	0	0	0	-1,891
Tax effects on capital procurement costs	0	0	352	0	0	0	352
Addition to the consolidated companies	0	0	0	0	-18	0	-18
as of 31/12/2017	12,899,509	12,900	39,391	0	-32,793	2,104	21,602

Consolidated cash flow statement

of Aves One AG for the period from 1 January to 31 December 2017

in k EUR	FY 2017	FY 2016 Adjusted	FY 2016
Period result before taxes	**-37,342**	**-6,447**	**-6,447**
Earnings before taxes for the period incl. from discontinued business divisions	**-37,342**	**-6,447**	**-6,447**
plus/minus			
Depreciation on intangible fixed assets and tangible fixed assets as well as other financial assets	15,928	8,508	8,508
Depreciation from long-term assets held for sale (IFRS 5)	3,784	0	0
Changes in bad debt provisions for trade accounts receivable	168	1,114	1,114
Gains (-)/losses (+) on the sale/derecognition of tangible fixed assets	1,799	3,064	3,064
Profit or loss share of entities accounted for at equity, after taxes	-438	42	42
Interest income	-1,220	-827	-827
Interest cost	21,758	14,123	14,123
Exchange gains (-)/losses (+) (not cash-effective)	20,827	-5,895	-5,895
Book loss from reduction of financial liabilities	3,396	0	0
Operational cash flow before changes in working capital	**28,660**	**13,681**	**13,681**
Changes in working capital			
(Increase)/Decrease of:			
Inventories	-486	-2,376	-2,376
Trade accounts receivable not attributable to investing/financing activities	-1,345	422	422
Other assets and prepayments	-2,911	-18,427	-9,550

Increase/(Decrease) of:			
Trade accounts payable not attributable to investing/ financing activities	44	2,330	2,330
Other liabilities and other accruals and provisions	-310	9,250	9,250
Operating cash flow	**23,652**	**4,879**	**13,756**
Payments of taxes on earnings	656	-155	-155
Cash flow from ongoing business operations	**24,308**	**4,724**	**13,601**

in k EUR	FY 2017	FY 2016 Adjusted	FY 2016
Cash flow from investment activities			
Payments for investments in intangible fixed assets	0	-27	-27
Receipts from disposals of tangible fixed assets	9,676	2,829	2,829
Payments for investments in tangible fixed assets	-61,029	-51,299	-51,299
Payments for financial investments acquired	0	-944	-944
Receipts from changes to the consolidated companies	1,940	0	0
Receipts from financial asset investments in connection with short term financial management measures	113	0	0
Payments from financial asset investments in connection with short term financial management measures	0	-19,157	-19,157
Interest received	0	2	2
Cash flow from investment activities	**-49,300**	**-68,596**	**-68,596**

in k EUR	FY 2017	FY 2016 Adjusted	FY 2016
Cash flow from financing activities			
Receipts from capital injections by the shareholders	1,782	17,820	17,820
Payments made in connection with capitalized costs of equity increase	-861	-1,440	-1,440
Receipts from the issuing of bonds and (financial) loans	169,647	130,534	130,534
Amortization payments for bonds and (financial) loans	-134,111	-60,706	-60,706
Interest paid	-19,209	-12,230	-12,230
Cash flow from financing activities	**17,248**	**73,978**	**73,978**
Cash-effective changes in liquid funds	-7,744	10,105	18,982
Liquid funds brought forward	23,077	11,484	11,484
Change to the consolidated companies	7	0	0
Exchange rate related changes in liquid funds	-432	1,488	1,488
Liquid funds carried forward	**14,908**	**23,077**	**31,954**

Notes on the consolidated financial statement

of Aves One AG as of 31 December 2017

1. Underlying information

The object of the consolidated financial statement are the publicly listed Aves One AG with headquarters in Hamburg (HRB 124 894) and its subsidiaries (hereinafter: "Aves Group"). The shares of Aves One AG are listed for trading in the Prime Standard (regulated market) of the Frankfurt Stock Exchange as well as the General Market (regulated market) of the Hamburg-Hanover Stock Exchange.
The business year corresponds to the calendar year (1 January to 31 December).

1.1 Business activities of the Aves Group

The Aves Group is a logistics group specialising in stock maintenance and management of logistics assets. The Aves Group invests in long term logistics assets with strong sustainable cash flows in liquid markets. The emphasis of its business activities is placed on the stock management and active management of mobile logistics assets On the balance sheet day 31 December 2017, the managed asset portfolio totalled more than EUR 448 M. The main areas of operation of the group are the segments Rail, Container (the area of Special equipment will be indicated under Container as of this business year, see section 5 on segment reporting) and Real Estate. The very good access to the equipment market as well as extensive management knowledge in the area of financing and an excellent network of partners from both areas form the basis of the continuing expansion and extension of business activities. Since July 2017, CH2 Contorhaus Hansestadt Hamburg AG ("CH2") has been a fully consolidated company of Aves Group (see section 4 on the consolidated companies). CH2 has been a financing partner for fixed asset investments since 2013 already. Last year,CH2 placed about EUR 104 M capital for investments in fixed assets (2016: EUR 92 M). CH2 has been cooperating closely, among others with BoxDirect AG, BoxDirect Vermögensanlagen AG and BoxDirect Erste Vermögensanlagen GmbH (hereinafter together BoxDirect Companies) since 2013.

The business year saw investments in all areas. After the large investments in the area of railway equipment in 2016 by the acquisition of Aves Rail GmbH (formerly ERR Vienna), increased investments were also made in the container area by development of the swap body portfolio in 2017.

In the still-young area of Real Estate, the group aggregates its planned activities by acquisition of logistics property in strategically beneficial locations. Additionally, a storage park in Münster that was completed in 2017 is indicated here.

In this context, the leasing out of logistical equipment takes place via external service providers.

1.2 Basis of preparation of the group financial statements

The Group Financial Statements for the reporting period ending 31 December 2017 have been prepared in accordance with the mandatory accounting standards set out by the International Accounting Standard Board (IASB), the International Financial Reporting Standards (IFRS) as well as the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRSIC), in the form adopted by the European Commission of the European Union. The company law requirements set out in § 315a 1 HGB (German Commercial Code) were applied. The Group Financial Statements and Group Management Report were published in the electronic Federal Register (Bundesanzeiger).

The Group Financial Statements of Aves Group are prepared in Euro. Unless otherwise specified, disclosure is in thousands of Euro (EURk). As the aggregates of individual line items is based on full amounts, rounding differences may arise where balance are disclosed in thousands of Euro. The financial statements of the individual consolidated entities are prepared as at the date of the Group Financial Statements.

The Group Financial Statements for the period ending 31 December 2017 (including comparative figures for the 2016 business year) were approved and cleared for publishing by the Management Board on 23 April 2018. The Supervisory Board plans to approve the Group Financial Statements at their meeting on 24 April 2018.

The Group Financial Statements were prepared on a historical cost basis. The balance sheet is divided into long and short term assets and liabilities in accordance with IAS 1. Assets and liabilities falling due within one year are disclosed as short term. In accordance with IAS 12, deferred tax assets and liabilities are shown as long term assets and liabilities respectively. The Group Statement of Profit or Loss is disclosed applying the total cost method (disclosure of costs by nature). Line items disclosed are described further in the Notes to the Group Financial Statements.

Definition EBITDA, EBIT, EBT

These financial statements use alternative indicators. These include all indicators which are not defined within specific accounting standards. These indicators include the performance measures EBITDA, EBIT and EBT, which were applied in the 2016 annual report and which are also disclosed in the 2017 annual report.

Performance indicators excluding holding charges and other special effects were disclosed in the segmental reporting. This adjustment was commented on in section 4.2 "Notes on Segment data" in order to clarify that holding charges were adjusted which do not form part of the segment control by Group management.

Apart from this, the indicator EBITDA includes all PaL items, except for depreciations, interest and similar expenses, interest and similar revenues, discount from the emission of shares, currency translation effects from financial receivables and liabilities, financing secondary costs, as well as taxes on income and profit. Situations that refer to IFRS 5 were not presented within EBITDA.

EBIT comprises EBITDA, the situations subject to IFRS 5, as well as the depreciation of the business year.

EBT comprises EBIT as well as interest and similar charges and interest and similar income.

The relevant accounting and valuation principles applied in connection with the preparation of the Group Financial Statements as at 31 December 2017 are summarised in the following section.

1.3 Standards, interpretations and amendments initially applicable in the 2017 business year

The Group applied the following standards and interpretations of the IASB as well as the following amendments to standards initially for the 2017 reporting period:

- Amendment to IAS 7 – Statement of Cash Flow: "Disclosure Initiative"
- Amendment to IAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses
- Annual IFRS Improvement Cycle 2014 – 2016

The initial application of these new regulations did not have a significant effect on the Group Financial Statements of Aves Group. The capital flow statement was amended by a transfer of the financial liabilities according to the balance sheet; on this, see section 11 in the notes on the cash flow statement.

1.4 Published standards, interpretations and amendments that have not yet become effective

At the time of preparation of the Group Financial Statements, the following standards and interpretations of the IASB as well as its amendments and revisions have either not been adopted by the European Union or are not subject to mandatory application for the 2017 business year have as a result not been applied voluntarily in advance by Aves Group:

(a) Initial application mandatory as of 1 January 2018

- IFRS 15 – Revenue from Contracts with Customers
- IFRS 9 - Financial Instruments
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4: Application of IFRS 9 with IFRS 4 insurance contracts
- Amendment to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendment to IAS 40: Transfers of Investment Property
- Annual improvements 2014-2016: Amendments to IFRS 1 and IAS 28:
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

(b) Initial application mandatory as of 01 January 2019

- IFRS 16 – Leasing
- IFRIC 23 Uncertainty over Income Tax Treatments

(c) Initial application as of 01 January 2021

- IFRS 17 - Insurance contracts
- IFRIC 23 Uncertainty over Income Tax Treatments

The tie of initial application for the following amendments is still open or has been delayed to an undetermined time:

- Amendments to IFRS 10 and IAS 28 – Vale or Contribution of Assets between an Investor and its Associate or Joint Venture

The above-mentioned standards and interpretations are applicable to the Group Financial Statements of Aves Group with effect from the 2018 business year or later, subject to EU endorsement. Aves Group currently expects only minor implications for the Group Financial Statements to result from the initial application of these standards, interpretations and amendments, with the exception of additional modified disclosure requirements.

Potentially material changes are conceivable only with respect to IFRS 16; therefore a more detailed assessment of the effects took place here. IFRS 16 will replace the current standard IAS 17 on the accounting for leases, IFRIC 4, SIC 15 and SIC 27.

IFRS 16 introduces a consistent accounting model according to which leasing contracts are to be recorded in the balance sheet of the lessee. A lessee records a usage right (right-of-use asset) that represents his right to use of the underlying asset as well as a debt from the lease that represents his obligation to make leasing payments. There are exception rules for short-term leases and leases for low-value assets. Accounting by the lessor is comparable to the current standard – that is, lessors continue to classify leases as financing or operating leases.

The group has completed its initial assessment of the possible effects on its consolidated financial statement; a detailed assessment is not yet completed. The actual effects from application of IFRS 16 to the consolidated financial statement at the time of first application will depend on the future economic conditions, such as the interest rate of the group as of 1 January 2019, the composition of the leasing portfolio at that time, assessment of the group regarding execution of extension options and the scope at which the group uses exception rules and estimate exemptions.

To date, the most essential effect identified is that the group will record new assets and liabilities at a small scope for its operating leases regarding company cars and the building lease. As of 31 December 2017, the future minimum leasing payments for non-terminable operating leases (on an un-depreciated basis) amount to k EUR 534.

Type of leased object	**Undiscounted lease payments across the term**
Office property	377
Vehicle leasing	157
Other, office equipment	21
Total	**534**

Table 1: Undiscounted leasing payments

In addition to this, the type of expenses that are connected to leases will change in future, since IFRS 16 replaces the expenses for operating leases with a depreciation effort for usage rights (right-of-use assets) and interest expenses for debts from the lease.

No essential effects on the financing leases of the group are expected.

The group expects that the application of IFRS 16 will not affect its ability to meet the agreed loan conditions.

Regarding the remaining standards, it was reviewed whether application of these standards will lead to any changes to the consolidated financial statement of Aves One AG. The analysis showed that Aves Group either does not have the corresponding situations, or that the amendments do not lead to any deviations from the previous ones (in part. regarding sales revenues, IFRS 15 – the new 5-step model of the standard does not lead to any adjustments at the time of turnover realisation, in particular since neither multi-component transactions nor percentage of completion are currently applied).

Therefore, no effects on the consolidated financial statement of Aves One are expected from the remaining standards.

2. Summary of significant accounting and valuation principles

The main accounting and valuation principles applied in the preparation of these Group Financial Statements are set out in the following section. The methods described are applied consistently in the disclosed reporting periods unless otherwise specified.

Changes to the applied accounting and valuation principles have resulted in the following items:

- According to the quarterly statement in September 2017 and the semi-annual statement 2017, adjustments were performed regarding indication of the result from currency conversions. In the previous year's financial statement, these were fully indicated in the other operational expenses and revenues. Since they essentially result from loans acquired and awarded, the parts of the currency conversion effects assigned to financing are initially indicated in the financial result.
- Costs in connection with financing - here specifically external costs for investor support and other services in connection with financing - are - if not considered as effective interest - indicated as financing secondary costs in the financial result. In the prior year, they were indicated within the other operating costs, so that the actual financing costs were not presented entirely transparently.
- Adjustments in the segment presentation were made due to changed internal reporting to main decision makers. For details on this, see section 2.2 "Business segments"
- Balancing of VAT reimbursement claims with VAT liabilities on the level of individual companies did not take place in the prior year. These took place in the business year 2017 to avoid extending of the balance sheet.
- In 2016 restricted liquid funds were presented in liquid funds and differentiated by a „thereof-disclosure". Because these funds do not fulfil the liquidity criterion these funds are stated as other assets in 2017.

To present the effects in the balance sheet and the profit and loss statement, the group uses a three-column presentation in which the presentation for the prior year according to the new method is compared to the previous method. The changes are presented and explained in the explanations on the respective profit and loss item or the balance sheet item.

Balancing corresponding to the VAT balancing for the currency effects recognised in "Other operating income" and "Other operating costs" could not be performed retrospectively, however, based on the data recording that took place.

2.1. Principles of consolidation

(a) Subsidiaries

Subsidiaries are defined as all entities that are controlled by Aves One AG. Aves One AG exerts control over a participation when it obtains power over the participation and is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

A participation is initially consolidated on the date that Aves One AG obtains control of the entity. It is no longer consolidated once the control of Aves One AG over the participation ceases.

<u>Acquisition of subsidiaries for cash:</u>

Subsidiaries acquired are accounted for applying the acquisition method. The consideration transferred corresponds to the fair values of the assets transferred, equity instruments issued by the Group and the liabilities assumed at the time of acquisition from the former owners of the subsidiary taken over.

Furthermore, the consideration encompasses the fair value of all assets and liabilities resulting from the agreed contingent consideration. Identified assets acquired as well liabilities and contingent liabilities assumed in connection with a business combination are in principle valued at fair value at the time of acquisition. To the extent that the acquired subsidiary fulfils the criteria of an operational business, the difference between the consideration transferred and the net balance of assets and liabilities taken over is disclosed as goodwill. Where this is not the case, any difference is recorded in profit and loss.

Acquisition-related costs are recorded in profit and loss in the period in which they are incurred.

In the business year, the remaining 70% of the shares in CH2 Contorhaus Hansestadt Hamburg AG were acquired in addition to the 30% already held. This transaction meets the definition of the IFRS 3 and therefore is subject to the provisions of that standard. On the details regarding evaluation of the shares, see section 7.1 of the explanations on the goodwill that resulted from this transaction. The purchasing prices was paid mostly from issuing of shares in Aves One AG.

Intra-Group transactions and consistent valuation within the Group

Intra-Group transactions, balances and unrealised profits and losses from transactions within the Group are eliminated. Balances reported by the subsidiaries are, if necessary, adjusted so as to be in line with the accounting and valuation principles of the Group.

Any currency effects from intra-group transactions were not eliminated according to IAS 21.45.

(b) Disposal of subsidiaries

Where the control of the Group over a subsidiary is relinquished, the potentially remaining residual share in the entity is valued at fair value at the time of the loss of control and the resulting difference is recorded in income as a profit or loss. This attributable fair value is the value recorded as an addition to associated undertakings, joint arrangements or financial assets. Furthermore, all other amounts recorded in other comprehensive income relating to the entity in question are accounted for as though the Group had disposed of the corresponding assets and liabilities directly. As a result, items previously recorded in other comprehensive income may be reclassified to the statement of profit or loss.

(c) Associated undertakings

Associated undertakings are all entities over which the Group exerts significant influence but not control, which is generally the case for entities in which a participation in the voting rights of between 20% and 50 % exists. Participations in associated entities are accounted for applying the equity method and are recorded at cost at the time of acquisition. In subsequent periods, the value of the holding increases or decreases in accordance with the Group's share in the results of the associated undertaking. The participation of the Group in an associated undertaking includes goodwill arising in connection with the acquisition as well as hidden reserves, if applicable.

Where the participation share in an associated company has been reduced but a significant influence continues to be exerted, only the part of the relevant result reflected in other comprehensive income is proportionately transferred to profit or loss.

Subsequent to the acquisition, the carrying value of participations in associated undertakings increases or decreases in accordance with the Group's share of the profits or losses of the associated undertaking recorded in the statement of profit or loss as well as changes in its other comprehensive income, which are recorded in the other comprehensive income of the Group. If the Group's share of the loss of an associated undertaking is equal to or exceeds its share, including unsecured balances receivable, the Group does not record any further losses, unless it has legal or factual obligations for the benefit of the associated undertaking or has made payments on behalf of the associated undertaking.

At each balance sheet date, the Group evaluates whether indications exist as to potential impairment risks with respect to an associated undertaking. Where this is the case, the required impairment write-down is determined on the basis of the difference between the carrying value of the associated undertaking and the corresponding realisable value and is disclosed separately in the statement of profit or loss.

No indications as to respective impairments existed at the balance sheet date, so there was no requirement for an impairment test to be performed.

Unrealised profits or losses from upstream or downstream transactions between Group entities and an associated undertaking may only be recorded in proportion to the third party share in the associated undertaking. Unrealised losses are eliminated, provided that the transactions do not provide an indication that a diminution in value of the transferred asset exists. The valuation and accounting policies were – to the extent necessary – adjusted so as to be in line with Group policies.

2.2. Business segments

The reporting on the operating segments is presented in a manner which is consistent with the internal reporting processes to the chief operating decision maker. The chief operating decision maker is responsible for the allocation of resources to the business segments as well as the valuation of their profitability. The chief operating decision maker was identified as the management board of Aves One AG, as this makes or made the respective strategic decisions.

In the past, business activities were conducted internally via four business units (Container, Rail, Special Equipment and Resale Equipment). For reporting purposes, these were condensed to the three segments Container, Rail and all other segments in the past, as the business units Special Equipment and Resale Equipment had not yet reached the thresholds for an individual reporting,.

Due to the great growth of the previous area of Special Equipment, adjustment of the strategy in the area of Resale Equipment and the business division Real Estate to be newly developed, adjustment of the internal control was necessary. Since October 2017, the business division s of Container and Special Equipment were controlled together and treated s one unit internally. The still-small area of Real Estate that is expected to grow strongly in future was added, which is treated as a dedicated area in control of the undertaking. The area of Resale Equipment was absorbed in the Container area. The strategy of subsequent use of the Containers after use at sea is no longer actively pursued. Instead, the portfolio was optimised in the scope of an already-initiated depot reconciliation (cf. Ad-hoc News from 27 November 2017), according to which units that can no longer be rented out or can only be rented out with difficulty.

The new business segments therefore are, in correspondence with the internal control of the undertaking:

- Container (with all sea containers and the former Special Equipment Assets)
- Rail, unchanged as compared to the prior year
- Real Estate with the currently present storage park in Münster and the planned acquisitions in the area of logistics properties that have already been partially implemented in 2018

All administration and overhead costs and central services are summarized under the heading "Holding Activities" in the segmental reporting.

2.3. Foreign currency translation

(a) Functional currency and presentation currency

Items included in the financial statements of any business group are valued on the basis of the currency which corresponds to the currency of the primary economic environment in which the business operates (functional currency). The Group Financial Statements are prepared in Euro as the presentation currency of Aves One AG.

(b) Transactions and balances

Foreign currency transactions are translated at the exchange rates ruling at the time of the transaction or, in the case of revaluations, at the time of revaluation. Profits or losses resulting from the settlement of such transactions as well as the translation at the exchange rate at the balance sheet date are recorded in the statement of profit or loss. Foreign currency gains or losses are presented in the profit and loss statement as "currency translation result for the expenses and revenues from financing" in the financial result for the financing receivables and financing liabilities and, as far as they result from operating business, recorded separately under "other operating income" or "other operating costs"; they essentially relate to currency-related adjustments of Euro-denominated financial liabilities within operational entities with a US Dollar functional currency on the balance sheet date.

(c) Group businesses

The businesses engaged in the provision and management of sea-containers have the functional currency US Dollar, as this currency constitutes the primary economic environment. The acquisition of containers as well as the main profits generated and main costs incurred in this context are US Dollar denominated. The results and balance sheet items of these Group entities, the functional currency of which differs from the Group presentation currency (EUR) are translated into Euro as follows:

- Assets and liabilities are translated at the exchange rate ruling at each balance sheet date.
- Income and costs are translated at the average exchange rate for all statements of profit or loss (unless the application of an average rate does not result in an appropriate approximation of the cumulative effects of a translation of the rates applicable at the respective time of the transaction; in this case, income and costs are translated at the exchange rate ruling at the time of the transaction).
- All resulting translation differences are recorded in other comprehensive income.

Currency translation is based on the following exchange rates:

	Rate on the balance sheet date		Average exchange rate	
1 EURO =	31/12/2017	31/12/2016	2017	2016
US dollar	1.1993	1.0541	1.1297	1.1069

Table 2: Exchange rates

2.4. Determination of fair values

At level 1, the determination of fair values takes place on the basis of prices quoted on active markets for identical assets or liabilities. Where no market prices are available, fair values are determined at level 2 on the basis of input factors which can be observed directly or indirectly. If no such factors exist, other input factors are applied for valuation purposes at level 3.

2.5. Realisation of revenue and costs

Sales are recorded at the fair value of the related consideration received or receivable. They mainly encompass the consideration received from the sale of containers as well as the renting out of containers, swap bodies and rail carriages and are disclosed net, i.e. excluding value added taxes as well as deducting rebates and discounts, after eliminating intra-group sales.

The Aves Group records sales once the level of the income can be reliably determined, when it is sufficiently certain that an economic benefit will accrue to the business and when specific criteria – as described below – for each type of activity of the Group are fulfilled. Estimates as to returns are made by the Group on the basis of the experience of past levels, giving consideration to customer specific, transaction specific and contract specific matters. Income from the use of items by third parties is allocated and apportioned over time on the basis of relevant agreements:

- Revenue from the sale of containers is realised when the assets have been delivered and the transfer of risks has taken place.
- Income from asset use is allocated monthly over the term of the relevant agreement.

Dividends are recorded as income when the respective legal entitlement has arisen. Interest payable and receivable is apportioned over time, if relevant applying the effective interest method.

2.6. Balance sheet disclosure

Assets and Liabilities are disclosed in the balance sheet as long term assets and liabilities if their term to maturity exceeds one year. Terms of less than one year consequently result in a disclosure within short term assets and liabilities. Liabilities are generally considered to be short term to the extent that no unconditional entitlement to avoid settlement in the following year exists. Deferred tax assets or liabilities are shown as long term assets or liabilities. Current tax claims or liabilities are on the other hand disclosed as short term assets or liabilities. To the extent that assets or liabilities include long term and short term components, these are disclosed as long term and short term items respectively in accordance with the balance sheet disclosure format.

2.7. Impairments

Intangible assets, including goodwill, with an indeterminate useful life are not subject to scheduled amortisation. They are reviewed for impairment risks at least once annually.

Assets which are subject to scheduled depreciation or amortisation are reviewed for impairment risks when relevant events or changes in circumstances indicate that carrying values may exceed realisable values. An impairment write-down is made in the amount of the difference between the book value and the realisable value. The realisable value is the higher of the fair value attributable to the asset less disposal costs and its value in use For impairment testing purposes, assets are subsumed at the lowest level at which cash flows can be identified separately (cash generating unit). For non-monetary assets which were previously subject to an impairment write-down an assessment as to whether previous write-downs need to be written back is made at each balance sheet date. To the extent that the reasons for prior year write-downs no longer apply, appropriate amounts are written back.

The Company monitors the appropriateness of the carrying values of cash generating units on an ongoing basis. No indications for an impairment of fixed assets were noted.

2.8. Intangible fixed assets, including goodwill

The intangible assets contain goodwill with a carrying amount of EUR 5.6 M that results from acquisition of the shares in CH2 Contorhaus Hansestadt Hamburg AG and explained in section 7.1, essentially an "agency commission fee for logistics properties" at an amount of originally EUR 2.5 M (as of 31 December 2017, this value is indicated at EUR 2.2 M due to translation effects), which resulted due to a contractual agreement with an affiliated company at the end of the business year of 2016. The commission has been capitalised as an ancillary purchase cost of logistics real estate yet to be purchased (purchased right, brokerage services), in conjunction with which it is to be subject to scheduled amortisation, as opposed to being amortised currently. An initial acquisition took place in March 2018; on this, also see the information on the events after the balance sheet key date under section 13. Further details are disclosed in the comments under 14.1.3 Significant transactions with related undertakings.

Purchased other intangible fixed assets with a determinable useful life are valued at cost and amortised generally over a three year period on a linear basis.

Goodwill is not subject to scheduled amortisation. There is an annual value impairment test on the level of the cash-generating unit (CGU). If the book value of the CGU is does not preserves its value, value adjustment to the goodwill may take place first.

2.9. Tangible fixed assets

Tangible fixed assets are generally valued at purchase cost written down by scheduled depreciation on a linear basis in accordance with the expected useful life of the respective asset.

Where necessary, unscheduled impairment write-downs are made. Purchase costs encompass all consideration required to acquire the asset and render it ready for operational use.

Assets with a limited useful life are depreciated on a linear basis. The balance subject to depreciation reflects an estimated residual value at the end of the useful life of the asset reflecting the specific characteristics of the asset and generally giving consideration to comparable market transactions. Scheduled depreciation is generally based on the following economic useful lives and residual values; in the case of assets acquired in a used condition, depreciation is based on the residual useful lives based on overall useful lives:

Repair and maintenance costs incurred for tangible fixed assets are recorded in profit and loss as costs. Renewal expenditure is classified as ex-post production cost where it results in a significant extension of the useful life, substantial improvement or significant change in the functionality of the fixed asset.

Tangible fixed assets	**Useful life**	**Residual values**		
		EUR	USD	EUR [1)]
Technical equipment and machinery	up to 15 years	-	-	-
Standard containers				
- 20 foot containers	up to 15 years	-	1,250	1,042
- 40 foot containers	up to 15 years	-	1,550	1,292
- 40 foot high cube containers	up to 15 years	-	1,950	1,626
- 40 foot refrigerated containers	up to 15 years	-	4,500	3,752

Railway carriages				
- Freight cars	up to 45 years	740-11,220	-	-
- Overhaul cost	six years	-	-	-
- Wheelsets	up to 27 years	780	-	-
Swap bodies	up to 12 years	500-1,000	-	-
Tank containers	up to 20 years	718-1,496	-	-
Operating and office equipment	up to 13 years	-	-	-

[1)] Translated at the balance sheet date rate of USD/EUR 1.1993

Table 3: Useful lives of tangible fixed assets

Costs incurred for the overhaul and repair of objects from the tangible fixed assets are capitalised expenses. Renewal expenses are reported in assets as subsequent manufacturing costs if they lead to any considerable extension of the useful lives, considerable improvement or important change of the use of a tangible fixed asset.

Overhaul costs for the railway freight cars are reported in assets like the corresponding wheel sets as separate components and depreciated across the terms of the overhaul intervals or the estimated useful lives or residual useful lives for exchange wheelsets.

2.10. Leasing arrangements

In connection with a number of lease agreements, the Company operates as lessor for operating leases, but is also lessee in connection with finance lease arrangements in exceptions.
With respect to the disclosure, valuation and information to be provided in the notes, IAS 17 (leases), IFRIC 4 (determining whether an arrangement contains a lease), SIC 27 (evaluating the substance of transactions involving the legal form of a lease) were applied. As mentioned, IFRS 16 has not been implemented ahead of time.

2.10.1 Operating lease arrangements

Payments made in connection with operating leases are charged against income on a straight line basis over the term of the lease.

The financing by direct investment generally takes place via sale, leaseback and repurchase agreements, whereby sea containers as well as special equipment are sold to investors on a civil law basis via BoxDirect AG and BoxDirect Vermögensanlagen AG leased back and repurchased at the end of the contract term at a contractually agreed price. Given the nature of the contractual arrangements, this process is economically classifiable as a leasing arrangement within the meaning of SIC 27.5c, but is treated as a loan.

Via its subsidiary Aves Rail GmbH, the Company rents out railway carriages on a large scale on an operating lease basis. Contracts with customers are agreed in the name of ERR Duisburg instead of Aves Rail GmbH, which is located in Germany, which passes on revenues a costs pertaining to these arrangements to Aves Rail GmbH. From an economic perspective, these leases are therefore attributable to Aves Rail GmbH and are treated as though the leases had been entered into in the name of Aves Rail GmbH. From a legal perspective, the rail carriages are not formally rented out to ERR Duisburg; ERR Duisburg is rather empowered to rent out the carriages in its own name but on behalf of Aves Rail GmbH.
Similar constellations exist for the lease agreements for containers, tank containers and swap bodies, where the respective asset managers appear as lessors vis-à-vis third parties, but whereby economically the Aves Group companies act as lessors.

2.10.2 Finance lease arrangements

Via the subsidiary Aves Rail GmbH, the Group has become lessee in the case of two finance lease arrangements. The classification of these leasing arrangements as finance leases is based on an evaluation of the lease agreements with respect to minimum lease payments as well as clauses included in the agreements. On this, also see section 7.14.2, Explanations on finance lease liabilities.
There were not conditional lease payments in 2016 or 2017 that were recognised as profit or loss in the scope of the financing leasing.

2.11. Financial instruments

IAS 32 defines a financial instrument as a contractually agreed entitlement or a contractually agreed commitment from which an inflow of outflow of financial assets or the issuing of equity rights will result. Financial instruments encompass financial assets and financial liabilities, such as trade accounts receivable and payable, financial receivables and payables as well as, in principle, derivative financial instruments. The recording of financial instruments takes place as and when the commitment to purchase or sell an asset takes place (trading date).

Financial assets are subsumed within the following categories:

(a) Financial assets valued at fair value through profit and loss (FVTPL),
(b) Loans and receivables (LaR),

(c) Financial assets held to maturity (HtM) and
(d) Available for sale financial assets (AfS)

The initial allocation to the valuation categories influences the subsequent valuation. The disclosure as long term or short term has no influence on the valuation, but is itself influenced by the allocation to individual categories.

Financial assets are derecognised when the entitlement to the settlement of the financial asset lapses or when the risks and opportunities relating to the asset have essentially been transferred to the Group.

At each balance sheet date an evaluation is made whether objective indications exist as to an impairment of the value of financial assets or group of financial assets.

a. Financial assets valued at fair value through profit and loss

Financial assets valued at fair value through profit and loss are financial assets held for trading purposes. A financial asset is considered to be held for trading if it is acquired with the principal aim of being disposed of in the short term. Derivatives are also allocated to this category to the extent that they were not designated as hedges. Assets within this category are disclosed as short term assets to the extent that the realisation of the asset is expected within twelve months. All other assets are categorised as long term.

b. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not traded on an active market. They arise when the Group directly makes available to a debtor money, goods or services with no intention of trading the receivables. They are classified as short term assets to the extent that they fall due within twelve months of the balance sheet date. Where this is not the case, they are classified as long term assets. Loans and receivables are included in the balance sheet within trade accounts receivable and other short term assets. Loans and receivables are recorded at amortised cost reflecting transaction costs and are subsequently valued applying the effective interest method. All known individual risks as well as general credit risks reflecting past experience are given consideration by making appropriate impairment provisions.

c. Financial assets held to maturity

No assets that have been allocated to this category exist within the Aves Group.

d. Available for sale financial assets

Available for sale financial assets were either directly allocated to this category or could not be included in one of the other three categories. In the prior year, only shares in unconsolidated subsidiaries are shown here. They have been fully consolidated since the business year 2017.

Financial liabilities from financial instruments may either be valued at amortised cost or at fair value through profit and loss. In principle, the Aves Group values financial liabilities at amortised cost. At inception, financial liabilities are valued at attributable fair value after deduction of transaction costs. Differences between the balance received and the balance repayable as well as transaction costs are recorded in the statement of profit or loss over the term of the financial liabilities applying the effective interest method. Liabilities from loans are classified as short term to the extent that no unconditional entitlement to settle the loan at least twelve months after the balance sheet date exists. Financial liabilities are derecognised when the contractual obligations have been fulfilled, waived or have expired.

Foreign currency assets and liabilities are valued at the exchange rate ruling at the balance sheet date. Foreign exchange differences are shown separately in other operating expenses or income. Differences that affect the result from the evaluation of financing situations (among others loans) are recognised in the financial result as "Currency result from financing", differences that affect the result resulting from the operating business (among others trade relationships) are shown separately in other operating expenses or income.

2.12. Trade accounts receivable

Trade accounts receivable consist of balances receivable from customers for goods sold or services provided. Where settlement is expected within twelve months of the balance sheet date (or within the normal business cycle, if this is longer), the receivables are classified as short term. Otherwise, they are classified as long term.
Trade accounts receivable are recorded at fair value and are subsequently valued at amortised value applying the effective interest method and reflecting impairment losses.

2.13. Liquid Funds

In the balance sheet and cash flow statement, liquid funds encompass cash at bank and in hand, other highly liquid short term financial assets with an initial maturity of not more than three months, from which overdrafts are deducted where applicable. Liquids funds with restricted use are separately recognised in the balance sheet in other assets and prepayments, since the liquidity criterion is not met there.

2.14. Equity

Ordinary shares are classified as equity.

Costs relating to the issuing of new shares are deducted from equity as a reduction of the proceeds from the placement of shares. The deduction is reduced by tax benefits.

The evaluation of issued shares is according to their fair value at the time of issuing.

2.15. Trade accounts payable

Trade accounts payable are payment commitments for goods and services obtained in the normal course of business. Where settlement is expected within twelve months of the balance sheet date (or within the normal business cycle, if this is longer), the liabilities are classified as short term. Otherwise, they are classified as long term.

Trade accounts payable are initially recorded at attributable fair value net of associated transaction costs. They are subsequently valued at amortised value applying the effective interest method.

2.16. Financial liabilities

Financial liabilities are initially recorded at attributable fair value net of associated transaction costs. They are subsequently valued at amortised value; differences between the balance received and the balance repayable as well as transaction costs are recorded in the statement of profit or loss over the term of the financial liabilities applying the effective interest method.

2.17. Provisions for pensions and similar commitments

A defined contribution plan is in place to provide retirement benefits for staff members. In the case of a defined contribution plan, the business pays contributions to social security bodies or private pension funds on the basis of statutory requirements or contractual obligations. No obligations exist for the business in addition to the payment of the contributions.

2.18. Current and deferred taxes

The tax charge for the period comprises ongoing current taxes and deferred taxes. Taxes are recorded in the statement of profit or loss, unless they relate to items recorded directly in equity or in other comprehensive income. In such cases, the taxes are also recorded in equity or in other comprehensive income.

Current tax costs are determined on the basis of the tax provisions in force at the balance sheet date (or to be in force shortly thereafter) in the respective country of taxation. Management regularly reviews tax returns, in particular with reference to matters subject to interpretation, and accounts for balances receivable or to be accrued based on the balances expected to be receivable from or payable to the tax authorities. Current tax assets and liabilities are disclosed net where a legal right of offset exists and it is intended to settle the net amount or to apply the proceeds of a tax claim immediately to settle a corresponding liability.

Deferred taxes are in principle accounted for with respect to all temporary differences between the tax base of assets and liabilities and their carrying values in the IFRS financial statements. However, if – with the exception of the case of the acquisition of a business – a deferred tax effect arises from the initial recognition of an asset or liability, which at the time of the transaction had an effect neither on the balance sheet or tax profit or loss, no deferred tax is recorded either at the time of the transaction or subsequently. Deferred taxes are calculated at the tax rates (and regulations) in force at the balance sheet date (or to be in force shortly thereafter based on passed legislation) and which are expected to be in force at the time of the realization of the deferred tax assets or the settlement of the deferred tax liabilities.

Deferred tax assets are only recognised to the extent that it is expected that sufficient taxable income will be available in connection with which the related tax benefits can be utilised.

Deferred tax assets or liabilities resulting from temporary differences with respect to shares in subsidiaries or associated undertakings are recognised, unless the timing of the reversal can be determined by the Group and it is probable that no reversal of the temporary differences will take place in the foreseeable future.

As a rule, the Group has no influence over the timing of the reversal in the case of associated undertakings.

Deferred tax assets and liabilities are in general offset to the extent they relate to the same tax authority and fall due simultaneously.

2.19. Other provisions

Other provisions are made where legal or factual obligations towards third parties exist which are likely to give rise to an outflow of resources. They are recorded at the expected settlement amount giving consideration to all recognisable risks and are not reduced by related offsetting claims. They are valued on the basis of a best estimate of the current obligation at the balance sheet date reflecting a discount factor for long term obligations.

In the 2017 business year, other provisions unchangedly include a provision for legal and advisory costs in connection with litigation involving SLI Dritte Verwaltungsgesellschaft mbH & Co. KG and result from costs of legal advice which significantly exceed the usual level of costs for litigation of this nature and which are not reclaimable in the case of the refusal of the claim of SLI Dritte Verwaltungsgesellschaft mbH & Co. KG, which is expected the Management Board and legal counsel in connection with the appeal process.

Reference is made to section 3.2 for details on this matter.

3. Use of estimates and assumptions

3.1. Significant estimates and assumptions

In connection with the preparation of Group Financial Statements applying the IFRS adopted by the EU, management is required to make certain assumptions in the context of the application of valuation and accounting methods. Estimates and assumptions need to be made which have an effect on the level of assets and liabilities recorded in the balance sheet, contingent assets or liabilities at the balance sheet date as well as the income and costs of the reporting period.

Estimates and assumptions which are likely to give rise to a significant risk that material corrections to the value of carrying values of assets and liabilities are summarized in the following section.

Although these assumptions are made reflecting best knowledge and considering current business developments, actual results may in the event differ from these estimates.

3.2. Litigation risks

The companies of the Aves One Group did not have any direct litigation risks from the regular transactions since they do not appear as a contracting partner to the outside. Any disputes with customers are processed by the asset managers and may be considered in individual value adjustments (default risks).

At the moment, there unchangedly is a current dispute on damages claims from a container purchasing contract – no essential changes regarding this action have occurred as compared to the prior year's status:

<u>aa) Suit for performance BSI Blue Seas Investment GmbH ./. SLI Dritte Verwaltungsgesellschaft mbH & Co KG</u>

By writ dated 23 December 2014 at the Hamburg regional court (Landgericht Hamburg, ref.: 403 HKO 29/15) the firm SLI Dritte Verwaltungsgesellschaft mbH & Co. KG, Salzburg, Austria, ("SLI Dritte") filed a lawsuit for the payment of damages of USD 3,000,000.00 plus interest, against the company of the group BSI Blue Seas Investment GmbH, Hamburg ("BSI BS"). In 2015, SLI extended the claim by a further amount of USD 475,477.55 plus interest. Amounts receivable in connection with a framework container purchase agreement dated 19 August 2013 (the „Purchase Contract"), on the basis of which BSI BS acquired the entire container portfolio of SLI Dritte and, with the exception of a residual amount subject to dispute, obtained the ownership thereof, are the subject of the dispute.

A dispute over the orderly completion of the Purchase Contract, according to which BSI BS was granted a right to acquire the containers in tranches on the basis of a so-called call agreement by the end of its term (30 June 2014). BSI BS raised a counter-claim for the payment of USD 6,488,731.49 covering entitlements to settlements of revenue, repayment of containers which were not delivered or deliverable as well as damages from the Purchase Contract by SLI Dritte. The damages claims are essentially based on warranty violations from the purchasing contract by SLI Dritte.

The following individual claims are under dispute:

		Claim(s) USD	09.02.17 Ruling
Action			
A.)	**SLI Dritte claim => BSI BS**		
1.	Contract penalty	3,000,000.00	3,000,000.00
2.	Further claims	475,477.55	475,477.55
	Total SLI Dritte	**3,475,477.55**	**3,475,477.55**
			plus interest
Counter-claim			
B.)			
1.	DPP sales	1,955,038.95	
2.	Damages disaster class container	1,221,562.50	
3.	Distributions from pool/trust agreement	456,043.58	
4.	Repayment containers not delivered	204,207.89	
5.	HSH Nordbank cost rechanges	224,022.18	224,022.18
6.	Further damages	2,651,244.55	
	Total BSI Blue Seas	**6,712,119.65**	**224,022.18**
			plus interest

Table 4: Disputed claims in the litigation SLI III

The main matter being disputed in the litigation is a contract penalty claim included in the purchase contract.

SLI Dritte has raised a claim to the payment of a contract penalty of USD 3,000,000.00 plus interest. According to the content of the Purchase Contract, the contract penalty is payable by BSI BS in the event of it not calling and paying for containers with an accumulated purchase price of USD 90,000,000.00, despite the existence of conditions precedent. BSI BS did not complete the acquisition of the containers with a value in the above mentioned amount until after 15 December 2013. BSI BS did not complete the acquisition of the containers with a value in the above mentioned amount until after 15 December 2013. BSI BS refused payment of the contract penalty due to a breach of good faith (inadmissible execution of rights): SLI Dritte had not been in a position to supply the relevant quantity of containers and had therefore raised a claim for a contract penalty for items it would not have been able to supply due to the respective items having been pledged as security. The transaction secured by the contract penalty supposedly could not be performed because it was not possible according to the rules of the contract.

In accordance with the hearing of evidence on 12 January 2017, it is clear that it would not have been possible for the release mechanism set out in the contract to have been put into effect. Hence, SLI Dritte would not have been in a position to supply the containers free of encumbrance at a price of USD 90,000,000.00 in the case of a call for their release.

By ruling dated 9 February 2017, the Hamburg regional court ruled in favour of the claim of SLI Dritte with respect to the main claim of USD 3,475,477.55 as well as partially to the interest claim; with respect to the counterclaim raised by BSI BS, a favourable ruling was awarded only with respect to a partial balance of USD 224,022.18 plus interest, with the remaining counter-claims being rejected.

With reference to the contract penalty, the regional court took the view that the objective lack of enforceability of the Purchase Contract with reference to the release from liability to be declared by HSH Nordbank was a "procedural problem" and that it should have been acceptable for BSI to overcome this by pursuing a different solution for the release of the containers with a purchase price of USD 90,000,000.00.

The Management Board of the Aves Group, the Managing Directors of BSI and the lawyers representing it in the litigation do not share this view and consider the probability that all claims arise, even after obtaining another expert opinion, at no more than 50%. Therefore, no provisions were formed that exceed the expected procedural costs that are not subject to reimbursement (k EUR 50).

Given that both the firm of lawyers leading the proceedings and a Hamburg firm of lawyers engaged separately which had previously not been involved have expressed an opinion that an appeal would be likely to be successful, on 16 March 2017 BSI BS appealed against the ruling at the Hanseatic court of appeal (Hanseatisches Oberlandesgericht Hamburg).

The litigant law firm therefore considers that a good likelihood exists i.e. it is more likely than not that the appeal court will amend the ruling inasmuch as the litigant SLI Dritte will not be awarded any damages after deduction of the counter-claims.

To the extent that the proceedings relate to balances receivable arising prior to the initiation of the litigation, provisions have been made in order to value the receivables in the amount of expected future discounted cash-flows. No balances receivable for potential claims for damages have been recognized.

A guarantee account has been opened at a bank. BSI BS has agreed to provide an appeal bond for the period until the final binding ruling in the appeal proceedings in order to avoid the execution of the claim from the ruling of first instance. The bank providing the guarantee thus is only required to pay out the bond in the case of an unfavourable ruling for BSI BS after the appeal or possible further appeal. The potential utilisation of the guarantee is therefore dependent on the outcome of the appeal process. The bank providing the guarantee thus is only be required to pay out the bond in the case of an unfavourable ruling for BSI BS also in connection with the appeal or possible further appeal.

<u>bb) Declaratory action BSI Blue Seas Investment GmbH ./. SLI Dritte Verwaltungsgesellschaft mbH & Co KG</u>

Additionally, SLI Dritte submitted another action for purchase of residual containers. In this legal dispute, which is conducted before the regional court Hamburg under reference 403 HKO 113/17, SLI Dritte claims the determination that BSI BS is obligated to purchase further containers not yet purchased in the scope of a container master purchase agreement from 19 August 2013. The preliminary value at dispute cited by SLI Dritte is a value of USD 7,148,779.20. This is a residual stock of containers at 6,943 CEU.

BSI BS has not purchased these units yet, since they are damaged according to the container manager Florens, but the purchasing contact stipulated handover of a defect-free object. Whether any and what share of the remaining containers is free of defects and therefore must be purchased cannot be determined by SLI Dritte; in this respect, it was not determined for which containers purchase is demanded.

The litigant law firm of BSI BS and another, separately charged law firm assume that it is most probable that the declaratory action has no chances of success or is not admissible. The expectations of success of the action by SLI Dritte therefore have been assessed as low.

In view of the assessment of the lawyers as well as its own evaluation, the Management Board has decided not to make a provision here either.

The first oral hearing took place on 19 April 2017. In the scope of this oral hearing, settlement solutions were developed that would not cause any financial losses for the company based on the matters discussed.

3.3. Bad debt provisions for trade accounts receivable

Trade accounts receivable are recorded at the invoiced amount and are not subject to interest in view of their short term nature. Provisions for doubtful debts are based on best estimates of potential bad debt losses.

In order to determine the level of bad debt provisions, management makes assumptions as to the creditworthiness and payment behaviour of customers based on previous experience and also uses the asset managers' information as a basis Provisions for doubtful debts are based on best estimates of potential bad debt losses. In order to determine the level of bad debt provisions, management makes assumptions as to the creditworthiness and payment behaviour of customers based on previous experience. The Group reviews the bad debt provision at least once per quarter.

Bad debts are written off against provisions when all possible recourse measures aimed at obtaining settlement have been exhausted and the likelihood of obtaining payment is assessed as being low. Actual bad debt losses may differ from estimated values. Bad debt provisions made for trade accounts receivable are partially recorded in bad debt accounts. Whether a bad debt risk is recorded on a bad debt account or directly written off depends on the estimated likelihood of the bad debt and how reliably this likelihood can be assessed.

3.4. Amounts written off for tangible fixed assets

The purchase costs of tangible fixed assets are depreciated on a linear basis over the expected useful life of the respective asset reflecting an estimated residual value at the end of the useful life of the asset.

Management estimates the useful lives and residual terms as described under 2.9. Changes in the degree of utilisation and technical developments can influence the useful lives and residual values of these assets. Hence, changes to future depreciation charges may arise.

3.5. Impairment test

Potential impairment tests for intangible (including goodwill) or tangible fixed assets require assumptions to be made as to future cash flows during the budget period and in some cases subsequent periods as well as to the discount rate to be applied. These assumptions reflect assessments concerning the extent and probability of future events. They are made giving consideration to information derived from past experience as much as possible. All required data are derived from best estimates of Management as to the expected development of the Group. For details regarding the respective value impairment tests performed and the connected assumptions, we refer to the respective explanations on the balance sheet items.

3.6. Cut off procedures for expenditure and income for the rental business

The Company employs external service providers for the monitoring and billing of the rental business (containers and rail carriages). With a delay of up to 45 days, the service providers prepare billing information for the recording of sales in addition to costs relating to the rental of these items. At the year end, the Company estimated these values for the months November and December based on previous experience. The estimates are based in particular on:

- Number of units rented out
- Unit rent per day
- Number of days in each month
- Average utilisation
- Operating costs per unit and day
- Management fee on rental surplus

3.7. Recognition and valuation of deferred tax assets

In connection with the determination of deferred tax assets, estimates need to be made with respect to future taxable earnings as well as the timing of the realisation of the deferred tax assets. In this context, budgeted operational earnings, the reversal effect of temporary differences with a tax effect as well as realisable tax strategies need to be given consideration. As future business developments are uncertain and are to some extent beyond the control of the Group, the assumptions that need to be made in connection with the determination of deferred tax assets are inherently subject to considerable uncertainty. At each balance sheet date, the carrying values of deferred tax assets are reassessed on the basis of budgeted taxable earnings for future tax years; to the extent that future tax benefits will not be partially or fully realisable with a probability of more than 50%, an impairment write-down of deferred tax assets is made as appropriate. In the case of companies with prior year tax losses, deferred tax assets are only capitalized if sufficiently strong evidence that they will be utilizable in the next five years exist.

3.8. Fair values and disposal costs for long-term assets held for sale

In connection with evaluation, IFRS 5 demands assumptions on the fair value of the affected assets and the disposal costs expected.

The estimates of the fair values of the affected containers cannot be derived from the usual market analyses, or can only be derived from them with great restrictions, since they are mostly containers that are standing in ports and for which sale is difficult, or damaged containers. Regarding the estimate of the fair value, experience of the management and information of the container manager about, e.g., expected repair costs for restoration of a "cargoworthy" condition have therefore been used.

The disposal costs are also based on assumptions regarding the fees of the port operators for getting the containers out of the depot and management fees that make up a percentage of the estimated sales price.

The already-completed sales show that the estimates made are plausible as a whole.

4. Consolidated entities in the 2017 business year

In addition to Aves One AG, a total of 58 (prior year 40) subsidiaries are incorporated in the Group Financial Statements, including entities reported at equity in 2017. The following entities are included in the consolidated entities as at 31 December 2017

Number	Name and seat of undertaking	Participation in %	
	Fully consolidated entities	**31/12/2017**	**31/12/2016**
	Holding		
1	Aves One AG, Hamburg	n/a	n/a
2	BSI Logistics GmbH, Hamburg	100.0	100.0
3	CH2 Contorhaus Hansestadt Hamburg AG, Hamburg (since 11 July 2017)	100.0	30.0
4	CH2 Logistica Portfolioverwaltung GmbH & Co. KG, Hamburg (since 11 July 2017)	100.0	30.0**
5	CH2 Logistica No. 2 Asset GmbH, Hamburg (since 11 July 2017)	100.0	30.0**
	Container		
6	BSI Blue Seas Investment GmbH, Hamburg	100.0	100.0
7	BSI Asset GmbH, Hamburg	100.0	100.0
8	BSI Regulierte Direktinvestment II GmbH & Co. KG, Hamburg	100.0	100.0
9	BSI Blue Seas Direktinvestment I GmbH & Co. KG , Hamburg	100.0	100.0
10	BSI Direktinvestment II GmbH & Co. KG , Hamburg	100.0	100.0
11	BSI Direktinvestment III GmbH & Co. KG, Hamburg	100.0	100.0
12	BSI Direktinvestment Verwaltungs GmbH	100.0	100.0
13	BSI Logistics II GmbH & Co. KG, Hamburg	100.0	100.0
14	BSI Zweite Verwaltungs GmbH, Hamburg	100.0	100.0
15	BSI Logistics III GmbH & Co. KG, Hamburg	100.0	100.0
16	BSI Dritte Verwaltungs GmbH, Hamburg	100.0	100.0

17	BSI Logistics IV GmbH & Co. KG, Hamburg	100.0	100.0
18	BSI Vierte Verwaltungs GmbH, Hamburg	100.0	100.0
19	BSI Logistics V GmbH & Co. KG, Hamburg	100.0	100.0
20	BSI Fünfte Verwaltungs GmbH, Hamburg	100.0	100.0
21	BSI Logistics VI GmbH & Co. KG, Hamburg	100.0	100.0
22	BSI Sechste Verwaltungs GmbH, Hamburg	100.0	100.0
23	BSI Logistics VII GmbH & Co. KG, Hamburg	100.0	100.0
24	BSI Siebte Verwaltungs GmbH, Hamburg	100.0	100.0
25	BSI Logistics VIII GmbH & Co. KG, Hamburg (formerly: BSI Regulierte Direktinvestment I GmbH & Co. KG)	100.0	100.0
26	BSI Achte Verwaltungs GmbH, Hamburg (formerly: BSI Regulierte Direktinvestment Verwaltungs GmbH)	100.0	100.0
27	BSI Blue Seas Resale GmbH, Hamburg	100.0	100.0
28	Aves Special Equipment Management GmbH, Hamburg (since 1 January 2017)	100.0	100.0*
29	Aves Special Equipment Holding GmbH & Co. KG, Hamburg	100.0	100.0
30	Aves Special Equipment I GmbH & Co.KG, Hamburg	100.0	100.0
31	Aves Special Equipment I Verwaltungs GmbH, Hamburg	100.0	100.0
32	Aves Special Equipment II GmbH & Co. KG, Hamburg	100.0	100.0
33	Aves Special Equipment Zweite Verwaltungs GmbH, Hamburg	100.0	100.0
34	Aves Special Equipment III GmbH & Co. KG, Hamburg	100.0	100.0
35	Aves Special Equipment IV GmbH & Co. KG, Hamburg (since 8 March 2017)	100.0	0.0
36	Aves Special Equipment V GmbH & Co. KG, Hamburg (since 23 October 2017)	100.0	0.0
	Rail		
37	ARHA Invest GmbH, Vienna, Austria	100.0	100.0

38	Aves Rail GmbH (formerly: ERR Rail Rent Vermietungs GmbH), Vienna, Austria	100.0	100.0
39	Aves Rail Equipment Holding GmbH, Hamburg	100.0	100.0
40	Aves Rail Junior I Verwaltungs GmbH, Hamburg	100.0	100.0
41	Aves Rail Junior I GmbH & Co. KG, Hamburg	100.0	100.0
42	Aves Rail Junior II GmbH & Co. KG, Hamburg	100.0	100.0
43	Aves Rail Equipment I GmbH & Co. KG, Hamburg	100.0	100.0
44	Aves Rail Equipment Verwaltungs GmbH, Hamburg	100.0	100.0
45	Aves Rail Equipment II GmbH & Co. KG, Hamburg	100.0	100.0
46	Aves Rail Equipment Zweite Verwaltungs GmbH, Hamburg	100.0	100.0
47	Aves Rail Equipment III GmbH & Co. KG, Hamburg (since 22 September 2017)	100.0	0.0
48	Aves Rail Equipment Dritte Verwaltungs GmbH, Hamburg (since 29 August 2017)	100.0	0.0
	Real Estate		
49	Aves Storage Verwaltungs GmbH, Hamburg (since 1 January 2017)	100.0	100.0*
50	Aves Storage GmbH & Co. KG, Hamburg	100.0	100.0
51	Aves Storage II GmbH & Co. KG, Hamburg (since 21 March 2017)	100.0	0.0
52	Aves Logistik Immobilien Verwaltungs GmbH, Hamburg (since 29 August 2017)	100.0	0.0
53	Aves Logistik Immobilien GmbH & Co. KG, Hamburg (since 29 August 2017)	100.0	0.0
54	Aves LI Alsdorf Holding GmbH & Co. KG, Hamburg (since 29 August 2017)	100.0	0.0
55	Aves LI Alsdorf Besitz GmbH & Co. KG, Hamburg (since 29 August 2017)	100.0	0.0
56	Aves LI VG1 Holding GmbH & Co. KG, Hamburg (since 29 August 2017)	100.0	0.0

57	Aves LI VG1 Besitz GmbH & Co. KG, Hamburg (since 29 August 2017)	100.0	0.0
	Undertakings balanced according to the equity method		
58	BSI CONICAL Container GmbH, Hamburg (Segment Container)	51.0	51.0
59	ERR European Rail Rent GmbH, Duisburg (Segment Rail)	33.3	33.3

*) *The company was also fully part of the Aves Group in the prior year but was not included in the consolidation until then Full consolidation took place here as well in 2017 in order to make the method consistent.*

**) *This was an indirect 30% participation via the shares in CH2, which in turn held 100% of the shares of the affected companies.*

Table 5: Consolidated entities

In comparison to 31 December 2016, the following eleven companies have been initially consolidated due to new foundings.

- Aves Special Equipment IV GmbH & Co. KG, Hamburg (on 8 March 2017)
- Aves Special Equipment V GmbH & Co. KG, Hamburg (on 23 October 2017)
- Aves Rail Equipment III GmbH & Co. KG, Hamburg (on 22 September 2017)
- Aves Rail Equipment Dritte Verwaltungs GmbH, Hamburg (on 29 August 2017)
- Aves Storage II GmbH & Co. KG, Hamburg (on 21 March 2017)
- Aves Logistik Immobilien Verwaltungs GmbH, Hamburg (on 29 August 2017)
- Aves Logistik Immobilien GmbH & Co. KG, Hamburg (on 29 August 2017)
- Aves LI Alsdorf Holding GmbH & Co. KG, Hamburg (on 29 August 2017)
- Aves LI Alsdorf Besitz GmbH & Co. KG, Hamburg (on 29 August 2017)
- Aves LI VG 1 Holding GmbH & Co. KG, Hamburg (on 29 August 2017)
- Aves LI VG1 Besitz GmbH & Co. KG, Hamburg (on 29 August 2017)

The two following companies have been integrated in the consolidated entities for the first time in 2017, although there were already 100% participations. The previous non-inclusion had its cause in the history of Aves One AG. Since no significance was applied to the consolidated entities apart from this, these companies were included in the consolidated entities for the first time to reconcile the system in 2017. However, no essential effects resulted from this, since they are only administrative companies:

- Aves Special Equipment Management GmbH, Hamburg
- Aves Storage Verwaltungs GmbH, Hamburg

In addition to this, the remaining 70% of the previous at equity participation in CH2 Contorhaus Hansestadt Hamburg AG at 30% was acquired effective as of 11 July 2017 in the scope of a contribution in kind.

No companies were deconsolidated during the business year.

Acquisition of CH2 Contorhaus Hansestadt Hamburg AG / IFRS 3 information on the Acquisition
In accordance with a share purchase agreement dated 31 July 2015, 30 % of the shares in CH2 Contorhaus Hansestadt Hamburg AG (CH2 hereinafter) were acquired. The remaining 70% were in possession of the Versorgungswerk der Zahnärztekammer Berlin, Berlin, until 11 July 2017, which contributed its shares in CH2 to Aves One AG against issuing of new shares in Aves One AG and an additional cash payment on 11 July 2017 One AG (on this, see section 7.1).

Since 2011, CH2 AG has concentrated its activities on the selling of direct investments solely on an agency basis, i.e. via its network of sales partners it coordinates the sale of direct investments to the investment customers of its sales partners.

The individual initiators of the direct investment (including related entities of BoxDirect AG), which finance their portfolios of logistics equipment (containers and swap bodies) via direct investments of private investors, are the contract partners in the direct investment business. From a civil law perspective, these generally consist of finance lease transactions involving a purchase as well as sale, leaseback and repurchase contract for a fixed term between the rental company and the investor. CH2 AG is not party to the contract, but performs sales and marketing activities, monitors invoicing and settlement processes, sends out tax information and serves as contact for the investors.

From the group's point of view, the acquisition was a gradual company merger within the meaning of IFRS 3.41. The above transaction on 31 July 2015 already led to a 30% participation in CH2 AG, within the group, which has been balanced at equity so far and reported as an associated undertaking. By contribution of the remaining 70% of the shares that consists another acquisition process, the conditions for a company merger in the meaning of IFRS 3.41 are met.

The acquisition time therefore was the time of the contribution of 70% of the shares, which was performed on 11 July 2017.

The reasons for the acquisition are in the great relevance of direct investments for financing of essential companies of the group and the express target of further reducing the financing costs. Acquisition of CH2 shortens the value-added chain in acquisition of new financings and the board of Aves One AG expects generally reducing costs from this transaction in connection with financing in particular through direct investments. In addition to this, exclusive access to the network and know-how of CH2 is secured.

Since CH2 AG acts as a sales company, acquired receivables that are nearly all from the trade area, are inessential in terms of amounts, just like other balance sheet items. With the transaction, net assets at a value of k EUR 3,374 were taken over, of which EUR 2 M are cash and bank funds.

A goodwill that is deductible for tax purposes was not created.

The value of the participations was reviewed based on an expert opinion of Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft.

The acquisition costs for the investment result from the market value of the shares issued not from the valuation report. The revaluation of the existing shares according to IFRS 3.42 did not lead to any profit or loss, since the appreciation that was conceivable after the expert opinion was not applied.

The background for this is that only a 100% participation provides control over the entity - and specifically the control option makes the participation interesting. See above. Under cautionary aspects, since the precise evaluation of the 30% share cannot be performed easily, additional appreciation therefore was waived.

The expert opinion's value of 10.87 M Euro, however, covers the overall participation approach after acquisition at an amount of just below 9.0 M Euro.

CH2 has contributed a total of k EUR 2,898 sales revenues to the group since initial consolidation and achieved an annual deficit at k EUR 488.

Contingent liabilities were not assumed in connection with the transaction.

The participation in CH2 Contorhaus Hansestadt Hamburg was assigned to the holding activities, deviating from the prior year (then: Container), since it mostly sells financings in the container area, but does not do so exclusively. By acquiring control of the company, financings for other investment groups are now also developed with the help of CH2.

The acquisition leads to the following companies being fully consolidated for the first time as of 11 July 2017 (at equity to date):

- CH2 Contorhaus Hansestadt Hamburg GmbH, Hamburg
- CH2 Logistica Portfolioverwaltung GmbH & Co. KG, Hamburg
- CH2 Logistica No. 2 Asset GmbH, Hamburg

Associated undertakings
Two companies are classified as associated undertakings of the Aves Group. They are balanced at equity. CH2 Contorhaus Hansestadt Hamburg AG, Hamburg (see above) left this group and has become a fully consolidated undertaking instead. The shareholdings in the two entities already reflected in the prior year balance sheet are otherwise unchanged.

<u>BSI CONICAL Container GmbH</u>

BSI CONICAL Container GmbH, Hamburg, was founded on 19 May 2015 by the two original 50% shareholders BSI Blue Seas Resale GmbH, Hamburg, and CONICAL Container Industrie Consulting-Agentur and -Leasing GmbH, Hamburg.

The company's object is the acquisition, trade, renting and administration of means of transport and mobile residential units, in particular containers in the own name and for the own account.

In accordance with a share purchase agreement dated 30 December 2015, BSI Blue Seas Resale GmbH purchased a further one percent share in BSI CONICAL Container GmbH from CONICAL Container Industrie Consulting-Agentur and -Leasing GmbH. At the same time, the company statutes were changed, with a 60% majority being required for the passing of shareholders’ resolutions, to the extent that no requirement for a higher majority is prescribed by legislation or the company statutes. The company is not fully consolidated in view of an absence of control.

The participation in BSI CONICAL was assigned to the segment "Container", deviating from the prior year. On this, also see the information on the segmental reporting in the following section 5.

<u>ERR European Rail Rent GmbH</u>

By contract dated 22 August 2016, 33.3 % of the shares in ERR European Rail Rent GmbH, Duisburg (ERR Duisburg hereinafter) were acquired. The acquisition took place in the context of the purchase of the assets and debt of current Aves Rail GmbH, Vienna.

ERR Duisburg is responsible for the commercial and technical management of the railway carriages of Aves Rail GmbH, other Aves companies as well as third parties. In this context, ERR Duisburg assumes all activities in connection with the maintenance, storage, insurance and potential conversions of the rail carriages. Furthermore, ERR Duisburg is holder of the wagons owned by ERR Vienna and enters into lease agreements on behalf of Aves Rail GmbH.

In addition to providing services, ERR Duisburg engages in the trading of railway carriages and related spare parts.

The participation in ERR Duisburg was allocated to the Segment „Rail" in view of its area of activity and strategic importance for this segment unchangedly.

The shares of neither of the companies are listed, so that no market price quotations exist for these shares.

No contingent liabilities exist with respect to the associated undertakings of the Group.

5. Segmental reporting

5.1. Comments on the segments

The segmental reporting of the Aves Group is in accordance with the requirements of IFRS 8 Operating Segments. The subdivision of the Group into segments is based on the internal management of the business. The individual business and business elements are attributed to segments solely in accordance with economic criteria regardless of their legal participation structure. The accounting and valuation policies applied within the segments are consistent with those of the Group. Sales and EBITDA of the respective segment are the key performance indicators applied in principle for the management of the Segments.

The reporting on the operating segments is presented in a manner which is consistent with the internal reporting processes to the chief operating decision maker. The chief operating decision maker is responsible for the allocation of resources to the business segments as well as the valuation of their profitability. The chief operating decision maker was identified as the management board of Aves One AG, as this makes or made the respective strategic decisions.

In the past, business activities were conducted internally via four business units (Container, Rail, Special Equipment and Resale Equipment). For reporting purposes, these are condensed to the three segments Container, Rail and all other segments, as the business units Special Equipment and Resale Equipment have not reached the thresholds for an individual reporting.

Due to the great growth of the previous area of Special Equipment, adjustment of the strategy in the area of Resale Equipment and the business division Real Estate to be newly developed, adjustment of the internal control was necessary. Since October 2017, the business division s of Container and Special Equipment were controlled together and treated s one unit internally. The still-small area of Real Estate that is expected to grow strongly in future was added, which is treated as a dedicated area in control of the undertaking. The area of Resale Equipment was absorbed in the Container area. The strategy of subsequent use of the Containers after use at sea is no longer actively pursued. Instead, the portfolio was optimised in the scope of an already-initiated depot reconciliation (cf. Ad-hoc News from 27 November 2017), according to which units that can no longer be rented out or can only be rented out with difficulty.

The new business segments therefore are, in correspondence with the internal control of the undertaking:

- Rail, unchanged as compared to the prior year
- Container (with all sea containers and the former Special Equipment Assets)
- Real Estate with the currently present storage park in Münster and the planned acquisitions in the area of logistics properties that have already been partially implemented in 2018

Additionally, segment assignment of the subsidiary CH2 Contorhaus Hansestadt Hamburg AG and its subsidiaries has been changed. They were assigned to the segment Container in the past. However, since this company has also worked for companies in the segment Rail in the business year 2017, it is now assigned to the holding activities. The company performs central financing tasks – and will continue to do so in future.

All administration and overhead costs and central services are summarized under the heading "Holding Activities" in the segmental reporting in a reconciling column to the Group, irrespective of in which company within the group legal structure these arose.

The segments are no longer compacted. The area of Real Estate in itself is still so small that the threshold for own reporting is not exceeded, but this is the only area that does not exceed the threshold. In this respect, compaction has not been performed.

Rail

The segment "Rail" encompasses the renting out of railway carriages – such as coil transport wagons (Shimmns), tarpaulin covered wagons (Rilnss), steel transport wagons (Sgmmns) and bulk transport wagons (Falns); management (technical and commercial) takes place in this case by ERR Duisburg, in which the Company holds a 33.3% participation

Container

The segment "Container" encompasses the renting out of sea containers – dry containers in the versions 20 foot, 40 foot and 40 foot high cube as well as 40 foot reefer containers, whereby container management takes place via external service providers

Additionally the former area of Special Equipment was assigned to this segment this year - due to consistent internal control. This comprises renting out of swap bodies and tank containers. Management takes place via external service provides here as well.

Due to the no-longer-active tracking of connection use of sea containers on land, the intended business division Resale was assigned to the segment Container. The former Resale containers should now be rented out further regularly or, if difficult to rent out, sold (already initiated in the scope of depot reconciliation; on this, see section 7.6)

Real Estate

The business segment Real Estate is currently being developed. This segment was assigned to the already-present Self Storage Park in Münster and there further investments in logistics properties are planned. After the balance sheet key date, the acquisition of a logistics property in Alsdorf was completed already; on this, also see section 13 "Events after the balance sheet key date"

Holding activities

In view of the structure of the Avis Group, internal services need to be recharged between the individual segments. These encompass administrative services provided by the holding companies. These services are valued at cost. Market rates for services performed constitute the upper limit for transfer prices.

The activities of Aves One AG as well as BSI Logistics GmbH exclusively relate to the Group and are therefore included in a reconciling column together with consolidation adjustments to arrive at Group figures.

CH2 Contorhaus Hansestadt Hamburg AG was newly included in this area, since it acts as a financing service provider across the group.

5.2. Comments on the segment data

In the segmental reporting, the key performance indicators segment sales, cost of services obtained, EBITDA (Earnings before interest, taxes, depreciation and amortisation), EBIT (Earnings before interest and taxes) and EBT (Earnings before taxes) and the financial result are disclosed, as these indicators support the management and monitoring of the business on a value-oriented basis.

The performance indicators sales, EBITDA, EBIT and EBT are disclosed net of holding company charges, as these do not form part of the segment management and are also regularly affected by exceptional effects. These charges (revenues at the level of the holding entities, costs in the individual companies) also do not fall within the overall Group results, as they are eliminated in the context of the income and expense consolidation. The indicators sales, EBITDA, EBIT and EBT shown in the column "Group results" are in accordance with the usual definition set out in section 1.2.

Apart from this, an EBT adjusted for non-regular effects is indicated ("adjusted EBT"), which has been adjusted for currency conversion effects, discount from the emission of shares and the impairment on the long-term assets held for sale.

The financial result contains interest income and interest expenses, currency effects as far as they arise for financing situations, financing secondary costs and the discount from the emission of shares.

The sales are currently all realised by Group companies located within the European Union. The revenues of the "Rail" segment partially result from a participation in Austria, otherwise all revenues are realised by companies located in Germany. Therefore, no management on a regional basis takes place.

5.3. Key performance indicators by segment

For the business year ending 31 December 2017, the segmental results are summarised as follows, based on internal reporting (all numbers in EURk):

Investments by segments	50,927	12,649	0	63,576	0	0	63,576
Total liabilities	**315,719**	**239,521**	**4,665**	**559,906**	**54,505**	**-116,514**	**497,896**

Table 6: Segmental reporting 2017

In accordance with the management reporting, the items disclosed under the heading "group reconciliation" also include costs not allocated to the segments (heading "holding activities"), in addition to inter-segment revenues and costs eliminated with no profit and loss effect (heading "consolidation"). The performance indicators are shown net of intra-group recharges of holding costs that cannot be directly attributed to segmental activities (overhead costs). These costs are monitored by group management at holding company level and do not form part of the segment management and are therefore shown in the column "holding activities".

The segmentation for the prior year is as follows – subject to using the new segmentation:

Investments by segments	22,410	195,657	0	218,067	273	0	218,340
Total liabilities	**282,564**	**237,764**	**3,679**	**524,007**	**30,737**	**-65,351**	**489,393**

Table 7: Segmental reporting 2016

6. Notes to the consolidated statement of profit or loss

(1) Sales revenues

in KEUR	2017	2016 adjusted	2016
Segment Container			
Rental	24,086	19,781	19,884
Other sales	9	1,024	1,024
	24,095	**20,805**	**20,908**
Segment Rail			
Rental	26,228	7,484	7,484
Other sales	112	152	151
	26,340	**7,636**	**7,636**
Segment Real Estate			
Rental	33	0	0
Other sales	6	0	0
	39	**0**	**0**
All other segments			
Rental	0	0	859
Other sales	0	0	0
	0	**0**	**859**
Holding			
Other sales	10,750	6,161	37
	10,750	**6,161**	**37**
Consolidation			
Other sales	-7,792	-5,955	-793
	-7,792	**-5,955**	**-793**
Total	**53,432**	**28,646**	**28,646**

Table 8: Sales

The business of the Aves Group is only subject to limited seasonal variations. The turnover increase by k EUR 24,786 or 86.5% respectively essentially results from expansion of the business in the area of rental of railway cars (Aves Rail GmbH (formerly: ERR Vienna) was added as of the end of October during 2016 and thus provides sales contributions for the full year for the first time in 2017). In this respect, the turnover revenues of k EUR 7,636 have increased by a total of 345% to k EUR 26,340.

Additionally, further investments were made in swap bodies (approx. k EUR 15,397) and in sea containers (approx. k EUR 37,384. These investments and the currently positively developing market for sea containers led to rising sales revenues here as well. The combination of the segments Special Equipment and Container led to an adjustment of the prior year's indication by k EUR 859. Additionally, there are changes to the prior year's indication it the container area with opposite effects due to the changed segment assignment of BSI Resale GmbH. Here, there were inter-segment sales revenues between the segment Container and the "other segments" at the time in the prior year.

(2) Other operating income

in KEUR	2017	2016 adjusted	2016
Income from an agreement with an undertaking assessed at equity	500	0	0
Exchange rate gains	237	1,365	13,216
Income from reduction/dissolution of individual value adjustments for receivables	134	0	0
Book gains from sale/disposal of fixed assets	51	89	89
Other	253	1,607	1,607
Total	**1,175**	**3,061**	**14,912**

Table 9: Other operating income

The income from an agreement with a company assessed et equity results from an agreement that Aves Rail GmbH made with ERR Duisburg, where certain contractually granted rights were waived against a one-time compensation claim at k EUR 500.

The exchange gains disclosed essentially relate to the valuation of Euro-denominated financial liabilities recorded at the level of operational subsidiaries with the US Dollar as functional currency and as a subsequent effect of the balancing indicated in "2. Summary of significant accounting and valuation principles" for VAT reimbursement receivables and liabilities.

Apart from this, the indication of 2016 leads to changes because the results from the currency conversion that are connected to the financing situations, are now indicate din the financial result. Accordingly, k EUR 11,851 from the other operating income were reclassified in the financial result.

The remaining revenues contained a special effect from damages claims against a container manager in the prior year. This effect did not repeat in a similar form in 2017, which led to the considerable reduction.

(3) Cost of material

in k EUR	2017	2016 adjusted	2016
Cost of purchased goods	0	31	31
Cost of purchased services	12,874	9,080	9,080
thereof Segment Container	6,610	8,200	7,184
thereof Segment Rail	6,266	1,645	1,645
thereof Segment Real Estate	0	0	0
thereof Segment other	0	0	1,016
thereof Segment Holding	152	0	0
thereof consolidation between the segments	-154	-764	-764
Total	**12,874**	**9,111**	**9,111**

Table 10: Cost of material

The cost of materials and services for the business year almost entirely encompasses the cost of services obtained from external service providers in the segments "Containers" and "Rail". These charges cover the commercial and operational management of assets including maintenance work carried out on leased assets and storage costs of assets not leased out.

The clear reduction in the area "Container" in spite of the increased sales revenues reflects the economic development in this area – the container market has clearly recovered in the course of the business year, the utilisation has increased and the storage costs have reduced considerable accordingly.

Adjustments as compared to the prior year's indication took place regarding the changed segmentation.

(4) **Personnel costs**

in KEUR	2017	2016
Wages and salaries	4,260	2,107
Costs for social security and retirement benefits	549	231
thereof retirement benefits	*162*	*92*
Total	**4,809**	**2,338**

Table 11: Personnel costs

The strong increase of the personnel costs as a whole results specifically from the acquisition of CH2, which added a total of 14 new employees to the group (13 salaried employees and a director of CH2 AG). These companies add total personnel costs of k EUR 1,304 in 2017.

Additionally, the first full-year inclusion of Aves Rail GmbH had an effect.

Regarding the increase of employee numbers, reference is made to section 12.4.

Social security and retirement benefit costs comprise ongoing contributions of k EUR 162 (prior year: k EUR 92). This also includes payments to the state pension system "Versorgungsanstalt des Bundes und der Länder".

(5) Impairments and depreciation/amortisation

The following table describes the depreciations and impairments of the fixed assets. The effects of the assets held for sale according to IFRS 5 are presented separately in item 7.6.

in TEUR	2017	2016
Impairment write-downs and amortization and depreciation on intangible fixed assets and tangible fixed assets	15,928	8,508
thereof impairment	*0*	*0*
Impairment on long term assets available for sale (IFRS 5)	3,784	0
	19,712	8,508

Table 12: Depreciation/amortisation and impairments

The strong increase of depreciation mainly related to the full-year consideration of Aves Rail GmbH, Vienna. Apart from this, investments in the inventory in the segment Container are also noticeable.

The useful lives or residual values were not changed as compared to the prior year. Impairments that would have led to unplanned depreciation were not identified.

(6) Other operating costs

in KEUR	2017	2016 (adjusted)	2016
Fees, charges, advisory costs	1,936	1,266	1,266
Losses on disposal/derecognition of fixed assets	1,849	3,064	3,064
Sales and representation costs	1,413	0	0
Rent/leases	467	375	375
Third party services	442	387	1,323
Additions to specific bad debt provisions	302	1,114	1,114
IT costs	166	101	101
Travel costs	158	96	96
Insurances	130	55	55
Car leasing	89	74	74
Exchange losses	41	2,327	8,170
Other costs	1,263	1,073	1,073
Total	**8,256**	**9,931**	**16,711**

Table 13: Other operating costs

The other operating costs reduced by k EUR 1,675 to k EUR 8,256.

For the legal and consulting costs, an increase by k EUR 670 to k EUR 1,936 as recorded as compared to the prior year.

In the reporting year, loss from asset sales at k EUR 1,849 (PY k EUR 3,064) resulted. They essentially result from sales of containers that are located in sites where rental is difficult. The loss from disposal of fixed assets could be reduced due to the improved market situation.

This is opposed by a sales cost increase by k EUR 1,413, essentially resulting from the first full consolidation of CH2.

The exchange losses disclosed essentially relate to the valuation of Euro-denominated financial receivables recorded at the level of operational subsidiaries with the US Dollar as functional currency. The reduction results from a subsequent effect of the balancing indicated in "2.. Summary of significant accounting and valuation principles" for VAT reimbursement receivables and liabilities. A great share of the reduction is due to the re-classification of currency effects in the financial result.

In addition to this, a reduction of the additions to the individual value adjustments for receivables by k EUR 1,114 to k EUR 302 is recorded as compared to the prior year. The addition to the specific bad debt provisions was characterised by special effects in the prior year. In 2016, a value adjustment at k EUR 917 against SLI III was set up; on this, also see section 3.2.

(7) Profit and loss shares in companies that are balanced at equity, after taxes

in KEUR	**2017**	**2016**
Profit and loss shares in companies that are balanced at equity, after taxes	438	-42
thereof ERR Duisburg	*118*	*9*
thereof BSI Conical	*0*	*-100*
thereof CH2 AG	*320*	*49*
Total	**438**	**-42**

Table 14: Profit and loss share at equity undertakings

The increase of the share of ERR Duisburg results from the full-year inclusion of ERR Duisburg (in the prior year only about 2 months). The carrying value of BSI Conical was balanced at k EUR 0 at the beginning of the business year already due to losses incurred by the entity. Losses in excess of this are therefore not recorded. The company did not achieve a positive result in 2017. No requirement to compensate the losses of the company exists.

The result of CH2 AG is characterised by the services performed for the share exchange program. The company achieved strong positive results in the month of January to July. Only the results until 10 July 2017 were recorded at equity, since the company has been fully consolidated since 11 July 2017, see section 4, "Acquisition of CH2 Contorhaus Hansestadt Hamburg AG". The loss from the second half is not considered as lasting because the business performance of CH2 AG is characterized by the sale of new direct investments and there are new products planned for 2018.

(8) Financial result (net)

in KEUR	2017	2016 (adjusted)	2016
Interest and similar income	**1,220**	**827**	**827**
thereof from persons/entities with a controlling interest in the business	*0*	*326*	*326*
thereof from other related persons or entities	*1,042*	*387*	*387*
Interest and similar expenses	**-21,758**	**-14,123**	**-14,123**
thereof to affiliated entities and entities with a controlling interest in the business	*0*	*0*	*0*
thereof to other related persons or entities	*-8,938*	*-7,642*	*-7,642*
Currency effects on financial receivables and financial liabilities	**-21,628**	**6,009**	**0**
Financing secondary costs	**-1,174**	**-937**	**0**
Discount from the emission of shares	**-3,396**	**0**	**0**
Total	**-46,736**	**-8,224**	**-13,296**

Table 15: Financial results

The negative financial result increases by several factors as compared to the prior year's period:

In addition to the slightly increased financing volume of EUR 468,9 M as of 31 December 2016 to EUR 479.3 M as of 31 December 2017, interest expenses include, among others, interest on financial liabilities of Aves Rail GmbH for the full business year for the first time.

The effective interest from 2016, which partially only now becomes effective on the result, also have effects on this. The net interest rates of the group's financings did not increase as compared to the prior year and are 4.4% on average, see section 14.1.

<u>Apart from this, there were some special effects and changes to the recognition:</u>

<u>Currency effects on financial receivables and financial liabilities</u>

This item is reflected in the financial result for the first time in 2017 and comprises the currency exchange effects on financial receivables and financial liabilities. They were still indicated in the other operating income and other operating expenses in the prior year. For clearer presentation of the actual expenses in connection with financings, this item will in future be presented separately in the financial result, since the expenses or revenues are directly connected to the financings.

<u>Financing secondary costs:</u>

This item is also indicated in the financial result for the first time in 2017. It contains external costs for Box Direct AG, Box Direct Vermögensanlagen GmbH and Box Direct Erste Vermögensanlagen GmbH for investor support and current costs in connection with direct investments, as far as these are not distributed in the scope of the effective interest method across the term of the loans. Until now, they were indicated in the other operating costs. In light of the direct association with financings, the indication in the financial result serves clearer presentation.

Discount from the emission of shares

This item results from the non-cash capital increases that took place during the business year and is not connected to any liquidity outflow. This issue is subject to the rules in IFRIC 19 (Extinguishing Financial Liabilities with Equity instruments. Because of these rules the issue of shares is consideration paid for the receiveables brought in. The value of the receiveables was below the value of the shares issued. Since the shares issued have to be valuated with their market values (see IFRIC 19.6) a differences arises from this issue which is recognized in the P&L, IAS 39.41, IFRIC 19.9.

It comprises special expenses that do not change the liquid funds in connection with the third-party capital conversions that were performed by issuing equity instrument. Application of the IFRIC 19 resulted in book loss without changes to liquid funds due to rate fluctuations on the market, which are reflected in the financial result. These effects are non-recurring but cannot be excluded in future either from comparable capital measures. For further details on this, see the explanations on equity under 7.11.1 or 7.11.4.

(9) Taxes on income and profit

In KEUR	2017	2016
Current taxes in business year	-532	-64
Deferred taxes		
- due to changes in tax rates	0	0
- due to temporary differences	3,529	-6,887
- e to tax losses carried forward	-635	5,732
	2,894	-1,155
Taxes on income and profit	**2,362**	**-1,219**

Table 16: Taxes

The actual tax result of k EUR +2,362 deviates by k EUR 9,688 from the expected revenue for taxes on income and profit of k EUR 12,050 , which would result when applying the income tax rate to the annual result of the group before taxes on income and profit. A reconciliation of the actual to the expected tax charge is summarised in the following table:

in KEUR	2017	2016
Earnings before tax	**-37,341**	**-6,447**
Tax rate	32.28%	32.28%
Expected tax charge	**12,050**	**2,081**
Effects from tax rate differences	220	0
Non-deductible charges	-1,186	-22
Adjustment temporary differences	-360	-2,062
Adjustment losses brought forward	0	737
Depreciation and disposal charges for ancillary purchase costs with no corresponding tax effect 613 566 Allocation trade tax	-1,085	-613
Addition of trade tax	-796	-717
Tax free income financial debt		
Other tax free income	133	0
Effect of currency translation of tax balance sheet values to functional currencies	0	221
Effect of currency translation of tax balance sheet values to functional currencies (DTA VV)		
Impairment write-down DTA	-6,446	-901
Other effects	-168	57
Disclosed expenses from taxes on income and profit	**2,362**	**-1,219**

Consolidated tax rate	**-6.3%**	**18.9%**

Table 17: Tax reconciliation

The following tax rates were used for assessment of deferred taxes for the German companies of Aves Group:

at	**31/12/2017**	**31/12/2016**
Future corporation tax rate expected	15.00	15.00
Future solidarity surcharge rate expected	0.83	0.83
Future trade tax rate expected	16.45	16.45
Future tax rate expected	**32.28**	**32.28**

Table 18: Expected tax rate

A 25% corporate tax rate was applied to the subsidiaries headquartered in Austria.

The taxes on income and profit are tax expenditure in the reporting period and correspond to -6.3 % of the result before taxes. In the prior year, the tax charge amounted to 18.9 % of earnings before taxes on earnings.

Further information on taxes on earnings is disclosed under 7.13.

(10) Earnings per share

The earnings per share in 2017 amounted to EUR -3.15 (2016: EUR -1.23). The calculation is based on earnings after tax attributable to the owners of Aves One AG in the numerator. Earnings per share are determined on the basis of the weighted average of outstanding ordinary shares. The number of shares in circulation applied for the calculation of the undiluted earnings per share for the period ending 31 December 2017 is 11,107,972 shares (31 December 2016: 6,256,475 shares, see sub-heading 7.11). The undiluted earnings per share were equal to the diluted earnings per share. Reference is made to our comments on issued share capital under 7.11.1 for further information on the number of outstanding shares.

in k EUR	**2017**	**2016**
Shareholders' share of Group results (in k EUR)	**-34,980**	**-7,666**
thereof:		
● Result from continued business divisions	-34,980	-7,666
Weighted average number of shares	**11,107,972**	**6,256,475**
Result per share (in EUR)	**-3.15**	**-1.23**
thereof:		
● Result from continued business divisions	**-3.15**	**-1.23**

Table 19: Earnings per share

7. Notes on the consolidated balance sheet

(1) Intagible fixed assets including goodwill

The intangible assets include a goodwill resulting from the acquisition of shares in CH2 Contorhaus Hansestadt Hamburg AG and explained in section 4 "Acquisition of CH2 Contorhaus Hansestadt Hamburg AG", essentially an "Agency commission for logistics properties" at originally EUR 2.5 M that resulted due to a contractual agreement with an affiliated company at the end of the business year 2016 already. The commission has been capitalised as an ancillary purchase cost of logistics real estate yet to be purchased (purchased right, brokerage services), in conjunction with which it is to be subject to scheduled amortisation, as opposed to being amortised currently.

In 2018, a first logistics property has been successfully mediated, which leads to restructuring of a partial amount of k EUR 333 in 2018. Further logistics properties are currently subject to purchasing negotiations.

The change to the item in 2017 results from the currency effects (translation from the preparation currency to the presentation currency).

Purchased other intangible fixed assets with a determinable useful life are valued at cost and amortised generally over a three year period on a linear basis.

Goodwill is not subject to scheduled amortisation. There is an annual value impairment test on the level of the cash-generating unit (CGU). If the book value of the CGU is does not preserves its value, value adjustment to the goodwill may take place first.

Currency translation differences	**-13**	**-303**	**0**	**-316**

Table 20: Intangible fixed assets 2017

Currency translation differences	**0**	**185**	**0**	**185**

Table 21: Intangible fixed assets 2016

Additionally, there was a goodwill from the acquisition of CH2 Contorhaus Hansestadt Hamburg AG in the business year. CH2 AG was added in the scope of a contribution in kind.

<u>Addition assessment of the goodwill</u>

The purchasing price for the company results from the cash payment made in this connection at k EUR 543 and the emission of 857,067 shares. In this context, the shares are to be evaluated at their fair value at the time of the contribution. The contribution was made on 11 July 2017. The rate applicable there was EUR 7.40 per share. Use of this rate leads to a difference between the fair values of the contributed assets at k EUR 5,624, which is indicated as goodwill for the CH2. During purchase price allocation no other intangible assets were identified.

The goodwill results as follows:

Rate used	EUR 7.40
x Number of emitted shares	857,067
= Market value of the emitted shares	EUR 6,342,295.80

+ Cash surrender	EUR 542,784.66
= Purchasing price for 70% of the shares	EUR 6,885,080.46
+ Existing shares at equity at the CH2 (30%)	EUR 2,113,247.52
= Total value indication CH2 (before consolidation)	EUR 8,998,327.98
- Fair value of the assets and debt	EUR 3,374,064.81
= Goodwill	EUR 5,624,263.17

Table 22: Goodwill CH2 Contorhaus Hansestadt Hamburg AG

The Fair Value of the assets and debt results from its book values. As already described in section 4, mostly cash at hand is balanced in the company. Additionally, there are receivables and liabilities in which neither silent reserves nor silent burdens were identified.

Impairment test Goodwill CH2 Contorhaus Hansestadt Hamburg AG

An impairment test for the goodwill of CH2 Contorhaus Hansestadt Hamburg AG was performed. The segment Container was identified as cash-generating unit (CGU), since CH2 Contorhaus Hansestadt Hamburg AG worked almost exclusively for this segment in the business year of 2017 and at the same time the container segment ist he lowest level for monitoring the goodwill. Goodwill therefore has been assigned as follows:

in k EUR	**2017**	**2016**
Container	5,624	0

Table 23: Assignment of goodwill

The amount that can be achieved by the CGU is based on the fair value minus the costs for sale that was estimated based on the discounted cash flow. The valuation at the fair value was classified as a fair value of level 3 based on the input factors of the evaluation technology used.

The essential assumptions that underlie the estimate of the amount that can be achieved are presented in the following table. The values are the evaluation of the board regarding the future developments in the relevant industries and are based on past values of external and internal sources.

in percent	**2017**	**2016**
Depreciation rate	7.0%	n/a
Sustainable growth rate	1.0%	n/a
Planned EBITDA growth rate (average of the next 3 years)	35.3%	n/a

The depreciation rate is a value after taxes that was estimated based on the historical industry-average weighted capital costs at an FK/EK relation of 225 percent and a market interest rate of 7 percent.

Table 24: Evaluation assumptions

The cash flow forecasts contained specific estimates for three years and an terminal growth rate thereafter. The sustainable growth rate was determined based on the estimate of the board for the long-term average annual EBITDA growth rate that matches the assumption that a market participate would make.

The planned EBITDA was estimated under consideration of past experience and determined subject to the following assumptions:

- Rental yields were planned in detail by the operative management based on the container utilisation and expected rent rates
- The investments per segment were accepted based on the operative investment planning.
- The financing costs reflect current market conditions
- The USD development was assumed at a fixed exchange rate.

The nearly completed depot reconciliation reduced storage costs

(2) Fixed assets

Currency translation differences	-24,642	0	0	-82	-14	-24,738

Table 25: Tangible fixed assets 2017

Currency translation differences	6,156	0	0		0	6,156

Table 26: Tangible fixed assets 2016

In spite of new investments, the tangible fixed assets increasing only slightly. Reasons for this are, in addition to depreciations, disposals from the tangible fixed assets into the assets held for sale (IFRS 5, see section 7.6) but also – and in particular – the exchange rate development that leads to book values of the fixed assets of the companies balancing in USD through transformation of the financial statement from the functional currency to the presentation currency (which takes place at the balance sheet key date).

In the fixed assets, downpayments for a container portfolio at k EUR 10,691 and downpayments for a freight carriage portfolio at k EUR 1,405 are indicated.

The concluded rent contracts for containers incl. swap bodies, railway cars and Self Storage units are classified as Operating Lease according to IFRS. As a consequence, the Group is lessor for a large number of operating leases (rental agreements) of various types for mobile logistics equipment, which give rise to the major part of the Group's revenues and profits. The resulting revenues from leases amount to EUR 50.3 M in the current business year (prior year: EUR 27.3 M). In connection with the operating leases currently in force with third parties and with the current stock of mobile logistics equipment items, the Group will obtain minimum lease revenues made up as follows:

	46,369	**33,617**	**57,046**	**57,862**	**43**	**0**	**103,458**	**91,480**

Table 27: Future minimum leasing payments

(3) Financial investments balanced according to the equity method

The amount of k EUR 1,158 indicated in this item is fully due to the participation indication of ERR Duisburg. BSI Conical is included at k EUR 0 due to the accumulated losses.

As a result of the recording of the negative results BSI Conical, its carrying value of was reduced to EUR 0k during the prior year already. No requirement to compensate the losses of the company exists, so that no contingent liabilities or liabilities need to be disclosed.

The considerable change results from the 30% participation in CH2 Contorhaus Hansestadt Hamburg AG that was formerly balanced at equity being fully consolidated by a contribution of the remaining 70% of its shares since 11 July 2017, see section 4, 11.1.2.3.

Summarised financial information concerning the associated undertakings:

Financial information concerning BSI CONICAL Container GmbH, Hamburg, and ERR European Rail Rent GmbH, Duisburg, accounted for in accordance with the equity method is summarised in the following table:

	BSI CONICAL Container		**ERR European Rail Rent**	
in KEUR	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016***
Long-term assets	0	106	287	259
Short-term assets, without liquid funds	575	1,458	14,270	8,582
Liquid funds	33	4	1,015	2,997
Short-term liabilities	788	1,600	12,251	8,709
Long-term liabilities	0	0	0	0
Revenues	423	45	20,683	4,484
Depreciations	0	0	62	10
Financing income	0	0	0	1
Earnings before tax		313	456	190
Taxes	16	118	104	43
Earnings for year	**-44**	**-195**	**352**	**145**
Total result	**-44**	**-200**	**352**	**145**
dividends received from joint ventures	0	0	0	0

Table 28: Associated undertakings - financial information

The data encompass both the Group as well as third party share in the assets, liabilities and profit and loss items.

The summarised financial information disclosed can be reconciled to book values in accordance with the equity method as follows:

Maximum loss risk	**0**	**0**	**1,158**	**1,003**

Table 29: Associated undertakings - summarised financial information

(4) Other financial investments

The other financial assets of the Aves Group consist of interest rate hedge (interest cap) at Aves Rail GmbH, which was not treated as hedge accounting. The interest hedge is valued at fair value through profit or loss, based on observable market price quotations, in this case valuations by Commerzbank, BVB Bank as well as Erste Bank der oesterreichischen Sparkassen AG. For further details on this, also see section 8 Reporting on financial instruments.

The associated non-consolidated untertakings that were indicated here in the prior year were consolidated this year and therefore are no longer indicated here.

(5) Inventories

Inventories within the Aves Group include the storage park in Münster. It is not intended to retain the assets being constructed there within the Group on a long term basis, so that they are disclosed as inventories. In addition to the acquisition secondary costs in the form of advisory costs, costs for third-party financing until completion at k EUR 105 are also part of the acquisition costs.

(6) Long-term assets available for sale within the meaning of IFRS 5

One or several long-term assets are to be classified as "´available for sale" if the object is realistically likely to be sellable in the near future (within one year) and there is a corresponding intention to sell, has been decided and is actively pursued. These assets are then to be evaluated to the lower of book value and fair value minus disposal costs. Planned depreciation no longer takes place.

Aves One AG has decided to use the positive price development on the container market in order to optimise its portfolio. Therefore, the greatest share of the containers sublet as of November 2017 that are in ports with low demand are released for sale. Sale of the corresponding approx. 7,000 containers has successfully started; approx. 6,178 containers have been sold by Mid-April 2018.

Sale is to planned to be completed by the end of the 1st quarter 2018. It is becoming evident that the complete sale will take a little longer, since the remaining units are more difficult to sell - though more than 88% of the units have been sold already.

The application of IFRS 5 led to Container having been removed from the fixed assets at book values of k EUR 11,815 and held separately for sale.

At the balance sheet date, a book value of k EUR 3,375 remains for these units.

The value adjustments are based on estimates (see section 3.8).

in KEUR	2017	2016
Value adjustments for long-term assets available for sale	-3,784	0
Value adjustments for long-term assets available for sale	**-3,784**	**0**

Table 30: Result from long-term assets held for sale

Cash flows from long-term assets held for sale

in KEUR	2017	2016
Cashflow from operating business activities	-93	0
Cash flow from investment activities	3,873	0
Cash flow from financing activities	0	0
Total cash flow	**3,780**	**0**

Table 31: Cash flows from long-term assets held for sale

(7) Trade accounts receivable

Trade accounts receivable all fall due within one year, as was the case in the prior year.

in KEUR	31.12.2017	31.12.2016
Trade accounts receivable	12,202	9,414
Value adjustments	-1,814	-1,919
Total	**10,388**	**7,495**

Table 32: Trade accounts receivable

With respect to credit loss risks arising in connection with trade accounts receivable, reference is made to the ageing and due dates set out in the table below. The bandwidths for overdue items selected are in accordance with the bandwidths generally used by the credit control management of the Aves Group.

in KEUR	Book value as of 31 December 2017	thereof written down at balance sheet date	thereof neither written down nor overdue at balance sheet date	thereof not written down and overdue for the following intervals at balance sheet date			
				less than 30 days	30 to 60 days	61 to 90 days	more than 90 days
from third parties	8,500	1,814	5,152	446	793	63	232
from entities accounted for at equity	3,702	0	3,702	0	0	0	0
from other related persons or undertakings	0	0	0	0	0	0	0
Total	**12,202**	**1,814**	**8,854**	**446**	**793**	**63**	**232**

Table 33: Due dates for trade accounts receivable 2017

Until the end of March 2018, the trade accounts receivable were settled except for an amount of EUR 2.8 M. The open amount comprises, among others, a legally pending receivable at EUR 1.2 M for which there are value adjustments at k EUR 939 as of 31 December 2017. Reference is made to Section 3.2 for details on this matter. Further outstanding accounts receivable mainly consist of balances due from container and rail managers, who general settle amounts due with considerable delay.

For the prior year, due dates for trade accounts receivable were as follows:

in KEUR	Book value as of 31/12/2016	thereof written down at balance sheet date	thereof neither written down nor overdue at balance sheet date	thereof not written down and overdue for the following intervals at balance sheet date			
				less than 30 days	30 to 60 days	61 to 90 days	more than 90 days
from third parties	6,173	1,919	2,068	759	505	667	256
from entities accounted for at equity	1,962	0	1,962	0	0	0	0
from other related persons or undertakings	1,278	0	1,278	0	0	0	0
Total	**9,413**	**1,919**	**5,308**	**759**	**505**	**667**	**256**

Table 34: Trade accounts receivable 2016

At the balance sheet date, there are no indications of credit loss risks existing for trade accounts receivable which are not overdue or have not been provided for.

Bad debt provisions have developed as follows over the reporting period:

in KEUR	**2017**	**2016**
as of 31 December 2016/31 December 2015	1,919	781
Utilization	0	-5
Reversals	-388	-15
Additions	302	1,035

Other addition/addition acquisition RSI Shipping	0	0
Foreign currency translation	-18	122
as of 31/12/2017/31/12/2016	**1,814**	**1,919**

Table 35: Individual value adjustments for trade accounts receivable

In the following table, charges relating to bad debts fully written off as well as income from the settlement of trade accounts receivables written off are disclosed: All income and costs relating to trade accounts receivable written off are disclosed within other income and other costs respectively.

in k EUR	2017	2016
Costs arising in connection with full bad debt write-offs	0	61

Table 36: Income and expenses from full bad-debt write-offs

All income and costs relating to trade accounts receivable written off are disclosed within other operating income and other operating costs respectively.

(8) Financial receivables and other assets

Total	**21,336**	**0**	**31,138**	**0**	**29,892**	**0**

Table 37: Financial receivables and other assets

The financial receivables at k EUR 4,277 (prior year: k EUR 14,591) are all neither impaired nor over-due on the key date. At the balance sheet date, there are no indications of credit loss risks existing for trade accounts receivable which are not overdue or have not been provided for. The changes result from a loan towards Superior Beteiligungen AG was sold and the settlement accounts with Box Direct AG changed its balance.

The financial receivables include mostly receivables from third-party undertakings and associated persons.

The other assets at k EUR 17,059 have slightly increased as compared to the adjusted prior year's value of k EUR 16,547. The increase results from increased receivables from undertakings accounted for at equity and from value-added tax receivables.

Referring to the adjustment, it must be explained that input tax receivables and value-added tax liabilities were not balanced in the prior year. This was first presented in this manner in 2017 in order to avoid extending the balance sheet. This explains the considerable change in the indication "thereof from taxes". In addition to this, liquid fund of restricted disposal were indicated in the bank credit in the prior year and marked with a thereof-note. Since these funds do not meet the liquidity criterion, they are now indicated in other assets.

(9) Tax assets

in k EUR	31/12/2017	31/12/2016
Deferred tax assets	8,784	1,831

Current tax assets	141	1,038
Total	**8,925**	**2,869**

Table 38: Tax assets

Explanations on the deferred taxes can be found under 6.9.

(10) Liquid Funds

in KEUR	31/12/2017	31/12/2016 adjusted	31/12/2016
Bank balances	14,903	23,075	31,952
thereof restricted access	*0*	*0*	*8,877*
Cash in hand	5	2	2
Total	**14,908**	**23,077**	**31,954**

Table 39: Liquid funds

Liquid funds mainly comprise liquid investments repayable at short notice subject to variable interest rates. The amount not freely available in the bank accounts at k EUR 6,696 (prior year: k EUR 8,877) was first indicated in the Other assets kin this year because the liquidity criterion was not met. Development of the liquid funds results from the cash flow statement, see there, and the explanations on the cash flow statement under section 11.

(11) Equity

The development of equity is disclosed in the statement of changes in equity.

Other income disclosed within equity with no income effect is disclosed separately in the statement of other comprehensive income.

(11.1) Issued share capital

At the balance sheet date, the fully paid in or settled share capital amounts to EUR 12,899,509.00 (prior year: EUR 8,910,000.00). It is divided into 12,899,509 (prior year: 8,910,000) bearer shares with no nominal value and a proportional value of EUR 1.00 per share.

(11.1.1) Capital increase from Company funds

In 2016, a capital increase from company reserves took place by resolution of the General Meeting of the Company on 5 September 2016, which first increased the share capital by EUR 2,970,000 by means of a cash contribution by issuing 2,970,000 new bearer shares with no nominal value and a proportional value of EUR 1.00 per share. This capital increase from company reserves was a "Greenshoe option" according to which the consortial bank is able to issue up to 10% additional shares at over-subscription. The Greenshoe option was fully drawn in the scope of the capital increase from company reserves and entered in the commercial register on 27 January 2017 after the resolution on the board from 23 January 2017 and approval of the Supervisory Board from the same day.

This increased the share capital from 8,910,000.00 Euro to 9,207,000.00 Euro.

The issue price of the new shares was aligned with the issue price from the actual capital increase by cash contribution in 2016, which was specified at 6.00 Euro per share.

(11.1.2) Capital increase in kind

Aves One AG performed a total of three capital increases in kind in the business year of 2017.

(11.1.2.1) Contribution of receivables in connection with direct investments – Tranche 1

By resolution of the board and upon approval of the Supervisory Board from 12 June 2017, a capital increase from the approved capital was decided with the target of repaying liabilities. In this, the share capital was increased from currently EUR 9,207,000.00 by EUR 1,557,831.00 to then EUR 10,764,831.00. For this purpose, 1,557,831 new shares were issued that have dividend rights as of 1 January 2017. The subscription rights of the shareholders were excluded. additionally, Aves One AG has to make a payment to BoxDirect AG (the contributing company) at k EUR 475. In return, receivables against companies of the group amounting to more than EUR 10 M were contributed in this process. The contribution took place by subscription certificate from 13 June 2017

This is a process that is subject to the provisions of IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments). Due to the provisions, issue of the equity instruments consists compensation for the contributed receivables. Due to the fact that the equity instruments must be evaluated at market value (cf. IFRIC 19.6), a difference results that must be recorded with effect on the result, IAS 39.41, IFRIC 19.9.

For determination of the fair value for the issued shares, a share rate of EUR 7.29 was used, which corresponds to the average rate (Frankfurt/XETRA) on the day before the transaction. Use of this rate results in a discount to be indicated with effect on results at k EUR 1,804, which is indicated in the item "Discount from the emission of shares".

Rate used	EUR 7.29
x Number of emitted shares	1,557,831
= Market value of the emitted shares	EUR 11,356,587.99
+ Cash surrender	EUR 475,000.00
- Value of the contribution	EUR 10,028,086.17
= Discount from the emission of shares	EUR 1,803,501.82

This capital increase was registered on 25 August 2017.

Table 40: Capital increase by contribution of receivables – Tranche 1

(11.1.2.2) Contribution of receivables in connection with direct investments – Tranche 2

By resolution of the board and upon approval of the Supervisory Board from 11 July 2017, another capital increase from the approved capital was decided with the target of repaying liabilities. In this, the share capital was increased by another EUR 1,277,611.00 to then EUR 12,042,442.00. For this purpose, 1,277,611 new shares were issued that have dividend rights as of 1 January 2017. The subscription rights of the shareholders were excluded. In return, receivables against companies of the group amounting to about EUR 8.4 M were contributed in this process. The contribution took place by subscription certificate from 11 July 2017

This also is a process that is subject to the provisions of IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments). Therefore, the provisions described in 7.11.1.2.1 apply.

For determination of the fair value for the issued shares, a share rate of EUR 7.40 was used, which corresponds to the average rate on the day before the transaction (XETRA/Frankfurt stock exchange). Use of this rate results in a discount to be indicated with effect on results at k EUR 1,499, which is indicated in the item "Discount from the emission of shares".

Rate used	EUR 7.40
x Number of emitted shares	1,277,611
= Market value of the emitted shares	EUR 9,454,321.40
+ Cash surrender	EUR 400,000.00
- Value of the contribution	EUR 8,354,985.41

= Discount from the emission of shares	EUR 1,499,335.99

This capital increase was registered on 25 August 2017.

Table 41: Capital increase by contribution of receivables – Tranche 2

(11.1.2.3) Contribution of 70% of the shares in CH2 Contorhaus Hansestadt Hamburg AG

By resolution of the board and upon approval of the Supervisory Board from 11 July 2017, another capital increase from the approved capital was decided. The capital increase took place as a capital increase in kind in the scope of which the previous shareholder, the Versorgungswerk der Zahnärztekammer Berlin, contributed 70% of the company shares in CH2 Contorhaus Hansestadt Hamburg AG. As compensation, EUR 542,784.66 were paid in addition to the 857,067 newly issued shares that have dividend rights as of 1 January 2017.

The subscription rights of the shareholders were excluded.

The contribution took place by subscription certificate from 11 July 2017

For determination of the fair value for the issued shares as compensation within the meaning of IFRS 3.37 and IFRS 3.32, a share rate of EUR 7.40 was used, which corresponds to the average rate on the day before the transaction (XETRA/Frankfurt stock exchange).

This capital increase was registered on 25 August 2017.

(11.2) Conditional share capital

The conditional share capital from 2016 continues:

By resolution of the General Meeting of the Company on 5 September 2016, the Company was empowered to issue convertible bonds, warrant-linked bonds and participating certificates with or without conversion or option entitlements as well as to exclude pre-emption rights with a total nominal value of up to EUR 50,000,000. The bearers of these bonds can be granted conversion or option rights of up to 2,970,000 bearer shares with no nominal value and a proportional share of the issued share capital of EUR 2,970,000. Correspondingly, a resolution was passed covering conditional capital of EUR 2,970,000 by issue of 2,970,000 new bearer shares with a profit entitlement as of the beginning of the business year of their issue.

(11.3) Authorised capital

By resolution of the General Meeting of the Company from 29 August 2017, the authorised capitals 2016 and 2016/II (§4 para. 5 and 6 of the bylaws) were revoked. At the same time, a new authorised capital 2017 was decided with the option of excluding subscription rights, with the connected changes to the articles of association.

By this resolution, the Management Board was empowered to increase the share capital of the Company in the period to 28 August 2022 by up to a total of EUR 6,449,754.00 by one or more issues of bearer shares with no nominal value by means of cash contribution or contribution in kind (Authorized Capital 2017). The shareholders generally are due a subscription right, by which the management board was authorised to wholly or partially exclude the subscription rights of the shareholders.

Accordingly, an exclusion of the subscription rights is permitted under the following conditions:

- if the shares of the company are traded at the stock exchange at capital increases against cash contributions, the issued shares do not exceed 10% of the share capital and the issued amount of the new shares of the company is not essentially below the shares of the same category and equipment already traded at the stock exchange at the time of determination of the issue price within the meaning of§§203 paras. 1 and 2, 186 para. 3 sentence 4 AktG.
- At capital increases against contributions in kind, in particular for the acquisition of undertakings, parts of undertakings and shares in undertakings, commercial property rights such as patents, trademarks or licenses targeted at these or other product rights or other contributions in kind, also debentures, convertible bonds and other financing instruments.
- As far as this is required in order to grant the owners or creditors of the debentures issued by the company or the companies of the group with option and conversion rights or obligations a subscription right for new shares at the scope at which they would be due this right after execution of their option or conversion rights or after meeting an option or conversion obligation
- For peak amounts that result due to the subscription relationship.

These authorisations were used in the scope of the three capital increases in kind listed above (cf. section 7.11.1.2.2) until the balance sheet key date.

(11.4) Capital reserves

The change to the capital reserves from k EUR 15,984 to k EUR 39,391 results from the above capital increases and the connected equity procurement costs.

(11.4.1) Greenshoe capital increase

Due to the specified acquisition price of EUR 6.00 per share, the issue of 297,000 shares in the scope of exercise of the greenshoe option leads to an increase of the capital reserve by k EUR 1,485.

The increases by contributions in kind in turn led to increase of the capital reserve by k EUR 23,421, which is determined as follows:

(11.4.2) Contribution of receivables in connection with direct investments – Tranche 1

Rate used	EUR 7.29

x number of emitted shares	1,557,831
= Total capital increase	EUR 11,356,587.99
thereof share capital	EUR 1,557,831.00
thereof in capital reserve	EUR 9,798,756.99

Table 42: Capital increase by contribution of receivables – Tranche 1

(11.4.3) Contribution of receivables in connection with direct investments – Tranche 2

Rate used	EUR 7.40
x number of emitted shares	1,277,611
= Total capital increase	EUR 9,454,321.40
thereof share capital	EUR 1,277,611.00
thereof in capital reserve	EUR 8,176,710.40

Table 43: Capital increase by contribution of receivables – Tranche 2

(11.4.4) Contribution of 70% of the shares in CH2 Contorhaus Hansestadt Hamburg AG

Rate used	EUR 7.40
x Number of emitted shares	857,067
= Total capital increase	EUR 6,342,295.80
thereof share capital	EUR 857,067.00
thereof in capital reserve	EUR 5,485,228.80

Table 44: Capital increase by contribution of shares in CH2 AG

(11.4.5) Costs of obtaining capital

Adjusted for tax effects, the costs of obtaining capital amount to k EUR 1,224 and result mostly from consulting costs and costs for service providers in connection with the capital increase.

Further details can be taken from the development of the group's equity and sections 2.14 and 14.1.3.

(11.5) Consolidated retained loss

The Consolidated loss as of 31 December 2017 comprises the consolidated annual deficit 2017 and the consolidated retained earnings as of 31 December 2016.

(11.6) Foreign currency translation adjustment

The equity item for currency translation serves to record the accrued difference from the conversion of business operations with a function currency that is not Euro to the reporting currency (Euro).

The differences resulting in the business year are indicated in other comprehensive income. Currency translation differences recorded from foreign currency translation are recorded in the profit and loss statement when a sale is performed by foreign business operations. The changes to the currency adjustment item are indicated in other comprehensive income.

(11.7) Presentation of the result per share

The 3,989,509 shares newly issued in the course of 2017 in the scope of the capital increases are considered for determination of the number of the shares in circulation only from the time at which these shares were issued.

(12) Capital increases not yet registered on the balance sheet date

By resolution of the board and upon approval of the Supervisory Board from 29 December 2017, another capital increase from the approved capital was decided with the target of repaying liabilities. For this, the share capital is to be increased by another EUR 87,617.00 to them EUR 12,987,126.00. For this purpose, 87,617 new shares are issued. The subscription rights of the shareholders were excluded. As compensation, receivables from companies of the group at roughly k EUR 560 were contributed in this process. The contribution took place by subscription certificate from 29 December 2017

This also is a process that is subject to the provisions of IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments). Therefore, the provisions described in 11.1.2.1 apply.

For determination of the market value of the issued shares, a share rate of EUR 7.153 was used that corresponds to the XETRA final rate on the day before the transaction. Use of this rate results in a discount to be indicated with effect on results at k EUR 93, which is indicated in the item "Discount from the emission of shares".

Rate used	EUR 7.153
x Number of emitted shares	87,617
= Market value of the emitted shares	EUR 626,724.40
+ Cash surrender	EUR 26,600.00
- Value of the contribution	EUR 539,107.40
= Discount from the emission of shares	EUR 93,386.34

This capital increase has not been registered until 24 April 2018.

Table 45: Capital increase by contribution of receivables - not yet entered

(13) Income tax liabilities

in k EUR	31/12/2017	31/12/2016
Deferred income tax liabilities	9,291	5,995
Current income tax liabilities	487	39
Total	**9,778**	**6,034**

Table 46: Income tax liabilities

The indicated current income tax debt has a residual term of less than one year.

The deferred taxes (net) have developed as follows in the business year:

in k EUR	2017	2016
Status at the beginning of the year	-4,164	-4,458
Additions from capital increase without effect on the result	352	686
Additions from acquisition of subsidiaries without effect on the result	6	913
Effects from currency conversion without effect on the result	405	-151
Taxes with effect on the result	2,894	-1,154
as of 31 December 2017	**-507**	**-4,164**

Table 47: Reconciliation of balance for deferred taxes

The deferred taxes were determined based on the company-specific tax rates (for the German companies: Capital companies: 32.28 % or 16.45 % for partnerships; for the subsidiaries in Austria: 25%).

The amount from temporary differences in conjunction with shares in subsidiaries and companies accounted for at equity for which no deferred tax liabilities were included in the reporting year according to IAS 12.39, amounts to EUR 0.9 ; (prior year: EUR 3.3 M).

The following balanced deferred tax assets and liabilities apply to the indication and evaluation differences in the individual balance sheet items:

	31/12/2017		31/12/2016	
In KEUR	deferred tax assets by situation	deferred tax liability by situation	deferred tax assets by situation	deferred tax liability by situation
Intangible fixed assets	95	0	0	0
Fixed assets	0	7,306	0	14,592
Inventories	317	0	0	0
Trade accounts receivable	2	0	94	0
Other assets and advance payments	41	0	92	3
Assets available for Sale	0	1,089		
Financial liabilities	0	2,291	604	593
Tax liabilities	13	0	0	0
Trade accounts payable and other liabilities	18	575	0	615
Other liabilities	0	0	3	57
Loss carryforward	10,268	0	10,903	0
Total	**10,754**	**11,261**	**11,696**	**15,860**
Balancing	-1,970	-1,970	-9,865	-9,865
	8,784	**9,291**	**1,831**	**5,995**

Table 48: Deferred taxes according to the balance sheet items

in KEUR	31/12/2017	31/12/2016
Deferred tax receivables		
Deferred tax receivables realised after more than 12 months	8,387	1,707
Deferred tax receivables realised within 12 months	397	124
Latente Steuerforderungen	**8,784**	**1,831**
Deferred tax liabilities		
Deferred tax liabilities realised after more than 12 months	7,514	5,502
Deferred tax liabilities realised within 12 months	1,777	493
Latente Steuerverbindlichkeiten	**9,291**	**5,995**

Table 49: Terms of deferred taxes

Deferred tax assets for tax loss carryforwards are balanced at the scope at which it is likely that results that are taxable in future will be available with which the tax loss carryforward can be settled.

For companies with tax loss in prior years, deferred tax assets for loss carryforwards are only considered as far as sufficient deferred tax liabilities exist and general changes to the income situation for future usability result. Additionally, tax optimisation is intended here for best use of existing loss carryforwards.

Usability of the tax planning underlying the deferred taxes intends for high safety deductions from the tax results expected for the next five years in the scope of business-management plan calculations. The income according to the tax planning results, among others, from tax reversal effects in connection with the assets that serve as collateral for expiring direct investments. Among these, the accumulated additional tax depreciations have an effect on taxes against the depreciations under IFRS at internal or external sale of the assets and thus affect the result.

The amount of the deferred taxes not recognise din assets and the amount of the underlying loss carryforwards can be taken form the following table:

Trade tax loss carryforwards	45,153	3,251	32,379	560
Total		**7,139**		**1,383**

Table 50: Tax loss carryforward

The current taxes for domestic companies were calculated at a statutory corporate tax rate of 15.00 % plus a solidarity surcharge of 5.50 %. The trade tax rate is 16.45 % of the trade income.

The Austrian subsidiaries are subject to a corporate tax rate of 25%, trade tax is not applied.

(14) Liabilities

Total	**488,069**	**369,101**	**13,977**	**483,305**	**302,640**	**9,752**

Table 51: Overview of liabilities

(14.1) Financial liabilities

The Aves Group is mainly financed by loans from credit institutions, institutional lenders as well as direct investors subsumed within a related entity. Data as at 31 December 2017 and the prior year are set out as follows:

Credit institutions:

Total			187,425			166,588

Table 52: Financial liabilities towards credit institutions

The loans from credit institutions are fixed interest loans

Institutional lenders:

Total			94,222			104,623

Table 53: Financial liabilities towards institutional lenders

The loans from institutional lenders are fixed interest loans.

Direct investors:

			188,911			184,321

Table 54: Financial liabilities towards direct investors

The loans from direct investors are fixed interest loans.

Anleihen:

Total			0			3,500

Table 55: Financial liabilities bonds

(14.2) Financial liabilities – Finance leases

Via the subsidiary Aves Rail GmbH, the Group has become lessee in the case of two finance lease arrangements. The classification of these leasing arrangements as finance leases is based on an evaluation of the lease agreements with respect to minimum lease payments as well as clauses included in the agreements. There were not conditional lease payments in 2016 or 2017 that were recognised as profit or loss in the scope of the financing leasing.

Liabilities from finance leases are made up of the following:

More than five years	2,469	0	0		2,179

Table 56: Financial liabilities from finance leases

The book value of financed assets as of 31 December 2017 amounted to k EUR 7,237

(14.3) Trade accounts payable

Trade accounts payable mainly comprise balances payable to related undertakings from current business.

(14.4) Other liabilities

Other liabilities mainly comprise VAT liabilities and various liabilities for outstanding invoices.

The other liabilities are all short-term.

(15) Reserves

The other reserves include a litigation cost reserve for the situation described in detail under section 3.2 regarding the legal dispute SLI III.

Other provisions	54	0	0	0	0	-6	48

Table 57: Development of other reserves

Other provisions	48	44	4	54	50	4

Table 58: Remaining terms of other reserves

8. Reporting on financial instruments

Financial instruments are contractual arrangements which result in rights or commitments of the Group. These result in an outflow or inflow of financial assets. In accordance with IAS 32 and IAS 39 they include originated and derivative financial instruments. Originating financial instruments include in particular balances at credit institutions, receivables, payables, loans and interest accruals. There is an unchanged derivative financial instrument (interest cap) at Aves Rail GmbH. No formal hedge relationship exists, so that hedge accounting does not apply. The valuation is therefore at fair value through profit or loss.

Attributable fair values and carrying values for financial instrument in accordance with valuation categories

The classification in accordance with IFRS 7 is based on balance sheet items. Homogeneous items such as trade accounts receivable from and payable to third parties, non-consolidated subsidiaries and other related parties or businesses are aggregated..

The following categories are relevant in accordance with IAS 39:

Loans and Receivables	*LaR*
Financial assets at fair value through profit or loss	*FVTPL*
Financial liabilities measured at amortised cost	*FLAC*
Available for Sale	*afS*

The following tables show the attributable fair values as well as the carrying values of the financial assets and financial liabilities included within the balance sheet in the 2017 business year as well as the prior year.

Financial liabilities measured an amortized cost	FLAC	-488,070	-488,070	-488,070	-8,708

Table 59: IFRS 7 information 2017

Financial liabilities measured an amortized cost	FLAC	-483,305	-482,690	-482,690	-9,883

Table 60: IFRS 7 information 2016

Trade accounts receivables, other financial assets and liquid funds are generally of a short term nature. As a consequence, their book values are generally equivalent to attributable fair values. Trade accounts payable, other financial debt as well as other financial liabilities are generally of a short term nature, so that their book values generally correspond with attributable fair values. Loans from credit institutions, institutional investors as well as direct investors are valued at amortised cost. As interest rate and credit risk have not fluctuated significantly in the past two years, it is considered that the carrying values of financial liabilities are equivalent to attributable fair values (according to market values, level 1 in accordance with IFRS 13).

Net results by valuation category

The net result is divided into the categories interest, valuation and other. Valuation encompasses results from foreign currency translation, valuation at attributable fair value or reflecting impairment write-downs. Other items mainly include income from dividends and disposals.

As at 31 December 2017, net results according to valuation categories are as follows:

Total	**-20,538**	**-21,458**	**0**	**-41,996**

Table 61: Net results by valuation category 2017

Within the category „valuation", loans and receivables include

- Charges relating to write-downs of k EUR 87 (included in the line item "other operating costs")
- Income from foreign currency translation of k EUR 4,141 (included in the line item "other operating income" and "Currency effects on financial receivables and financial liabilities" in the financial result)

and for financial liabilities evaluated at the updated acquisition costs, the part "valuation" includes

- Expenses from foreign currency translation of k EUR 25,511 (included in the line item "other operating costs" and "Currency effects on financial receivables and financial liabilities" in the financial result)

.

In the prior year the net result was as follows:

in KEUR	Interest	Evaluation	others	2016
from:				
Loans and receivables	827	-4,951		-4,124
Financial liabilities assessed at continued procurement costs	-14,123	11,017		-3,106
Total	**-13,296**	**6,066**	**0**	**-7,230**

Table 62: Net results by valuation category 2016

Within the category „valuation", loans and receivables include

- Charges relating to write-downs of EUR 1.0 M (included in the line item "other operating costs")
- Expenses from foreign currency translation of EUR 3.9 M (included in the line item "other operating costs")

and for financial liabilities evaluated at the updated acquisition costs, the part "valuation" includes

- Income from foreign currency translation of EUR 11.0 M (included in the line item "other operating income")

9. Hedging strategy and risk management

In connection with its business activities, the Aves Group is exposed to various financial risks. These specifically consist of default risks, liquidity risks and financial market risks which are commented on further in the following section.

With respect to further information on the risk management system of the Aves Group, reference is made to the comments on opportunities and risks within the Group Management Report.

9.1 Default risk

On the one hand, default risks include the delayed settlement of outstanding receivables, or the risk that they are settled only partially or not at all. On the other hand, a risk exists that suppliers do not or only partially fulfil their obligations relating payments on account made.

Default risks are addressed by an effective credit management.

The book value of financial loans granted or financial assets disclosed in the Group Financial Statements constitutes the maximum loss risk

9.2. Liquiditätsrisiko

Liquidity risks arise in connection with the possibility that the Group is not in a position to fulfil its payment obligations towards external contract parties as and when they fall due. The Group monitors and maintains liquid funds which the Management Board considers necessary to finance the operational business of the Group and to counteract fluctuations in its cash flow.

The following overview of due dates for financial liabilities (contractually agreed undiscounted payments) shows their influence on the liquidity situation of the Aves Group:

Total	107,428	258,196	145,651	14,746	526,021	6,376	510,634

Table 63: Liquidity risk 2017

Total	171,659	51,456	274,771	10,666	508,552	3,938	504,614

Table 64: Liquidity risk 2016

"Other loans" comprise financial liabilities falling due in the short term. No interests are presented for these because they generally can be terminated at any time.

The liquidity requirements of the Aves Group as a whole are ascertained on the basis of the liquidity plan. In view of the business model, liquidity requirements are covered as follows: Liquidity requirements generated by investments made are as a rule financed to a degree of 75-90% by external sources of finance. The ability of Aves One AG and its subsidiaries to meet their liabilities as and when they fall due is maintained through operational cash flows.

Reference is made to 7.14 (Table 51) above for details of the due dates of financial loans, trade accounts payable and other financial liabilities.. Reference is made to information included under other financial commitments (7.14.2) with respect to payment commitments from rental and leasing contracts. The following liquidity analysis shows which payments from financial liabilities are likely to arise over the next years. The status as at 31 December 2017 discloses the residual amounts repayable for financial liabilities excluding any accrued interest. In view of the short term nature of trade accounts payable and other financial liabilities these are not reflected in cash flows disclosed. The cash flows are largely congruent with the balances set out under residual terms under number 7.14 (Table 51). The contractually agreed undiscounted interest and amortisation payments of the original financial liabilities are shown in the overview. Budgeted amounts for future liabilities are not reflected.

Total	479,266	10,591	0	135,060	700	0	14,046

Table 65: Undiscounted interest and amortisation payments 2017

Total	468,939	10,646	0	264,125	914	0	9,752

Table 66: Undiscounted interest and amortisation payments 2016

9.3. Financial market risk

9.3.1. General

Interest and currency risks constitute the primary financial risks within the Aves Group.

The Aves Group does not currently use any financial instruments to manage its financial market risks.

IFRS 7 requires the performance of sensitivity analyses showing the implications of hypothetical changes of relevant risk variables, for the demonstration of financial market risks. Periodic effects are determined by applying the risk variables to the originated and derivative financial instruments at the balance sheet date. It is ensured that the respective balances at the balance sheet date are representative for the business year.

The following sensitivity analyses constitute hypothetical information which is subject to uncertainty. In view of unpredictable developments in the global financial markets actual developments may differ from the hypothetical examples.

9.3.2. Interest rate risks

Interest rate risks arise due to potential changes in interest rates that may have an adverse effect on the Group in the reporting period and in the following years.

With the exception of bank balances and other financial liabilities, the Group has no further assets or liabilities that are subject to interest rate risks. Assets which are interest bearing are mainly made up of short term bank deposits. The profitability and cash flow of the Group are predominantly unaffected by changes in market interest rates. In view of the risk minimisation strategy of the Group, the Group only takes out fixed interest loans, so that interest risks only arise in connection with the refinancing of loans at their maturity.

The interest rate risk that the Aves Group is exposed to currently consists of sensitivities with respect to payments relating to variable interest rate financial funds as a result in changes in the level of interest rates

9.3.3. Foreign currency risk

According to the definition of IFRS 7, foreign currency risks arise in the case of originated and derivative financial instruments which are issued in a currency that differs from the functional currency of a business (foreign currency items). The US Dollar has been identified as a relevant risk variable within the Aves Group. In particular, the currency translation effects without effects on liquid funds at Aves come from Euro financings from direct investments that are present in the Container segment.

As at 31 December 2017 and 31 December 2016, no derivative financial instruments were in place in order to hedge planned transactions denominated in foreign currencies.

The currency translation effect with effect on income but mainly no effect on liquids funds in 2017 amounted to approx. EUR 21.6m in 2017. Assuming that in future either, a comparable development of the currency translation result without effect on liquid funds can be expected for the future at unchanged container and financing situations. A 10% change of the USD/EUR currency paid c.p. would lead to a currency translation effect not affecting liquid funds of about EUR 15m. While a value loss of the USD as compared to the EUR leads to costs without effect on liquid funds, a value increase of the USD as compared to the EUR would lead to a corresponding income.

10. Capital structure management

Since the Group is still growing rapidly, the board manages its capital structure with the goal of maximising its income from participations by optimising its ratio of equity to external capital also with a view to securing the long term profitability of the business and consequently its sustainability. In this context, it ensures that Group entities operate under a going concern assumption.

The capital structure of the Group comprises liabilities and liquid funds as well as the equity attributable to the shareholders of the parent company. This is made up of the shares issued, the capital reserves, profit and loss reserves as well as retained profits.

The ratio of net financial liabilities to EBITDA constitutes an evaluation measure.

Net financial liabilities are defined as the net balance of liquid funds and financial assets less financial liabilities, with the offsetting of transaction costs as per IAS 39 also taking place in connection with the determination of net financial debt (see also 7.14 under financial liabilities).

The net financial liabilities were determined as follows:

Net debt	**-460,081**	**-422,393**	**-422,393**

Table 67: Capital structure management

The ratio of net financial liabilities to EBITDA is as follows:

Ratio net debt/EBITDA	**16**	**41**	**28**

Tabelle 68: Nettofinanzschulden zu EBITDA

In view of the fact that the Group is still in a phase of rapid growth and that it has not yet reached its targeted operational size, the relevance of this measure is partially restricted. After the ratio between net financial liabilities to EBITDA clearly deteriorated in 2016 as compared to 2015 due to the acquisition of Aves Rail GmbH during the year, a clear improvement of the indicator for 2017 appears again at full-year inclusion.

Furthermore, the board has the basic target of securing its equity base in a sustainable manner whilst generating an adequate return on its capital employed. A much higher equity share is aimed for for the future, as this will enhance the independence and competitiveness of the business.

Another aim of the board is to ensure the continuation of the business of the operational entities and to finance growth by both organic and inorganic means. As at 31 December 2017, the equity to assets ratio of the Group amounted to 4.2% (prior year: 5.5%). The return on equity – the ratio of the profit share attributable to the shareholders of Aves One to equity at the balance sheet date – reached in the 2016 and 2017 business years amounted to -161.9 % and -26.9 % respectively.

11. Comments on the consolidated cash flow statement

The cash flow statement was prepared in accordance with IAS 7 and discloses the cash flows from operating activities, investment activities and financing. The cash flow from operating activities is derived on the basis of the indirect method, whereas the investment and financing cash flows are disclosed applying the direct method.

The cash flows of independent subsidiaries, the functional currency of which differs from the presentation currency, are in principle translated into the presentation currency at transaction exchange rates. Where operating cash flows are determined on the basis of the indirect method the currency exchange effects from the inventories of the subsidiaries are eliminated for the determination of working capital which did not correspond to actual movements.

Liquid funds comprise items such as short term deposits with a term not exceeding three months. Restricted parts of the liquid fund are indicated on the key date 31 December 2017 at k EUR 6,696 (prior year k EUR 8,877) the other assets.

The cash flow statement of the Aves Group discloses the development of cash flows separately according to inflows and outflows of funds from ongoing operational, investment and financial activities in the business year 2017.

Outflows for investments in intangible assets and fixed assets (EUR 61.0m; Prior year EUR 51.3m) mainly relate to the purchase of sea containers, railway carriages and swap bodies.

The investments were financed by taking out loans from credit institutions, direct investors (indirectly) as well as institutional investors (EUR 169.6m.; prior year: EUR 130.5 M). The amortisation of loans and other financial liabilities of EUR 134.1m (prior year: EUR 60.7m) mainly relate to the scheduled amortisation of financial liabilities.

Furthermore, inflows from additions to equity of EUR 1.8m (prior year EUR 17.8m) relating to the capital increase were recorded in 2017.

Liquid funds of EUR 1.9m became additionally available to the Group in connection with the acquisition of CH2 AG, which have been recorded in the cash flow from investment activities.

Significant transactions with no cash effect:

2017:

- Capital increases in kind, see 7.11.1.2
- Damages received by way of natural restitution
- Equity procurement costs, see 7.11.4.5

2016:

- "Agency commission for logistics real estate"; reference is made to 14.1.3 material transactions with related parties and individuals in the business year or the prior year for further details

The initially described changes to the provisions on the capital flow statement specify reconciliation of the debt with the cash flows from financing activities (IAS 7.44A-E). The reconciliation calculation in the business year is as follows:

in KEUR	
Financial liabilities	
As of 1 January 2017	**468,938**
Changes to the cashflow from financing activities	
Receipts from the issuing of bonds and (financial) loans	**169,647**
Amortization payments for bonds and (financial) loans	**-134,111**
Overall change to the cash flow from financing activities	**35,536**
Changes from acquisition or loss of subsidiaries or other business operations	**0**
Effects of exchange rate changes	**-4,576**
Changes to the fair value	**0**
Other changes	**-20,632**
thereof	
Fixed capital increases by contribution of receivables	-18,916
As of 31 December 2017	**479,266**

Table 69: Development of the financial liabilities pursuant to IAS 7

12. Other information

12.1. Securities

In connection with the purchase of containers with a book value of EUR 176.9m (prior year: EUR 199.3m), the Group companies granted chattel mortgages (direct investors) or pledges (institutional investors) over the acquired assets.. Furthermore, all the shares in the respective partnerships as well as corresponding bank accounts over which payment streams with asset managers are handled were pledged as security to institutional investors. Additionally, as a precaution all claims against the respective asset managers were pledged.

In the context of the financing of railway carriages three Group companies pledged their carriages with a book value of EUR 228.3m (prior year: EUR 225.7m.) as well as their receivables in connection with railway carriages as security.

The contractual arrangements include financial covenants, essentially covering the following main aspects:

- a particular ratio of free cash flow to the required interest and amortisation payments and
- a particular ratio of the residual balance of the loans with reference to the value of the assets pledged as security,

which, depending on the respective covenant, may not exceed or fall short of the specified ratio.

A breaching of these covenants can have significant consequences for the Group, including a possible termination of the individual credit agreements. Consequently, the Group monitors the financial covenants continuously with due care on a forward looking basis in order to be in a position to take appropriate measures at an early stage so as to avoid breaching the covenants. The financial covenants were not breached.

There are various letters of comfort and guarantees towards parties from outside the group:

As of 15 August 2016, Aves One AG issued a letter of comfort for BSI Blue Seas Investment GmbH towards BoxDirect AG. The object of this declaration, which is limited until 31 December 2016, is the promise of sufficient assets that permit BSI Blue Seas Investment GmbH to meet its obligations from the service contract concluded on 29 June 2016 until complete performance or until the end of the term of the contract. The declaration is also linked to the condition of being in force for as long as Aves One AG is a shareholder of BSI Logistics GmbH and (indirect) shareholder of BSI Blue Seas Investment GmbH. This declaration was extended to 31 December 2017 on 16 February 2017 and to 31 December 2018 on 28 February 2018. The risk of utilisation is assessed as low, since the obligations from this "master purchase, lease and repurchase agreement" can be met by BSI Blue Seas Investment GmbH in full and in time and utilisation therefore is not expected. Recognisable indications that would require any deviating assessment were not present by the time of preparation.

As of 11 May 2016, Aves One AG issued a letter of comfort for BSI Blue Seas Investment GmbH towards BoxDirect Vermögenslagen AG. The object of this declaration is the promise of sufficient assets that permit BSI Blue Seas Investment GmbH to meet its obligations from the "master purchase, rent and repurchase agreement" concluded on 06 January 2016 until complete performance or until the end of the term of the contract. The declaration shall also continue for as long as Aves One AG is a shareholder of BSI Logistics GmbH and (indirect) shareholder of BSI Blue Seas Investment GmbH. The risk of utilisation is assessed as low, since the obligations from this "master purchase, lease and repurchase agreement" can be met by BSI Blue Seas Investment GmbH in full and in time and utilisation therefore is not expected. Recognisable indications that would require any deviating assessment were not present by the time of preparation.

As of 12 July 2017, Aves One AG issued a letter of comfort for BSI Blue Seas Investment GmbH towards BoxDirect Erste Vermögenslagen AG. The object of this declaration is the promise of sufficient assets that permit BSI Blue Seas Investment GmbH to meet its obligations from the "master purchase, rent and repurchase agreement" concluded on 12 July 2017 until complete performance or until the end of the term of the contract. The declaration shall also continue for as long as Aves One AG is a shareholder of BSI Logistics GmbH and (indirect) shareholder of BSI Blue

Seas Investment GmbH. The risk of utilisation is assessed as low, since the obligations from this "master purchase, lease and repurchase agreement" can be met by BSI Blue Seas Investment GmbH in full and in time and utilisation therefore is not expected. Recognisable indications that would require any deviating assessment were not present by the time of preparation.

Dated 24 October 2016, Aves One AG issued two independent maximum amount guarantees up to EUR 3,250,000 and up to EUR 3,000,000 for BoxDirect AG. The object of either is securing the repurchase obligations from Container direct investment business of BoxDirect AG. The guarantee remains in force until complete expiration of the repurchase obligations arising from container direct investment. The risk of utilisation is assessed as low, since the repurchase obligation from BoxDirect AG in turn takes place through BSI Blue Seas Investment GmbH which in turn can meet this obligation in full and in time. Recognisable indications that would require any deviating assessment were not present by the time of preparation.

Furthermore, Aves One AG issued another guarantee dated 27 February 2017 for the creditors of BoxDirect AG, amounting to EUR 20,000,000. The object of either is securing the repurchase obligations from Container direct investment business of BoxDirect AG. The guarantee remains in force until complete expiration of the repurchase obligations arising from container direct investment. The risk of utilisation is assessed as low, since the repurchase obligation from BoxDirect AG in turn takes place through BSI Blue Seas Investment GmbH which in turn can meet this obligation in full and in time. Recognisable indications that would require any deviating assessment were not present by the time of preparation.

Apart from this, Aves One AG issued another guarantee dated 11 May 2017 for the creditors of Aves Storage GmbH & Co. KG, amounting to EUR 4,080,000. The object is securing the liabilities from the loan agreement towards Hoffmann Group International Holding GmbH. The guarantee remains in force until complete expiration of the obligations arising from loan agreement. The risk of utilisation is estimated as low, since Aves Storage GmbH & Co. KG is able to meet its obligation from the loan agreement in full and in time. Recognisable indications that would require any deviating assessment were not present by the time of preparation.

Dated 09 June 2017, Aves One AG issued three independent maximum amount guarantees up to EUR 8,000,000 for BoxDirect AG. The object of either is securing the repurchase obligations from Container direct investment business of BoxDirect AG. The guarantee remains in force until complete expiration of the repurchase obligations arising from container direct investment. The risk of utilisation is assessed as low, since the repurchase obligation from BoxDirect AG in turn takes place through BSI Blue Seas Investment GmbH which in turn can meet this obligation in full and in time. Recognisable indications that would require any deviating assessment were not present by the time of preparation.

Dated 11 July 2017, Aves One AG issued three independent maximum amount guarantees up to EUR 5,109,222 for BoxDirect AG. The object of either is securing the repurchase obligations from Container direct investment business of BoxDirect AG. The guarantee remains in force until complete expiration of the repurchase obligations arising from container direct investment. The risk of utilisation is assessed as low, since the repurchase obligation from BoxDirect AG in turn takes place through BSI Blue Seas Investment GmbH which in turn can meet this obligation in full and in time. Recognisable indications that would require any deviating assessment were not present by the time of preparation.

Dated 16 November 2017, Aves One AG issued three independent maximum amount guarantees up to EUR 6,700,000 for BoxDirect AG. The object of either is securing the repurchase obligations from Container direct investment business of BoxDirect AG. The guarantee remains in force until complete expiration of the repurchase obligations arising from container direct investment. The risk of utilisation is assessed as low, since the repurchase obligation from BoxDirect AG in turn takes place through BSI Blue Seas Investment GmbH which in turn can meet this obligation in full and in time. Recognisable indications that would require any deviating assessment were not present by the time of preparation.

For the "loan agreement I" for EUR 10,000,000 concluded on 10 October 2016 between Versorgungswerk der Zahnärztekammer Berlin and ARHA Invest GmbH, Aves One AG is responsible as third-party collateral provider for performance of the obligations of ARHA Invest GmbH from the loan agreement. The secured object are 25.00% business shares in ARHA Invest GmbH fully held by Aves One AG. As well as 25.00% business shares in Aves Rail GmbH (formerly ERR Rail Rent Vermietungs GmbH) fully held by ARHA Invest GmbH. The loan was extended until 30 November 2022 by supplement from 29 November 2017. The risk of utilisation is assessed as low, since the obligations from this "loan agreement" can be met by ARHA Invest GmbH in full and in time and utilisation therefore is not expected. Recognisable indications that would require any deviating assessment were not present by the time of preparation.

For the "loan agreement" for EUR 10,000,000 concluded on 29 November 2017 between Architektenkammer Baden-Württemberg and ARHA Invest GmbH, Aves One AG is responsible as third-party collateral provider for performance of the obligations of ARHA Invest GmbH from the loan agreement. The object of the collateral are 25.00% of the business shares in ARHA Invest GmbH held by Aves One AG, as well as 25.00% of the business shares in Aves Rail GmbH (formerly Rail Rent Vermietungs GmbH) held by ARHA Invest GmbH. The risk of utilisation is assessed as low, since the obligations from this "loan agreement" can be met by ARHA Invest GmbH in full and in time and utilisation therefore is not expected. Recognisable indications that would require any deviating assessment were not present by the time of preparation.

12.2. Other financial obligations

The nominal values of the other financial obligations for the business year 2017 and the prior year are as follows:

Total	16,211	390	79	16,680

Table 70: Other financial obligations 2017

Total	1,349	1,042	0	2,391

Table 71: Other financial obligations 2016

In the case of rental and leasing contracts, only those contracts where the Aves Group is not the economic owner of the rented or leased assets are disclosed.

The reduction of obligations from rental and leasing contracts results from the premature termination of a building lease.

The ordering obligation refers to ordered railway carriages that will only be delivered in 2018.

The entire rental and leasing effort for the business year of 2017 amounts to EUR 0.5 M (prior year: EUR 0.4 M).

12.3. Auditor's fees

In the 2017 business year, the following fees charged by the auditor or group auditor were incurred (disclosure in accordance with § 314 (1) no. 9 HGB in connection with § 315e (1) HGB).

in k EUR	2017	2016
Audit services	505	516
Tax advisory services	105	106

Other attestation services	90	144
Other services	72	108
Total	**772**	**874**

Table 72: Auditor's fees

The fees for audit services including subsequent charges for the prior year at k EUR 129.

Tax advisory services relate mainly to the preparation of income- and VAT tax declarations for group companies and related issues.

Other attestation services are subject to advisory services in connection with non-cash capital increases performed in 2017 (eg. Auditing of pro-forma financial information and profit forecasts) and the contract about the valuation of CH2 Contorhaus Hansestadt Hamburg AG which was approved by the supervisory board.

12.4. Annual average number of employees

The following table sets out the average number of employees during the year. The personnel of CH2 AG which was acquired are reflected proportionally for a roughly half a year and are employed in Germany.

	2017	2016
Salaried staff	37	26
Wage earners	0	0
Trainees	0	0
Total	**37**	**26**
thereof abroad	3	1

Table 73: Annual average number of employees

12.5. Contingent liabilities

In accordance with the purchase and sale, leaseback and repurchase agreement described further under 13.1.2, the payment of a deposit to BoxDirect AG as security for payment commitments has been contractually agreed. The deposit is only payable if and when BoxDirect demands the payment in writing, whereby deposits for various individual lease agreements are to be subsumed within one payment.

The deposit requires settlement within two weeks of the request for payment and, at the option of the Group, can be settled as follows

- in cash,
- by pledging a bank balance on a separate designated deposit security account, or
- by pledging containers or other assets.

As at 31 December 2017 and 31 December 2016 the providing of such securities had not been requested by BoxDirect AG. . Deposits required under the current circumstances would amount to EUR 3.1m (prior year: : EUR 3.4m.).

In addition to this, there are various letters of comfort and guarantees; on this, see other information, 12.1.

In a ruling dated 9 February 2017, the Hamburg regional court upheld a claim for damages of USD 3,475k against BSI Blue Seas Investment GmbH, a subsidiary of Aves One AG. A counter-claim raised by BSI Blue Seas Investment GmbH was only upheld partially in an amount of USD 224k plus interest, and the counter-claim was otherwise rejected. This matter could give rise to future charges, should the appeal against this ruling not be successful, contrary to the assessment of the legal advisors and Management Board of Aves One AG. Reference is made to 3.2 for details on this matter.

13. Post balance sheet date events

Further tranche from contribution of receivables in connection with direct investments

In addition to the capital increase performed in 2017 already against contributions in kind in the form of receivables, another capital increase was decided and initiated on 23 March 2018. 27,927 new shares from the authorised capital 2017 were to be issued in this. At the moment, only the registration the commercial register is still pending, so that the capital increases are not fully complete yet.

Changes to the board

The Supervisory Board of Aves One AG appointed Mr Sven Meißner as director of the company for a period of three years in its meeting from 1 February 2018.

Mr Meißner has many years of experience in the participation and financing business in the segments relevant for the company. Mr Meißner has supported the operative business since 2013 and the acquisition of the first container portfolio already as Managing Director of several companies of the group.

The board thus is as of now made up of Messrs Jürgen Bauer, Peter Kampf and Sven Meißner

Acquisition of the first logistics property in Alsdorf

Aves One AG acquired a logistics property in the Business Park Alsdorf near Aachen and thus completed the announced entrance into a logistics property inventory. The property, which was completed in 2017, is a state-of-the-art contract logistics hall with a total rental area of about 12,000 sqm. The long-term tenant of the entire property is a company that renders assembly and logistics services in the area of electrical engineering in that site. The transaction has a volume of about EUR 10 M. The object company was sold by a company of Panattoni Europe Group, a globally leading developer of industrial and logistics properties. Panattoni Europe will continue to take care of Property Management for the property in future as well. The Business Park Alsdorf, which is approx. 20 km North-East of the Aachen city centre, has outstanding traffic connections.

Acquisition of 20 factory-new freight carriages

After the balance sheet date, in January 2018 Aves One AG took over the first 20 factory-new freight carriages from an order last concluded for EUR 17 M (see order obligation, section 12.2). Delivery of the total of 185 bulk goods carriages is expected in continuous tranches until the beginning of the third quarter of 2018. All carriages for bulk goods will be used in the long run by an important customer from the steel industry. The carriages were first acquired from the company's equity and are to be transferred to a long-term bank financing.

Acquisition of sea containers
In December 2017, a purchasing contract for further containers at 12.8m USD was concluded. The containers were shown in the downpayments at the end of the year; addition took place in January 2018.

Ordering of 500 factory-new swap bodies
Aves One AG has ordered a total 500 other swap bodies in the investment volume of approx. EUR 4.6 M in March 2018. All load carriers are rented to a leading parcel and freight service provider in Germany for 5 years. The swap bodies are planned to be delivered and handed over to the lessee in various tranches between May and October 2018. Including the just-ordered 500 swap bodies, Aves then has a portfolio of about 5,250 swap bodies.

Significant litigation
Reference is made to Section 3.2 for information on developments in connection with significant litigation matters. Further significant post balance sheet date events have not arisen.

14. Relationships with related undertakings and persons

14.1. Related undertakings and persons

14.1.1. General

A company or individual is referred to as a related person or undertaking in the consolidated financial statement if

- the direct or indirect potential exists for the party to exert control or significant influence over the operational or financial decisions of the Group or, conversely, the Group is in an position to exert control or significant influence over the related party; or
- the party is under common control or common significant influence; or
- the business is controlled by key management personnel or is under common management of a business in which such a person holds a participation.

The Group was controlled by Mr Jörn Reinecke eK in the first half of the year, who held almost 50% of the shares in the Group via SUPERIOR Beteiligungen AG, Hamburg, and RSI Societas GmbH, Hamburg as of 12 June 2017. In view of his further entrepreneurial activities, mainly via his direct and indirect participations in companies controlled by him which maintain business relationships with Aves One AG and its subsidiaries, Mr Reinicke is to be considered a controlling business according to the meaning of public stock company law.

On the key date, Mr Reinecke holds nearly 33% of the shares in Aves Group, so that control no longer needs to be assumed based on the shareholding structure. Nevertheless, the board decided - due to the control during the year - to voluntarily compile a dependence report for the entire year.

In addition to the subsidiaries included in the Group financial statements, Aves One AG maintains direct or indirect normal business relationships with non-consolidated subsidiaries as well as other participations.

14.1.2. Essential relationships with related undertakings and persons

<u>BoxDirect-Companies</u>

Significant relationships exist with three related companies of Aves One AG, BoxDirect AG, BoxDirect Erste Vermögensanlagen GmbH and BoxDirect Vermögensanlagen AG (hereinafter the "BoxDirect Companies"), which provide the following services for the Group in connection with container equipment:

1. Coordination of sales-related services for the placement of direct investments in containers
2. Coordination of services in dealing with investors after the placement has taken place
3. Management services

The BoxDirect Companies provide the opportunity for private investors to subscribe to direct investments in containers. After sale of direct investments via BoxDirect AG was ceased in 2016, it sold private placements in 2017; the sale of the direct investments emitted in 2017 is performed by BoxDirect Vermögensanlagen AG.

The investors obtain civil law ownership to the containers, which the BoxDirect Companies in turn acquire from subsidiaries of Aves One AG. At the same time, the containers are leased back by the investors to BoxDirect companies, and in turn BoxDirect companies leases them back to subsidiaries of Aves One AG.

Already at the time of sale, the subsidiaries of Aves One commit themselves to a civil law repurchase of the containers at a specified date, whereby the lease instalments, the term of the lease and the repurchase value are all contractually agreed at the time of sale (sale, leaseback and repurchase agreement).

The containers are then leased out to shipping and transport businesses by the respective container manager engaged.

The economic substance of the afore-mentioned transactions corresponds to the granting of a loan by the investors to the BoxDirect Companies and from the BoxDirect Companies to the Group, as the contract parties agree the repurchase at a fixed price after a predetermined interim rental period already at the time of the sale of the containers.

Remuneration for the sales services rendered by the BoxDirect Companies (1) and for services in the scope of investor support (2) took place as incurred. Beyond this, BoxDirect AG is entitled to an annual management fee (3) at EUR 250,000.00 per year and Box Direct Vermögensanlagen AG an annual management fee (3) which is based on the volume of sale, leaseback and resale ("SLR") agreements.

In addition to these services directly connected to the direct investments, BoxDirect AG rendered services in connection with processing of capital increases in kind for Aves One AG as well in the business year. A total of k EUR 1,297 were settled for the business year for these services.

<u>CH2 Contorhaus Hansestadt Hamburg AG (related person until 10 July 2017)</u>

Beyond this, CH2 Contorhaus Hansestadt Hamburg AG was a related person until acquisition of all shares by Aves One AG on 11 July 2017. CH2 AG provides direct investments in the regular business towards the BoxDirect Companies for placement of the container direct investments.

From these sales services, CH2 settled a total of k EUR 1,877 for sales and marketing services with the related BoxDirect Companies in the period as of 11 July 2017.

In addition to these sales services for the BoxDirect Companies, CH2 AG specifically worked directly for Aves One AG in the first half of the year in connection with the non-cash capital contributions in Aves One AG (see 11.1) and received remuneration in the period from 1 January 2017 to 10 July 2017 at k EUR 1,327 for this.

As of 11 July 2017, CH2 AG is a fully consolidated subsidiary of Aves One AG and therefore no longer a related person.

14.1.3 Significant transactions with related undertakings and persons in the business year or the prior year

In the 2017 business year, the following significant transactions took place with related undertakings and persons:

(A) Sale, leaseback and resale contracts with BoxDirect AG, BoxDirect Vermögensanlagen AG and BoxDirect Erste Vermögensanlagen GmbH

The balance resulting from BoxDirect-entities from SLR agreements and extension agreement is at balance sheet date approx. EUR 159 M.

Interest expenses for financial liabilities in the reporting year arose at EUR 8.9 M.

In connection with the SLR agreements there are several giarantees fort he BoxDirect entities. For further details please see chapter 12.1.

(B) Service contracts with BoxDirect AG and BoxDirect Vermögensanlagen AG

Group companies were invoiced a total of EUR 2.0m for services provided in 2017 in particular encompassing management and investor relations services in connection with the service agreement in place with BoxDirect AG.

(C) Deferred settlement and netting agreement with BoxDirect AG

In 2015, the contract parties agreed that the settlement of receivables from the SLR and service agreements may be deferred by mutual agreement, with related balances receivable bearing interest at a rate of 8.75% p.a. It was furthermore agreed that, in order to simplify settlement procedures, balances falling due within the term of the agreement be treated on a basis equivalent to current account settlement procedures. At the end of each month, a netting process takes place with respect to balances receivable and payable, with the net balance being settled.

In 2017, the deferred settlement agreement gave rise to interest income of EUR 1.0m.

(D) Procurement commission BoxDirect AG

BoxDirect AG was engaged to establish contacts with suppliers of logistics equipment.

As agent, BoxDirect AG is responsible to ensure that the principal is directly offered suitable logistics portfolios with a value of at least EUR 100.0m until 31 December 2018.

For these activities, the agent is entitled to a remuneration of EUR 2.5m which fell due in 2016. Additionally, in the event of the purchase and transfer of a logistics portfolio that is demonstrably brokered by the agent a fee of 5% of the total value of the logistics portfolio is payable. This fee is to be reduced by any further commission potentially being payable.

As at 31 December 2017, Aves One AG discloses a liability towards BoxDirect AG totalling EUR 2.5m plus VAT.

(E) Service agreement with Magna Immobilien AG

In connection with the construction of a storage park, MAGNA Immobilien AG was engaged to provide support and consultancy services as a commercial project manager..

The final payment at k EUR 25 was made in the business year.

(F) Loan granted to SUPERIOR Beteiligungen AG

The loan granted by a Group entity to the SUPERIOR Beteiligungen AG in prior years has been sold to Box Direct AG priced at its nominal value. The loan does not exist at balance sheet date anymore.

(G) **Asset management agreement with ERR European Rail Rent GmbH**

ERR European Rail Rent GmbH has been engaged to manage, service and maintain freight wagons. ERR European Rail Rent GmbH receives a fee of EUR 1.00 per day and carriage as well as 10% of the net wagon rent receivable by ERR European Rail Rent GmbH. Furthermore, ERR European Rail Rent GmbH is entitled to 5% of the value of wagons as well as spare parts procured by ERR European Rail Rent GmbH. In the 2017 business year, ERR European Rail Rent GmbH invoiced a total of EUR 4.8m.

(H) Loan granted to BSI Conical Container GmbH

A Group entity granted a loan subject to interest at 8.75% p.a. of up to EUR 4.0m, of which EUR 0.4m were outstanding at 31 December 2017, to BSI CONICAL Container GmbH for the purposes of ensuring the liquidity of the entity. The loan is unsecured and may be terminated at three months‘ notice to the end of a month. In the 2017 business year, interest income of k EUR 69 arose.

(I) Allocation contract

Aves and direct and indirect subsidiaries of SUPERIOR Beteiligungen AG (SBAG) concluded an allocation contract. Monthly administration, service and rent allocations at k EUR 55.0 have been agreed until 31 December 2017.

14.2. Information on relationships with related persons and undertankings

(1) Transactions recorded in fixed assets or equity, and items reflected in the valuation of financial liabilities

in k EUR	Text item	31/12/2017	31/12/2016
Purchases of goods and services from undertakings accounted for at equity and other holdings			
Goods	K	12,649	2,570
Services		5,875	0
Purchases of goods and services from related undertakings and persons			
Goods	I, F	0	300
Other rights and intangible fixed	H	0	2,500
Services	D, G	6,256	2,366

Table 74: Transactions with related persons/entities purchase of goods and services

(2) Transactions recorded in profit and loss

in k EUR	Text item	2017	2016
Revenues from and costs charged by controlling entities			
Sales, other operating income		0	78
Costs		0	0
Interest income	J	0	326
Interest cost		0	0
Revenues from and costs charges by related persons or entities			
Sales, other operating income		2,603	242
Costs	C, D, E, K	1,969	2,064
Interest income	E, L	1,053	387
Interest cost	A, B, E	8,938	7,642

Table 75: Transactions with related persons/ entities income and costs

(3) Outstanding items in the balance sheet

in k EUR	Text item	31/12/2017	31/12/2016
Receivables from controlling entities or persons			
From trading activities		0	0
Financial receivables	J	0	1,946
Other receivables		0	121
Receivables from other related entities or persons			
From trading activities	E	2,168	1,681
Financial receivables	E, L	6,304	8,275
Other receivables		63	0
Liabilities towards other related persons or entities			
From trading activities		0	0
Other liabilities		0	1
Liabilities towards other related persons or undertakings			
From trading activities	H	17,023	7,226
Financial liabilities	A, B	158,984	184,321
Other liabilities		990	0

Table 76: Transactions with related persons/entities balances receivable or payable

14.3. Remuneration of management board, supervisory board and key management

The Management Board, the Supervisory Board and the key management of the Group as well as close members of the families of these individuals constitute related parties in accordance with IAS 24, whose remuneration needs to be shown separately.

in k EUR	2017	2016
Short term remuneration	**2,877**	**1,239**
thereof Management Board	712	467
thereof key Group management *	2,045	688
thereof Supervisory Board	120	84
Post employment benefits	**119**	**0**
thereof Management Board	119	0
Total	**2,996**	**530**

*) Employees of the subsidiary CH2 that was acquired during the year are included with their remuneration throughout the year.

Table 77: Remuneration

Director Mr Henrik Christiansen has put down his office as director of Aves One AG at the end of 31 October 2017. For the rest of the business year, the management board consisted of Mr Peter Kampf and Mr Jürgen Bauer. Mr Christiansen still receives payments at k EUR 119 after the end of the employment.

Mr Sven Meißner was newly appointed to the board as of 1 February 2018, see results after the balance sheet key date under section 13.

14. List of shareholdings

Number	Name and seat of undertaking	Share in the capital in %		Equity in k EUR	Annual net profit in k EUR
		Directly	indirectly		
	Fully consolidated entities				
	Holding				
2	BSI Logistics GmbH, Hamburg	100.0		13,144	1,828
3	CH2 Contorhaus Hansestadt Hamburg AG, Hamburg (since 11 July 2017)	70.0	30.0	2,886	-488
4	CH2 Logistica Portfolioverwaltung GmbH & Co. KG, Hamburg (since 11 July 2017)		100.0	156	9
5	CH2 Logistica No. 2 Asset GmbH, Hamburg (since 11 July 2017)		100.0	9	1
	Container				
6	BSI Blue Seas Investment GmbH, Hamburg		100.0	-10,102	-21,781
7	BSI Asset GmbH, Hamburg		100.0	23,897	1,065
8	BSI Regulierte Direktinvestment II GmbH & Co. KG, Hamburg		100.0	-6	-4

9	BSI Blue Seas Direktinvestment I GmbH & Co. KG , Hamburg		100.0	10,173	-4,148
10	BSI Direktinvestment II GmbH & Co. KG , Hamburg		100.0	-7	-4
11	BSI Direktinvestment III GmbH & Co. KG, Hamburg		100.0	2,885	-3,408
12	BSI Direktinvestment Verwaltungs GmbH		100.0	31	3
13	BSI Logistics II GmbH & Co. KG, Hamburg		100.0	5,397	-1,421
14	BSI Zweite Verwaltungs GmbH, Hamburg		100.0	26	0
15	BSI Logistics III GmbH & Co. KG, Hamburg		100.0	2,461	649
16	BSI Dritte Verwaltungs GmbH, Hamburg		100.0	27	1
17	BSI Logistics IV GmbH & Co. KG, Hamburg		100.0	237	-579
18	BSI Vierte Verwaltungs GmbH, Hamburg		100.0	13	0
19	BSI Logistics V GmbH & Co. KG, Hamburg		100.0	-131	-661
20	BSI Fünfte Verwaltungs GmbH, Hamburg		100.0	12	0
21	BSI Logistics VI GmbH & Co. KG, Hamburg		100.0	-393	-662
22	BSI Sechste Verwaltungs GmbH, Hamburg		100.0	13	1
23	BSI Logistics VII GmbH & Co. KG, Hamburg		100.0	-2,106	-2,233
24	BSI Siebte Verwaltungs GmbH, Hamburg		100.0	12	1
25	BSI Logistics VIII GmbH & Co. KG, Hamburg (formerly: BSI Regulierte Direktinvestment I GmbH & Co. KG)		100.0	1,246	-120
26	BSI Achte Verwaltungs GmbH, Hamburg (formerly: BSI Regulierte Direktinvestment Verwaltungs GmbH)		100.0	14	0
27	BSI Blue Seas Resale GmbH, Hamburg		100.0	-2,633	-2,074
28	Aves Special Equipment Management GmbH, Hamburg (since 1 January 2017)	100*			
29	Aves Special Equipment Holding GmbH & Co. KG, Hamburg		100.0	-1,099	-913
30	Aves Special Equipment I GmbH & Co.KG, Hamburg		100.0	27	118
31	Aves Special Equipment I Verwaltungs GmbH, Hamburg		100.0	15	3
32	Aves Special Equipment II GmbH & Co. KG, Hamburg		100.0	679	302
33	Aves Special Equipment Zweite Verwaltungs GmbH, Hamburg		100.0	12	0
34	Aves Special Equipment III GmbH & Co. KG, Hamburg		100.0	1,128	139
35	Aves Special Equipment IV GmbH & Co. KG, Hamburg (since 8 March 2017)		0.0	908	41
36	Aves Special Equipment V GmbH & Co. KG, Hamburg (since 23 October 2017)		0.0	1	0
	Rail				
37	ARHA Invest GmbH, Wien, Österreich	100.0		-1,950	-1,514
38	Aves Rail GmbH (formerly: ERR Rail Rent Vermietungs GmbH), Wien, Österreich	100.0		44,360	4,369

39	Aves Rail Equipment Holding GmbH, Hamburg		100.0	-1,086	-35
40	Aves Rail Junior I Verwaltungs GmbH, Hamburg		100.0	15	1
41	Aves Rail Junior I GmbH & Co. KG, Hamburg		100.0	-40	-17
42	Aves Rail Junior II GmbH & Co. KG, Hamburg		100.0	-12	-6
43	Aves Rail Equipment I GmbH & Co. KG, Hamburg		100.0	1,761	169
44	Aves Rail Equipment Verwaltungs GmbH, Hamburg		100.0	12	1
45	Aves Rail Equipment II GmbH & Co. KG, Hamburg		100.0	1,653	-119
46	Aves Rail Equipment Zweite Verwaltungs GmbH, Hamburg		100.0	12	1
47	Aves Rail Equipment III GmbH & Co. KG, Hamburg (since 22 September 2017)		0.0	1,306	-10
48	Aves Rail Equipment Dritte Verwaltungs GmbH, Hamburg (since 29 August 2017)		0.0	24	-1
	Real Estate				
49	Aves Storage Verwaltungs GmbH, Hamburg (since 1 Januar 2017)	100*		14	-9
50	Aves Storage GmbH & Co. KG, Hamburg		100.0	-592	-366
51	Aves Storage II GmbH & Co. KG, Hamburg (since 21 März 2017)		0.0	0	-10
52	Aves Logistik Immobilien Verwaltungs GmbH, Hamburg (since 29 August 2017)		0.0	27	2
53	Aves Logistik Immobilien GmbH & Co. KG, Hamburg (since 29 August 2017)		0.0	-1	-1
54	Aves LI Alsdorf Holding GmbH & Co. KG, Hamburg (since 29 August 2017)		0.0	-19	-19
55	Aves LI Alsdorf Besitz GmbH & Co. KG, Hamburg (since 29 August 2017)		0.0	-1	-1
56	Aves LI VG1 Holding GmbH & Co. KG, Hamburg (since 29 August 2017)		0.0	-1	-1
57	Aves LI VG1 Besitz GmbH & Co. KG, Hamburg (since 29 August 2017)		0.0	-1	-1
	Undertakings balanced according to the equity method				
58	BSI CONICAL Container GmbH, Hamburg (Segment Container)		51.0	-75	-44
59	ERR European Rail Rent GmbH, Duisburg (Segment Rail)		33.3	3,480	352

*) *This entity was a 100% participation in the past already but was not consolidated. For standardization reasons this entity was consolidatet in 2017.*

***)* *This was a indirect 30% participation via the participation to CH2.*

Tab 78: Shareholdings

15. Supervisory Board

15.1. Supervisory Board members

- Mr Ralf Wohltmann, Berlin, chairman (as of 1 March 2017), Merchant
- Mr Emmerich G. Kretzenbacher, Hamburg, chairman (until 28 February 2017, Deputy Chairman thereafter), Wirtschaftsprüfer and Steuerberater (certified auditor and tax advisor)
- Ms Britta Horney, Appen, Supervisory Board member (from 28 February 2016 until 29 August 2017), Lawyer
- Mr Rainer W. Baumgarten, Hamburg, Commercial Manager

15.2. Further appointments of the Supervisory Board

Mr Ralf Wohltmann:

- 7orca Asset Management AG - Supervisory Board chairman
- MAGNA Asset Management AG - Supervisory Board chairman
- Engel & Völkers Capital AG - Deputy Supervisory Board chairman
- Kapilendo AG - Deputy Supervisory Board chairman

Mr Emmerich G. Kretzenbacher:

- BoxDirect AG, Supervisory Board chairman
- BoxDirect Vermögensanlagen AG, Deputy Supervisory Board chairman
- Engel & Völkers Capital AG, Deputy Supervisory Board chairman
- JDC Group AG, Deputy Supervisory Board chairman
- Kapilendo AG, (as of 15 September 2017)
- Finum Private Finance AG (as of 12 March 2018)

Ms Britta Horney:

- SUPERIOR Beteiligungen AG, Deputy Supervisory Board chairwoman
- BoxDirect AG, Deputy Supervisory Board chairwoman (as of 23 February 2017)
- BoxDirect Vermögensanlagen AG, Supervisory Board chairwoman (as of 23 February 2017)
- CH2 Contorhaus Hansestadt Hamburg AG (as of 15 December 2017)

16. Management Board

16.1. Members of the management board

- Mr Jürgen Bauer, Master of Philosophy
- Mr Peter Kampf, Commercial Manager
- Mr Henrik Christiansen, Commercial Manager (until 31 October 2017)
- Mr Sven Meißner, Commercial Manager (as of 1 February 2018)

16.2. Mandate des Vorstands

Mr Sven Meißner

- MAGNA Asset Management AG (as of 16 November 2017)

Mr Henrik Christiansen:

- CH2 Contorhaus Hansestadt Hamburg AG (until 31 October 2017)

17. Appilcation of § 264b HGB

The following companies make use of the exemption requirements in accordance with § 264 b HGB for the financial statement as of 31 December 2017:

- CH2 Logistica Portfolioverwaltung GmbH & Co. KG, Hamburg
- BSI Regulierte Direktinvestment II GmbH & Co. KG, Hamburg
- BSI Blue Seas Direktinvestment I GmbH & Co. KG , Hamburg
- BSI Direktinvestment II GmbH & Co. KG , Hamburg
- BSI Direktinvestment III GmbH & Co. KG, Hamburg
- BSI Logistics II GmbH & Co. KG, Hamburg
- BSI Logistics III GmbH & Co. KG, Hamburg
- BSI Logistics IV GmbH & Co. KG, Hamburg
- BSI Logistics V GmbH & Co. KG, Hamburg
- BSI Logistics VI GmbH & Co. KG, Hamburg
- BSI Logistics VII GmbH & Co. KG, Hamburg
- BSI Logistics VIII GmbH & Co. KG, Hamburg
- Aves Special Equipment Holding GmbH & Co. KG, Hamburg
- Aves Special Equipment I GmbH & Co.KG, Hamburg
- Aves Special Equipment II GmbH & Co. KG, Hamburg
- Aves Special Equipment III GmbH & Co. KG, Hamburg
- Aves Special Equipment IV GmbH & Co. KG, Hamburg
- Aves Special Equipment V GmbH & Co. KG, Hamburg
- Aves Rail Junior I GmbH & Co. KG, Hamburg
- Aves Rail Junior II GmbH & Co. KG, Hamburg
- Aves Rail Equipment I GmbH & Co. KG, Hamburg
- Aves Rail Equipment II GmbH & Co. KG, Hamburg
- Aves Rail Equipment III GmbH & Co. KG, Hamburg
- Aves Storage GmbH & Co. KG, Hamburg
- Aves Storage II GmbH & Co. KG, Hamburg
- Aves Logistics Immobilien GmbH & Co. KG, Hamburg
- Aves LI Alsdorf Holding GmbH & Co. KG, Hamburg
- Aves LI Alsdorf Besitz GmbH & Co. KG, Hamburg
- Aves LI VG1 Holding GmbH & Co. KG, Hamburg
- Aves LI VG1 Besitz GmbH & Co. KG, Hamburg

18. Corporate Governance Codex declaration

The declaration prescribed by § 315 HGB and §289f HGB can be accessed under http://www.avesone.com/de/aves_investoren_corporategovernance.html and will be published together with the corporate governance report.

Hamburg, 23 April 2018

The Management Board

19. Responsibility statement of legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the combined 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 principal opportunities and risks associated with the expected development of the Group.

Hamburg, 23 April 2018

The Management Board

[Note: This is a convenience translation of the German original. Solely the original text in German language is authoritative.]

INDEPENDENT AUDITOR'S REPORT

To Aves One AG, Hamburg

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Aves One AG (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Aves One AG for the financial year from 1 January 2017 to 31 December 2017. In accordance with the German legal requirements we have not audited the content of those parts of the group management report listed in other information.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2017, and of its financial performance for the financial year from 1 January 2017 to 31 December 2017, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2017 to 31 December 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, we do not provide a separate audit opinion on these matters.

Appropriateness of carrying values of fixed assets in the Container Segment

Relevant Information in the Consolidated Financial Statements and Group Management Report

The Company has commented on the Container Segment under 7.6 in the notes to the consolidated financial statements and in section 3.2.1.15 of the group management report.

Subject Matter and Audit Risk

Substantial losses have been disclosed for the Container Segment in the consolidated financial statements over a number of years. These have in the past mainly arisen as a result of the fact that revenues for sea containers were not sufficient to cover related costs, in particular depreciation. In view of the losses incurred, the question as to whether the net book value of fixed assets in the Container Segment of €188m is justified, or whether unscheduled impairment losses need to be recorded.

Audit Approach and Findings

In the context of our audit, the Group made available a valuation of fixed assets based on a business plan for the Container Segment. Its value was ascertained on the basis of the expected discounted net inflows arising in particular from the leasing of containers and their planned sale on the secondary market at the end of their scheduled useful life. In the context of the impairment test, the concept and methodology of the valuation model was assessed on the one hand and, on the other hand, the plausibility of the expected inflows from the leasing and sale of containers was evaluated with reference to third party data and the discount rate applied. We assessed expert reports and further documentation made available and agreed this to the accounting records. The valuation and further examination of the documentation give rise to the conclusion that the expected inflows are within a range which allows the valuation of the net book values of participations to be considered to be justified.

BSI Blue Seas Litigation

Relevant Information in the Consolidated Financial Statements and Group Management Report

The Company has commented on the litigation of BSI Blue Seas Investment GmbH in section 3.2 of the notes to the consolidated financial statements and in section 3.2.2.10 of the group management report.

Subject Matter and Audit Risk

The group company BSI Blue Seas Investment GmbH is defendant in two ongoing civil proceedings. In both cases, the plaintiff is a company that sold a portfolio of containers to the group company in 2014. The group management report and the notes to the consolidated financial statements present the current status of the litigation. One lawsuit deals with the question as to whether BSI Blue Seas is required to pay a contract penalty of approximately US$3m plus interest and other claims amounting to approximately US$475k due to a breach of contractual acceptance obligations. BSI Blue Seas responded to this claim with a counter-claim for unpaid lease income, damages resulting from the non-delivery of containers and the reimbursement of excess payments and interest, totaling US$6.5m. In the case of the initial claim, the Hamburg regional court (LG) ruled in favor of the plaintiff. An appeal was lodged with the Hamburg state court (OLG). The counter-claim was also lost, with the exception of US$224k awarded. In the second proceedings, an application for a declaration at the Hamburg regional court, the plaintiff seeks to obtain a declaration that BSI Blue Seas is obliged to fulfil a requirement to purchase further containers that have not yet been accepted. The plaintiff states the value of these shipping containers at US$7.15m. BSI Blue Seas will also raise a court defense against this claim. A first verbal hearing has taken place. At the hearing, solutions for a settlement which would not lead to financial losses for the company measures were conceived by the parties.

The audit risk lies in the question as to whether provisions need to be made for both litigation cases, in particular in view of the fact that an unfavorable ruling was suffered at first instance for one of the cases. The potential financial losses in the case of further legally binding rulings against BSI Blue Seas may be significant.

Audit Approach and Findings

The group company has obtained an expert opinion on the enforceability of the claim being disputed at the Hamburg regional court and appeal at the Hamburg state court from its defending lawyers as well as, as an independent third party, from lawyers not otherwise involved in the case. The focus of the respective opinions was the question whether and to what extent the claimed damages were likely to be awarded against the company, with implications of the first instance ruling for the application for a declaration and resulting likelihood of a successful appeal. Both expert opinions come to the conclusion that the claims of the plaintiff are unfounded in both cases and that they will not be successful or, respectively, be upheld by the appeal court. The legal opinions obtained are plausible and the conclusions are based on reasonable arguments. Giving consideration to the information provided by the management board and the results of the expert opinions made available, the decision not to make a provision for litigation claims raised appears acceptable. A provision for legal and advisory costs is also not required, given that these are to be borne by the unsuccessful party. In order to address the risk that, as a result of a possible insolvency, the plaintiff will not be in a position to meet its obligations or only meet these to the extent incurred and recorded in costs in 2017, the company already made a provision of €50k in 2016. This appears appropriate also from a commercial perspective.

Deferred tax assets capitalized

Relevant Information in the Consolidated Financial Statements and Group Management Report

Information concerning the capitalization of deferred tax assets in the balance sheet and section 3.7 of the notes to the consolidated financial statements.

Subject Matter and Audit Risk

Tax assessments covering tax losses carried forward exist in particular in the Container Segment. The management board decided to recognize deferred tax assets for some of these tax losses. Capitalized deferred tax assets are disclosed in the balance sheet and commented on in the notes to the consolidated financial statements. The background and development of tax losses carried forward was also described. The capitalization of deferred tax assets in the case of a history of losses as is currently the case is only possible under a very limited set of circumstances. For example, a future utilization of the losses needs to be demonstrated on the basis of convincing evidence, i.e. with a particularly high probability of occurring.

Audit Approach and Findings

In this context, the company made available a structured business plan including a tax planning forecast as well as management board resolutions implementing measures to utilize tax losses over a period of five years, as reflected in the business plan. Our audit procedures covered a plausibility review of the projections with reference to recent developments and giving consideration to the tax data. Furthermore, we evaluated the underlying assumptions of the business plan with reference to external data. The projections are plausible and structured in a reasonable manner, the planned results are arithmetically correct and the board resolutions are formally correct. The company's evaluation as to the level of individual balances of tax losses carried forward where these are expected to be utilized with a high degree of probability has been derived on a sound basis giving consideration to normal sensitivity ranges. The recognition of deferred taxes for tax losses carried forward to the extent that is the case here therefore appears reasonable and appropriate.

Other Information

The executive directors are responsible for the other information. The other information comprises:

- The confirmation pursuant to § 297 Abs. 2 Satz 4 HGB and the confirmation pursuant to § 315 Abs. 1 Satz 5 HGB included in the 2017 annual report

- The remaining parts of the annual report, with the exception of the audited consolidated financial statements and group management report and our auditor's report
- The corporate governance report pursuant to No. 3.10 of the German Corporate Governance Code
- The group business conduct declaration included in Section 9 of the group management report.

The supervisory board is responsible for the following further information:

- The report of the supervisory board.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 29 August 2017. We were engaged by the supervisory board on 4 December 2017. We have been the group auditor of Aves One AG without interruption since the financial year 2012.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

We have not provided any non-audit services in addition to those disclosed in the notes to the consolidated financial statements.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr. Oliver Heising.

Hamburg, 23 April 2018

Mazars GmbH & Co. KG

Wirtschaftsprüfungsgesellschaft

Steuerberatungsgesellschaft